

SCHOOL OF  
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# Stakeholders as change agents?

The impact of stakeholder (de)prioritization on managing organizational change

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## Abstract

In the face of volatility, uncertainty, complexity, and ambiguity (VUCA), patterns and assumptions on management are being reshaped, particularly in the dynamic realm of change management. With organizations effectively functioning as political arenas, where both internal and external actors bargain and negotiate for power and influence, the importance of the political frame when managing organizational change is magnified. The stakeholder approach has emerged as one of the main frames through which to examine strategic decision-making and organizational change management; yet the approaches' inherent nature is highly contextual, ultimately providing no general conclusions or solutions. However, recognizing the change agent potential that stakeholders as key drivers of organizational dynamics have, we open up the context to explore the more practical implications of stakeholder prioritization and deprioritization, and the consequences regarding stakeholder involvement in managing organizational change. By bridging the gap between the generally perceived stakeholder approach and managing organizational change, this study aims to provide insights into the strategic utility of stakeholder management within organizational change processes, offering a multimethod narrative-based exploration of its context-dependent nature. This thesis aims to shed more light upon the various interdependencies within the relevant academic overlap, thereby contributing to a deeper understanding of elements of the stakeholder approach in today's ever-evolving landscape of organizational change management.

**Keywords:** organizational change, organizational theory, stakeholder approach, stakeholder management, change agents, stakeholder analysis, stakeholder prioritization, stakeholder deprioritization, democratic participation

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# 1. Introduction

## 1.1. Background

*“Organizations are coalitions of different individuals and interest groups.”*

This is one of the main assumptions within organizational theory, formulated by Bolman & Deal (2021, p. 191). This assumption, combined with the idea that organizations are almost a metaphysical entity with no clear boundaries or definition, able to be perceived differently by different people with different frames in mind, can function as both the question and a very broad, almost vague answer in regards to the human mind’s pursuit of patterns and logic central to management and organizational studies.

In search of a clearer answer, if one were to delve deeper into the systemic interdependencies and complex processes of organizations, there would surely only be more questions. Such is the nature of living in a volatile, uncertain, complex and ambiguous world. The “VUCA”-mindset has without a doubt made its mark on the world of management (and not only), helping individuals seeking clear answers or solutions within any given system to understand that there might not be any - such being the inherent nature of the world (Holmes, 2015).

The question mark at the end of this paper’s main title is not accidental. In today’s dynamic organizational environment, being a collateral of an interplay between various systems, and characterized by all four aforementioned denominators, change management and change agent involvement is yet another challenge that should not be understated. If organizations function as a political arena, with various internal and often also external actors fighting for dominance and power within it (Bolman & Deal, 2021), the addition of the challenges that come with the process of organizational change into the equation makes it a dream for people whose answer to every question is “it depends”. Scholars and practitioners generally agree: there is no clear

model, it does - in fact - depend (Rhenman, 1968; Freeman, 1994; Eskerod, 2020). But the question of “on what?” is as relevant as ever. Some pieces of this “it depends”-puzzle being organizations, managers and stakeholders.

The research regarding the practical implications of a stakeholder approach within strategic thinking and change management can be approached from a multitude of perspectives, as there is no such thing as one binding stakeholder theory or a one-fits-all, universally applicable model (Rhenman, 1968). What some call “stakeholder theory” is in reality a genre of mindsets, practices and collateral theories dependent to the utmost level on the organizational and behavioural contexts at hand, effectively providing us with more questions than answers (Freeman, 1994).

Democratic participation plays a crucial role in any given change process (Lewin, 1947). Stakeholders typically want to be informed, engaged, and empowered to contribute to their organization (Rhenman, 1968). A typical nomenclature misalignment has shareholders confused with stakeholders. While the word “shareholders” is used to describe the owners of a limited company/corporation, the word “stakeholders” does not have such an obvious definition. Stakeholders actions and opinions have direct or indirect impacts on the organization and on other stakeholders, therefore becoming one crucial puzzle piece in today’s complex and ever-changing organizational environment (Rhenman, 1968; de Caluwé & Vermaak, 2003).

After carefully reviewing the literature on organizational change, strategic decision-making in change management, and the stakeholder approach, a narrow but important research gap became apparent - there are many academic articles and books solely focusing on the study of either organizational change or the general stakeholder approach, but - as confirmed by de Caluwé & Vermaak (2003) - there is relatively little research that would both explore and analyze specifically the practical impact and implications of stakeholder prioritization and stakeholder involvement in regards to managing organizational change. As implied by Eskerod (2020), stakeholder management is a “know *how*” discipline within academia (and not a “know *that*”), which means that it should be examined further using practically grounded narrative

studies, putting emphasis on the possible context-dependencies. Seeing as navigating the stakeholder framework bears a strategic utility value for both the organization in general as well as for organizational change management, the following research questions came to mind.

## 1.2. Purpose and research questions

The purpose of this paper is to research how different organizations and their management teams approach their different types and sets of stakeholders, often with varying or even contradictory values, goals and priorities, within (before and during) an organizational change process. To reiterate a part of this paper's introduction, the answer to this and many other questions within academia might as well be that "it depends". However, the more concrete purpose of this paper is to learn more about this inherent dependency of the system at hand.

The scope of this paper will focus on the stakeholder approach, more specifically stakeholder prioritization and deprioritization in regards to the process of organizational change, while investigating both the managerial rationale behind a stakeholder approach as well as the consequences and impacts of stakeholder prioritization and deprioritization on organizational change processes.

In order for the paper to live up to its purpose, the following research questions will be answered:

1. Why and how do managers with the decision making mandate within an organization decide which stakeholders to prioritize and deprioritize when managing organizational change?
2. What are the consequences of stakeholder prioritizations and deprioritizations on managing organizational change?

### 1.3. Demarcations

Approaching organizational change in a volatile, unpredictable, complex and ambiguous world poses a number of challenges when attempting to describe and analyze the system, with multiple theories and concepts influencing the research subject. Due to the constraints of this particular research format, and the sheer volume of available knowledge, we will not be able to in depth research some of the contextually relevant concepts or frames.

It is undeniable that leadership as a concept, with the various leadership theories behind it, has an influence on managing both in theory and in practice, and therefore plays a role in researching managerial behavior and rationale when managing organizational change (e.g. Bolman & Deal, 2021). The practical impact of the various leadership models and theories on either the process of stakeholder analysis, the decision making process, or the organizational change process in general will be left outside of the scope of this research due to the complexity and the sheer volume of data that would have to be gathered by means of observation.

At the same time, this demarcation also underscores a significant research gap, particularly concerning the intersection of change management and stakeholder management. While the influence and impacts of various leadership models on organizational change is widely acknowledged (Lewin, 1947; Rhenman, 1968; Stilgoe, Owen, Macnaghten, 2013), its specific implications for stakeholder analysis and decision-making processes in regards to stakeholders as potential change agents definitely warrant further investigation.

## 1.4. Disposition

The first chapter of this paper functions as a broad introduction to the research topic. The chapter specifies the limitations and demarcations of the research.

The purpose of the second chapter is to describe and analyze the various concepts and theories that are deemed central to the research topic. The theoretical background regarding organizational change is described and analyzed in regards to stakeholder theory, the political frame, and VUCA.

The third chapter presents and describes the methodology used within this research, both when it comes to the choice of literature for the deductive approach as well as the quantitative and qualitative research methods used.

The fourth chapter includes a presentation and an analysis of the gathered data.

The fifth chapter will discuss the insights following the data analysis, and put them in the context of available knowledge and literature.

The sixth chapter functions as a presentation of the various insights regarding the practical implications of stakeholder prioritization and deprioritization on managing organizational change. The insights are followed by a brief summary of the findings in regards to the research questions.

The appendix consists of a presentation of the distributed survey questions.



## 2. Theoretical background

### 2.1. Framework

In order to set the scene for this particular research, drawing up a comprehensive overview of some core concepts and theories is a good place to start. We navigate within the everpresent VUCA-bubble, with the phenomena of organizational change and stakeholder approach being two interacting and vital parts of the scrutinized system. The relevant problematization of stakeholder prioritization, deprioritization and its impacts on organizational change management would in this instance occupy the more foggy, overlapping part between the two, representing the knowledge gap. For better explorative prerequisites regarding the overlap, it is only fair to describe both phenomena (organizational change and stakeholder approach).

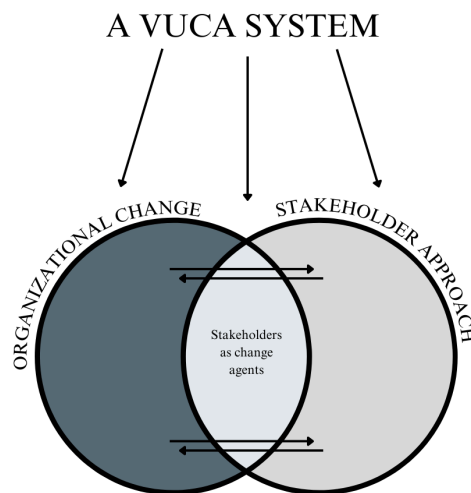


Figure 1: a visual representation of the relevant theoretical framework

Similarly, a deeper exploration of available approaches and models towards conducting a stakeholder analysis will provide a background regarding possible rationale of the more active and intentional type of the stakeholder approach in practice.

Circling back to the main title of this thesis - “stakeholders as change agents?” - the ultimate aim of this chapter is to describe the currently available knowledge about these two vastly broad phenomena, connecting them in their respective relevant aspects, and creating a strong base for data analysis, hopefully shedding some light on the more atypical aspects of the systemic overlap.

## 2.2. Literature selection

As Boote & Beile (2005) state, an actively critical and meticulous approach to literature selection on any subject within academia is a cornerstone of sophisticated and unbiased research. Therefore, the literary background chosen for means of conducting this research project stretches through decades and over geographical boundaries, with peer-review in regards to academic articles and books being of paramount importance when assessing the trustworthiness of each work.

In regards to available literature on the stakeholder approach, one can see a particular bottleneck, in that most books and articles on the subject cite the “founding fathers” of said approach, namely Rhenman and Freeman. This does not in any way influence our approach in regards to trustworthiness of later research; however, it is worth noting that most works on this topic stem from a common root, potentially opening up to academic bias.

Generalativity is another cornerstone of research, as suggested by Boote & Beile (2005). The vast majority of the research available to us had been conducted and written by either American or Scandinavian and Nordic researchers, with Eskerod (2020) explicitly calling this

dichotomy the “American way” and the “Scandinavian way”. The availability of works written by scholars in other parts of the world is scarce within the systems available to us - that is not to assume that the quality or trustworthiness of their research is lacking. However, due to the time constraints we were not able to review relevant research from every part of the world.

Another potential bias in our literature selection in regards to generativity might stem from our background as active students at Lund University School of Economics and Management, with the works of researchers hailing from this specific site being more familiar and more widely available to us than others.

Many companies that offer management consultancy services also share material such as reports and practical guides that could be relevant to this research. However, due to the fact that said material is not peer-reviewed, and could be viewed more as a marketing tool for their services, we have opted not to take these into consideration. At the same time, there is a level of plausibility that said material would contain practically valuable insights - although the value of it would have to be scrutinized specifically harshly against the background of available theories due the unreviewed nature of these works. For future research, similar material could provide an interesting perspective in regards to research on the stakeholder approach and change management, as management consultants are actively embedded in the relevant context in what often is an impartial way.

### 2.3. Organizational change

There is no formal definition of what an organization is, apart from some working definitions within certain legal systems. A perfect example of the almost metaphysical nature of organizations can be found in Bolman & Deal’s (2021) research on reframing organizations. The four-frame model for viewing organizations as metaphorical factories, jungles, temples and families, can be viewed as an implicit working definition of what an organization can be; making sense of an organization is dependent on a number of perspectives and assumptions. Similarly, viewing an organization as a system, and at the same time - part of the bigger system which we

call “the world” - allows us to theoretically connect the phenomenon to the concept of VUCA. VUCA is a mindset allowing its proponents to attempt to make sense of the world, viewing it as a volatile, unpredictable, complex and ambiguous system (Sloan, 2020). Following that trail of thought, organizations would therefore in their nature be all four of these denominators, effectively disallowing for a concrete definition to exist.

Similarly, change is a concept that cannot possibly have a concrete definition. Attempts to find “one best way” regarding change management and management in general were mostly discredited within academia in the early 1960’s, with contingency theory stating that management and change management are highly context specific and depend on processes of adaptation to the unpredictable external environment, and with the interpretative approach suggesting that change depends on intentionality. (Malm, Eneroth, Larsson & Bengtsson, 1993). What became clear was that there is no universal solution that could be applicable to all organizations and all processes (Malm et al., 1993).

While organizational change can be an elusive phenomenon characterized by its dynamic and context-dependent nature, the idea of environmental determinism (Burns and Stalker, 1961) suggests that organizational change is mainly a collateral effect of shifts in the organization’s micro- and macroenvironment, suggesting that change can be both planned and unplanned (Saka, 2003). However, change can also be a result of a political power struggle between the internal and external actors spread throughout the organization or having some claims on the organization, with said actors attempting to secure control over the organization’s limited resources and the produced value (Saka, 2003).

One prominent school of thought in regards to change management - though particularly in regards to strategic change - can be referred to as the “Lundian” school of thought, with scholars such as Allan Malm, Olof Arwidi, Rikard Larsson and Eric Rehnman researching the complexity of strategic thinking and change in regards to the context specific organizational environment, both internally as well as externally (Malm et al., 1993). By combining the contingency theory (and the interpretative approach, the efforts to put the external environment

into the equation, be it by focusing on for example the relevant technological landscape or environmental sustainability, resulted in change being described as a process of mutual co-evolution (Malm et al., 1993). The “Lundian” school of thought has had an impact on the ideas on change management and strategic thinking driven forwards by the Scandinavian Institutes for Administrative Research (SIAR - Malm et al., 1993; Eskerod, 2020; Näsi, 1995).

In order to get a better picture of the “Lundian” and modern Scandinavian perspectives on change and strategic thinking, one should first view back on one of the first modern attempts to describe change in more tangible and universal terms, which comes from Lewin (1947), who - perhaps due to his background in psychology - focused on the social aspect of change, with group dynamics and the people plane being key forces within any system. Having people as a core actor within any change process introduces a new obstacle in the way of attempts to standardize change management. According to Lewin (1947), *“personality of the individual members, the group structure, ideology and cultural values, and economic factors”* all play a significant role in the success or failure of a change process, ultimately impacting the “fact-finding” aspect preceding action (Lewin, 1947). This, with its circularity and focus on unpredictability, functions as a prelude to the VUCA-mindset making its debut in academia many decades later.

Lewin’s (1947) at the time groundbreaking research on change, with a perspective revolving around behaviouristics and the people frame, paved the way for future concepts like democratic participation (Burnes, 2004). However, at that point the people frame of change was focused solely on the internal dynamics between the group members, with faint to no regard to the bigger picture of an organization - likely due to the fact that Lewin focused on organizations as social movements, e.g. anti-racism movements where group members could be defined as people expressing their opinions and passively or actively participating in the movement (Burnes, 2020). External actors and their role in various change processes were not necessarily the subject of Lewin’s focus; the role of equal involvement and transparent two-way communication between the active group members was paramount to the success or failure (Burnes, 2004).

Lewin's (1947) view on change was that it is a continuous and dynamic process affected by driving and restraining forces, with the individuals playing part in said process having a tendency to be apprehensive and resistant to it. The deliberateness and permanency of change and the sense of urgency were important elements to Lewin's three-stage model of change, which consisted of unfreezing the system by destabilizing the "*quasi-equilibrium*" or the status-quo to which the group had gotten used to, disruption of the system in regards to a pursued goal or in a specific direction, and then refreezing the system and therefore creating a new "*quasi-equilibrium*".

Other views on change management, particularly those formulated with the more modern organizational and business landscape in mind, tend to propose perhaps more instrumental or streamlined approaches focused on the inputs and outputs relevant to the context, as for example total quality management, with the ultimate purpose of a change process in a business landscape being "*external and internal customer satisfaction*" (Bergman & Klefsjö, 2010). In regards to Lewin, who is often referred to as the founding father of studies on organizational change (Burnes, 2020), one can see that the approach towards the people side of change management has shifted somewhat, with the emphasis on internal aspect of the organization (people within the group) losing momentum, and being joined by divagations concerning groups and individuals from outside of the strictly internal frame, such as competitors, customers, governments etc. (Bergman & Klefsjö, 2010).

Malm et al. (1993) confirm this observation, similarly by means of expanding on a quite traditional and seemingly simple model - the strategic SWOT-analysis. In simple terms, change can be given a higher chance of success by means of connecting the organizational aspect of the internal strengths and weaknesses with the externality of the relevant and plausible opportunities and threats, in a way marrying the internal and external environment of the organization, not in any way prioritizing or undermining one or the other (Malm et al., 1993).

This interplay builds on Silverman's (1970) statement that society shapes individuals and organizations, and that individuals and organizations shape society - which can be understood as

sort of a vicious circle of constant and continuous action and reaction, further proving the importance of VUCA in one's approach towards organizational change. Organizations and individuals are mutually codependent by means of not only adaptation but also interpretation (making sense of the system), decision making, and reacting to the environment - both in the internal and the external sense (Weick, 1979). Various change processes can be seen as having both intentional as well as unintentional catalysts (Lewin, 1947; Malm et al., 1993), therefore yet again raising the question of systemic volatility and unpredictability, putting the decision-making rationale within the change framework in the limelight.

The role of management, including not only top management teams - that typically have the inherent decision-making mandate within organizations - but also middle managers, in the process of organizational change has been a subject of academic scrutiny from a plethora of varying perspectives. Most notably to the purpose of this thesis, the role of management within a change process - aside from decision making - can be described as both "performing the conversation" as well as "setting the scene", effectively involving various actors throughout the organization in the preparation process through means of communication and navigating the symbolic frame, and enabling said actors more practically to be "on-board", effectively fighting the resistance to change that can be present throughout the organization (Rouleau & Balogun, 2011).

In contrast to the more management-centric view in regards to steering organizational change in the desired direction, the theory of emergent self-organizations states that "*systems achieve order because multiple local agents interact (...) without the intervention of a central controller*" (Plowman, Solansky, Beck, Baker, Kulkarni & Villareal Travis, 2017, p. 41). It is evident that in some circumstances, especially in regards to organizations with a more flat organizational structure or landscape, the groups and individuals within the organization may themselves constitute and carry organizational change without any catalyst coming from an internal or external decision-making unit or individual (Plowman et al., 2017). The influence that the various types of leadership may or may not have on this self-organization and its impact on

change management, and - conversely - on the stakeholder approach, are definitely vital to understanding the bigger picture, but exist beyond the scope of this thesis.

This very briefly described selection of available mindsets, models and theories in regards to the organizational change framework culminates in the chaotic interplay of the external and internal factors and environments, with Rhenman's (1973) attempt to research the interdependencies of said environments by means of a stakeholder-based approach to strategic thinking and decision-making.

## 2.4. The stakeholder approach

The history behind the so-called "stakeholder approach" can be seen as somewhat unclear, in regards to the theory's debut within the academic framework. Swedish Eric Rhenman and American R.E. Freeman are both often cited as the founding fathers of the stakeholder approach, with Rhenman's strategic framework on stakeholders being the first recorded attempt to conceptualize and structure the interplay between the internal and external environments in regards to strategic management, and with Freeman being viewed as the more influential of the two (Eskerod, 2020). With the precedence perhaps unclear to some and vigorously debated by others, the two lines of reasoning are strikingly similar, with minimal differences. (Eskerod, 2020).

If one were to draw a more theoretical framework, the stakeholder approach builds upon the idea that organizations always have individuals or groups that both affect or are affected by the organization's activities and achievements (Eskerod, 2020), building on the aforementioned idea of systemic interdependencies. Rhenman's first working definition of the word "stakeholder" was that "*the stakeholders in an organization are the individuals and groups that depend on it for the realization of their personal goals, and on whom the organization depends for its existence*" (Rhenman, 1973, p. 13), which builds on Rhenman's research from 1968, where the



word “*participants*” was used instead of “*stakeholders*”. While seemingly a small change, the perceived connotation of the word “*participants*” has a more active utility, whereas “*stakeholders*” opens up to a wider understanding of the relevant groups and individuals, potentially including those more passive “*participants*” of the interplay. Said interplay has its core at the various claims - duties and expectations - that the organization and the stakeholders have towards each other (Rhenman, 1968).

Rhenman’s (1973) definition directly connects to organizational value-creating role, not only in the economical sense - organizational value can be viewed as any perceived, tangible or intangible, context-dependent output of the described interplay between the organization in itself and the stakeholders (Harrison & Wicks, 2013). Rhenman (1970) himself specifies that organizations can have wider frames of purpose, far beyond the mundane monetary view on value creation as the default output in the business landscape - organizations can be social institutions, “*with a duty to fulfill the various expectations of the community*” (Rhenman et al., 1970, p. 2). This view is shared by Freeman, who implies that the concept of CSR (corporate social responsibility) is vital to a wider understanding of the systemic interdependence, especially in a more globalized society with better grounds for democratic participation by means of widely available information and media allowing for two-way communication and a more swift and uncensored expression of opinions (Freeman, 1984).

There are other definitions of “stakeholders”, however, that differ from Rhenman’s, for example by putting less emphasis on the interdependent nature of the relationship. The working definition of the Stanford Research Institute (SRI) being that “*(...) stakeholders are those groups without whose support the organization would cease to exist*” (Freeman, 1984, p. 31), which seems to indirectly de-emphasise the organization’s responsibilities towards its stakeholders. Some definitions even go as far as calling the interdependence between stakeholders and the organization at hand a “contract” (Cornell & Shapiro, 1987).

Rehnman’s view on democratic participation seemingly builds on Lewin’s legacy, and can be further put in the context of economical and technological changes in Northern America

and Europe happening throughout the 1950's and 1960's (Eskerod, 2020). The concept of "industrial democracy" that originated in Germany after World War II opened up for employee involvement and cooperation in large-scale business ventures, at the time going through massive organizational change processes, further highlighting the importance of involvement of groups and individuals that have not been typically and directly involved in strategic or operative decision-making processes (Rhenman, 1968; Eskerod, 2020).

Similarly, industrial democracy and employee involvement allowed organizations to engage in dialogue with their employees, which created better opportunities for employees in regards to education, personal development, and personal fulfillment, positively affecting both the organization and the involved groups and individuals in the long run (Rhenman, 1969). This is an example of not only the non-monetary approach towards value creation and its mutuality, but also the co-evolutionary view on organizational change. This can be connected to the various understandings of "value", with Rhenman's (1968 & 1969) emphasis on the non-monetary value corresponding with Herzberg's (1966) idea of extrinsic and intrinsic factors of motivation in regards to the desired output.

Rhenman (1968) solidifies that interdependency does not constitute coercion, as being a stakeholder for most organizations is a voluntary phenomenon that can result in one party pulling out of the interdependency if their request or need for expected value is not met, therefore exerting pressure on management and other stakeholders with the decision-making mandate (Peltokorpi, Alho, Kujala, Aitamurto & Parvinen, 2008). At the same time, Rhenman's (1968) view on stakeholder thinking at this point was more focused on the more typical taxonomy, naming management, employees, suppliers, owners, the authorities as some possible stakeholders.

One insight stemming from that taxonomy and the aforementioned claim that the interdependence is voluntary being that it cannot always be applicable depending on the power dynamics and the political frame of the organization in both the internal and the external sense, as for example, the government and the relevant authorities exert legal pressure on the

organization which has to be seen as coercive due to the nature of some elements of the legal systems relevant to the context.

One recurring assumption central to the stakeholder approach is that the ultimate purpose of the reciprocal relationship between an organization and its stakeholder is value creation and mutual response to the other side's various claims. However, value creation often comes with risks that can result in unwillingly or passively achieving the opposite - namely value destruction (Eskerod, 2020). Sprinkling the additional volatility of an organization undergoing a change process, one could become suddenly partial to the idea that the interdependence between the organization and its stakeholders is a contract (Cornell & Shapiro, 1987), that is binding both when value gets created as well as when it is destroyed.

Another valuable observation is that management (generally speaking, with no distinction between top management teams and middle managers) is named as a stakeholder - although there is a tendency to view management as synonymous with the organization itself due to top management teams having the ultimate decision-making mandate building on pursuing the organization's best interest (Rhenman, 1968). At the same time, another vital role of management in an organization is being a mediator between the various stakeholders and the organizations, while often having their own personal perspectives and needs to satisfy. This inherent complexity and multifacetedness of managing has later been conceptualized by Mintzberg's managing planes model (2020), effectively pinpointing the context-dependent and competence-dependent importance of managerial activity in regards to the specific roles and postures towards the organization and its internal and external stakeholders.

Regarding the more modern approach to the complex relationship between the organization, managers and other stakeholder groups, managers' position in the stakeholder puzzle has been a subject of scrutiny, with two stakeholder management types describing the aforementioned dichotomy. Organization-focused stakeholder management has managers with decision-making power shift their focus towards the utility output and priorities of the organization, whereas the issue-focused type of stakeholder management focuses on questions that are relevant to other

stakeholders and that affect the stakeholders' claims and relationships with the organization (Roloff, 2008).

This dichotomy, however, is not mutually exclusive in its nature, with the reality closer to a middle ground (Roloff, 2008), following Rhenman's (1968) claim on the mediatory role of managers. The complexity and the inconclusive nature of these statements make it apparent that managers with decision-making power can play a pivotal role in a change process due to their choices within stakeholder management, with potential prioritizations and deprioritizations strongly influencing the organization and the change process at hand. The managerial capabilities in this sense are especially vital in a context of organizational change, when attempting to fight the organizational resistance to change (Smith, 2003).

Another interesting insight found in Rhenman's early attempts to conceptualize stakeholder thinking has to do with the political frame and coalitions, with various stakeholders being parts of different coalitions, and therefore - having conflicting interests and perspectives. This follows an early attempt to classify or cluster the various stakeholder groups into what Rehnman (1968) calls "chief stakeholders", including but not limited to customers, shareholders and employees, and "other stakeholders", seemingly covering all other groups and individuals that may be identified as being part of the interdependent relationship with the organization.

In one of his later works, Rehnman (1973) goes even farther, implying that stakeholder taxonomy may, depending on the context at hand, go deeper and in more detail by means of identifying even smaller groups of different stakeholders within one seemingly larger group of stakeholders. For example, Since then, many attempts at a stakeholder taxonomy or typology have been made, perhaps due to the lack of specificity of these original definitions. For example, various groups of employees stemming from different departments have so different perspectives and claims that it would be justified to differentiate between those subgroups as separate stakeholders.

Regarding stakeholder taxonomy, Foley and Zahner (2009) proposed a non-exhaustive list of groups and individuals that could be considered as stakeholders: customers, employees, shareholders, suppliers, government, local community, biophysical environment. However, is there any point to creating a stakeholder taxonomy list, following the chaotic nature of the VUCA-framework and the inherent context-dependency of the stakeholder approach, especially since even Rhenman (1973) himself admitted that some stakeholder groups can be scrutinized farther into finding out that they in fact consist of even smaller stakeholder groups? Or is it yet another feeble attempt at metacognitively labeling and structuring on parts of a system pointing at the collective need for closure? Following Rhenman's (1968) own line of reasoning, attempting to create an exhaustive framework for stakeholder taxonomy would be inherently illogical, as it would inadvertently lead to subjective deprioritizations and incorrect generalizations, ultimately failing to give an acceptable picture of the system.

But how can organizations and managers opting for the stakeholder approach regarding managing organizational change navigate this complex system of intertwined dependencies between groups and individuals vis a vis the organization? How can managers with a decision-making mandate ultimately analyze this landscape without relying solely on their intuitions or simply flipping a coin and hoping for the best?

## 2.5. Stakeholder analysis

### 2.5.1. Background

The more systematic approach to navigating the stakeholder landscape can be explained by means of the term "stakeholder analysis". In simple terms, a stakeholder analysis functions as an explorative tool for strategic thinking, shedding more light into the various stakeholder interdependencies and the utility values of the stakeholders' and the organization's claims on each other (Eslerod, 2020). Due to the context-dependent nature of organizations, having one model for such an analysis would be a faulty generalization, following Rhenman's (1968)

statements on systemic interdependencies, various taxonomies and his own attempts at analyzing different real-life organizations and their stakeholder networks. However, a systematic stakeholder analysis, combined with an understanding of the organization's political frame, can be a valuable conceptual approach - no matter the specific choice of the framework or model in detail - for analyzing interests and influence, emphasizing the interrelations among groups and organizations and their impact within a broader political, economic and cultural context (Brugha & Varvasovszky, 2000).

The rationale behind stakeholder analysis lies in its ability to enhance strategic decision-making, by involving the stakeholders in the more holistic view of the system, both as actors with relevant claims and power, as well as active local agents with an engagement potential (Ackoff, 1974) or as change agents by means of democratic participation in organizations undergoing change processes. Organizations are complex systemic entities functioning in a complex world; the real benefit of a stakeholder analysis helps with strategic decision making in a context where the political frame weighs heavily. This is because stakeholders are interlinked and may interact with each other, becoming parts of different coalitions and constellations (Eskerod, 2020).

### 2.5.2. Political frame

In order to understand the implicit and universal benefit of doing a stakeholder analysis - be it with a model in mind, or by means of general reflexivity - one should delve deeper into the concept of the political frame of an organization. The aforementioned network of interdependencies and reciprocal claims and contracts can function as a political arena, with multiple internal and external stakeholders passively and actively influencing each other and the organization - with the core denominators being the stakeholders' relative power within the system, the urgency of their claims as well as their legitimacy (Mitchel, 1997 & Eskerod, 2020). When it comes to the stakeholders' relative power, the assessment of it should be done by attempting to grasp the social networks of an organization, both formal and informal. Therefore, framing an organization as a politically charged entity with coalitions wanting power, inclusion and participation (Bolman & Deal, 2021), is beneficial - if not necessary - to the process of

conducting such an analysis. Bolman & Deal's five basic assumptions on the political nature of organizations put a finger on exactly why understanding the political frame is paramount when dealing with multiple stakeholders:

*“Organizations are coalitions of different individuals and interest groups. Coalition members have enduring differences in values, beliefs, information, interests, resources, and perceptions of reality. Most important decisions involve allocating scarce resources—deciding who gets what. Scarce resources and enduring differences put conflict at the center of day-to-day dynamics and make power the most important asset. Goals and decisions emerge from bargaining and negotiation among competing stakeholders jockeying for their respective interests.”*

(Bolman & Deal, 2021, p. 191)

Some statements relevant to this research following from these assumptions are that 1) stakeholders compete against each other, trying to fulfill their respective claims and interests, and 2) the decision-making process, together with the ultimate goal or vector behind it, is a mixture of bargaining and negotiation among the stakeholders. This goes hand in hand with the idea that managers with the decision-making mandate are a stakeholder on their own (Rhenman, 1968), and that they usually are a part of the dominant coalition that effectively controls the organization and selects its purpose and vector for value creation (by having better prerequisites for the process of bargaining and negotiation) (Bolman & Deal, 2021). The sole phenomenon of active or passive prioritization or deprioritization of a certain stakeholder by the decision-making stakeholder can therefore be viewed as confirming both of these assumptions, ultimately creating a vicious circle or a potentially never-ending cycle of certain stakeholders being either prioritized or deprioritized, until the intervention of a change in power dynamics within the political frame of an organization.

But how can a stakeholder analysis work in more tangible terms? Is there a general way of structuring and analyzing the system by means of either reflection or by using a model that would provide the decision-making actor with better prerequisites for making sense of the organizational system at hand?

### 2.5.3. Stakeholder analysis

With the political frame of an organization being a vast sea of complex interdependencies, it brings forwards a challenge of conducting a rational stakeholder analysis in yet another complex system - the dynamic process of organizational change. One general approach towards strategic thinking is known as the holonic approach (Sloan, 2020). The holonic model consists of non-linear stages of a thought process, with memory, exploration and analysis as some of the conceptual cornerstones. Even though the model is not linear, the exploration phase typically precedes the analysis and structuring or categorization (Sloan, 2020). The holonic model is applicable as a tool for all contexts regarding strategic thinking and strategic decision-making; though in some circumstances it can be challenging as a framework due to its complexity and different interpretations (Sloan, 2020). In the currently researched overlap of managing organizational change with regards to the political frame and the stakeholder approach, the practical use of this model can be beneficial as it follows Bolman & Deal's (2021), Rhenman's (1968) and Freeman's (1984) systemic understanding of context-dependency. With emphasis on metacognitive elements of the human thought process, the model's emphasis on active and recurring exploration, analysis and structuring provides a solid base for metacognitive awareness and rationality of decision making (Sloan, 2020).

Need for closure pushes the human mind to attempt to try patterns and clean-cut, binary solutions where there might not be any due to the world's VUCA-nature - oftentimes by means of generalizations and categorizations of elements of the system (Holmes, 2015). In regards to categorizations, Rhenman's (1968) statements on stakeholder taxonomies, while closer to the factual and unpredictable nature of context-dependent systems, do not provide the practitioners with specific categorizations that would allow for a more swift navigation within a strategic decision-making process. Therefore, some researchers have attempted various different and more practically-leaned approaches towards stakeholder taxonomies; whether these categorizations bear any significant practical utility or if they are merely a symptom of a need for closure is an interesting topic for future research.



Most typically, stakeholders are categorized from two perspectives. Firstly, based on their relationship with the organization, stakeholders can be divided into internal stakeholders and external stakeholders. Secondly, from the perspective of their influence and importance to the organization, stakeholders can be categorized as primary stakeholders, secondary stakeholders, and tertiary stakeholders (Nicolescu & Nicolescu, 2021).

Internal stakeholders typically include employees, managers, executives, and shareholders who have a direct connection to the organization's operations and outcomes (Nicolescu & Nicolescu, 2021). External stakeholders encompass a broader range of entities such as customers, suppliers, regulatory agencies, government bodies, community groups, non-governmental organizations (NGOs), and industry associations, whose interests intersect with the organization but are not directly involved in its internal affairs (Franklin, 2020). Additionally, there are other stakeholders like media outlets, competitors, industry analysts, and special interest groups, who may not have a formal relationship with the organization but possess a vested interest in or potential impact on its projects or operations.

Primary stakeholders are those who are directly and significantly affected, whether positively or negatively, by the decisions and activities of the organization (Nicolescu & Nicolescu, 2021). They include individuals or groups such as employees, customers, suppliers, and local communities whose well-being is closely tied to the organization's operations. Secondary stakeholders are entities that are indirectly affected by the organization's actions (Polonsky, 2005). This group may include regulatory bodies, industry associations, and advocacy groups whose interests are influenced by the organization but are not directly impacted. Tertiary stakeholders, meanwhile, are those who are expected to be impacted the least by the organization's actions. This category may include entities such as the general public or distant communities whose connection to the organization is more distant or indirect. Understanding the varying degrees of stakeholder impact is crucial for organizations to effectively manage their relationships and mitigate potential conflicts of interest between the various stakeholders as well as between the stakeholder and the organization itself (Wheeler & Sillanpää, 1997).

Stakeholder analysis can be approached through different models, such as the power-interest grid or the salience model. These models - in various ways - provide frameworks for categorizing stakeholders based on factors like their power, interest, legitimacy, proximity, or impact on the project or organization.

Mendelow (1991) came up with the power-interest grid, which classified stakeholders from two dimensions, namely power and expectation, so that effective management and communication can be carried out for different categories of stakeholders with a strategic purpose.



Figure 2: the Power-Interest grid

The grid is divided into four parts based on (high/low) interest and (high/low) power: Monitor (low power and low interest), keep informed (low power and high interest), keep satisfied (high power and low interest) and manage closely (high power and high interest). For stakeholders with minimal power and interest, it is often sufficient to monitor their situation closely without expending excessive energy and resources. For stakeholders who are highly interested in the project or organization but have little influence, ensuring timely communication to meet their expectations is necessary, but extensive actions may not be required. Conversely, for stakeholders with significant power to impact the project or organizational development, efforts should be made to satisfy their demands while ensuring they are not overwhelmed by complex information. Lastly, stakeholders who possess both power and interest may require

extra effort to fulfill their requirements and maintain timely communication to keep them informed of relevant information.

By using the power-interest grid, decision-makers can prioritize and visualize stakeholders, while also effectively and reasonably allocating limited resources based on the varying degrees of importance of stakeholders. Subsequently, customized management strategies for different stakeholders can be further developed.

Another example of a model used for conducting a stakeholder analysis is the so called salience model. Mitchell, Agle and Wood (1997) developed the salience model, representing the importance of stakeholders in managers' mindset from three dimensions: power, legitimacy and urgency. The model's original purpose was to function as a managerial tool for quicker response in complex systems.

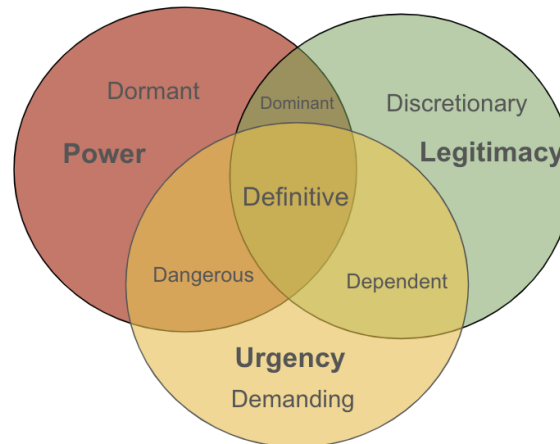


Figure 3: the salience model

Firstly, power refers to the authority and influence a stakeholder holds within the organization and its impact on project outcomes. Secondly, legitimacy considers whether a stakeholder's involvement is deemed appropriate from moral, legal, or other perspectives. Legitimate stakeholders are those whose input is considered significant. Lastly, urgency reflects the level of

immediate attention or pressing need a stakeholder's concerns demand. This urgency is determined by two attributes: time-sensitivity, when the stakeholder's need is time-sensitive, and criticality, when the need holds substantial importance or is critical to the stakeholder.

Evaluating stakeholders across these dimensions helps prioritize and tailor management strategies to effectively address their varying needs and concerns. By categorizing stakeholders into these three dimensions, the model delineates six roles for stakeholders, ultimately constituting the entire salience model along with non-stakeholders which is outside of the dimensions.

Discretionary stakeholders, situated in the green region, possess minimal urgency or influence yet maintain legitimate claims. Dormant stakeholders, located in the red region, wield significant power but lack legitimacy or immediacy, thus are unlikely to engage extensively. Demanding stakeholders, found in the yellow region, lack power or legitimacy but vocalize concerns urgently, seeking immediate attention. Dominant stakeholders possess formal authority and legitimacy but exhibit little urgency, requiring fulfillment of certain expectations. Dangerous stakeholders possess power and urgency but lack relevance to the project. Dependent stakeholders possess urgent and legitimate interests but lack power, often relying on another stakeholder group for representation. Finally, definitive stakeholders hold power, legitimacy, and urgency, thus boasting the highest salience. Non-stakeholders, outside the circumscribed regions, lack power, legitimacy, or urgency in project matters.

The salience model plays a crucial role in identifying various aspects related to project and organization management. It helps in understanding stakeholders' interests, pinpointing potential risks and misunderstandings that may arise, and devising mechanisms to positively influence other stakeholders. Moreover, stakeholder analysis aids in identifying key individuals who need to be informed about the project during its execution phase. Additionally, it facilitates the identification of negative stakeholders and their potential adverse effects on the project, allowing for proactive measures to mitigate their impact.

## 2.6. Stakeholders as change agents

The aforementioned interdependent relationship of organizations and stakeholders puts stakeholders in an important position of both power and vulnerability in regards to the dynamic process of organizational change in a volatile, unpredictable, complex and ambiguous system. Stakeholders are namely both affected by organizational change, as well as they affect the change process at hand (Freeman, 1984). One definition of the concept of “change agents” involves such actors - groups as well as individuals - that knowingly or unknowingly manage change in an organization (Lunenburg, 2010). Another definition extends the spectrum of the concept, with change agents being characterized by their *influence* on change management and implementation (Caldwell, 2003).

In regards to the stakeholders’ change agent potential, the decision-making power of managers with a relevant decision-making mandate as one stakeholder group can be understood as quite self-explanatory, whereas other stakeholder groups may directly or indirectly, passively and actively influence the strategic approach of the decision-making body or coalition by for example exerting power through withholding resources, reshaping the political frame by forming and entering various coalitions etc. (Peltokorpi et al., 2008), effectively influencing Lewin’s driving and restraining forces landscape. The stakeholders’ resistance to change can be pivotal to the success of organizational change, with research showing that there indeed is an advantage to the stakeholder approach based on democratic participation, due to the inherent need and desire of active participation and inclusion, especially when paired with the interdependence within the system, and the mutuality of claims that the stakeholders and the organization have on each other (Freeman, 1984).

The complexity of organizational change can also be dependent on stakeholders. Logically, the complexity of the process depends on the complexity of the relevant system at hand. Lewin’s (1947) and Burnes (2020) understanding of social and organizational change involves navigating (managing) the landscape of conflicting goals, wants, needs and values by means of transparent two-way communication between all involved actors relevant to the context. With many

stakeholders, the potential of conflicting perspectives, values and goals rises, effectively impacting the importance of managerial mediation between the various stakeholders and the organization (Peltokorpi et al., 2008). Similarly, the more expansive the stakeholder network of an organization gets, the more difficult the system becomes to navigate, making the processes of stakeholder prioritization and stakeholder involvement more challenging for managers.

Lewin's (1947) idea of democratic participation, when connected to Rhenman's (1968) statements on stakeholder approach, opens up the context. More practically speaking, democratic participation of stakeholders in a change process can function in a variety of ways dependent on the context at hand. One challenge that comes with it is often referred to as "the contested zone", with managers and stakeholders having unclear roles within the change process at hand, and with the formal decision-making mandate rendered useless by means of the so called "pocket veto" belonging to the stakeholder groups exerting political power (de Caluwé & Vermaak, 2003). Combined with resistance to change, the role of managers' understanding and skillfully navigating the political frame of an organization is crucial to the change process, due to the change agents' relative power (de Caluwé & Vermaak, 2003). Identifying and involving stakeholders in the process of organizational change by means of an open two-way communication creates prerequisites for new ways of thinking, breaking down the status quo and the assumed patterns, putting Lewin's (1947) three stages of change into action. By firstly exploring the stakeholder interdependencies, and then allowing said stakeholders to play a significant part in the change process at hand, becoming change agents, new ideas and initiatives can stimulate the process (de Caluwé & Vermaak, 2003).

The idea of democratic participation in a change process views various local actors spread throughout the organization as potential change agents, with the main point being equal involvement and prerequisites for participation before and during the process, which is beneficial to the process at hand (Lewin, 1947). At the same time, with the inherently political nature of organizations, and with complicated social networks consisting of dynamic interdependencies, claims, coalitions and negotiations between stakeholders (Bolman & Deal, 2021), the idea of

equal democratic participation seems impossible to achieve, especially with the decision-making stakeholders (typically managers) being a part of the dominant coalition, and therefore making intentional or subliminal prioritizations and deprioritizations, sprinkling the complexity of the system on top of it (de Caluwé & Vermaak, 2003).

The various stakeholder analysis models can function as a metacognitive tool in regards to the potentially pivotal moment of managing organizational change, providing a more structured approach to understanding the diverse perspectives, claims and expectations of stakeholders involved in change initiatives. Through systematic examination, stakeholder analysis empowers decision-makers with crucial insights, enabling informed choices that align with stakeholder interests and thereby enhancing the prospects of successful change implementation (Eskerod, 2020).

Additionally, by identifying potential conflicts and sources of resistance early on, organizations can proactively manage risks associated with change, thus reducing the likelihood of project delays or failures. Moreover, the process facilitates stakeholder engagement by tailoring communication and participation strategies with broader contextual factors, ensuring compatibility with political, economic, and cultural dimensions, and ultimately promoting more effective change outcomes (de Caluwé & Vermaak, 2003).

## 3. Methodology

### 3.1. Multimethod approach

According to Brewer & Hunter (1989), the multimethod approach is inherently thought to address the potential constraints of individual method usage, by means of intentionally blending elements of respective methods within a single study. The aim of this approach is to enhance the understanding of the research area at hand, allowing to present more perspectives with a critical approach.

In this case, to facilitate a more in-depth examination and analysis of the research questions, this paper adopts a multimethod approach, primarily emphasizing qualitative research methodologies such as surveys and interviews due to the complex and context-dependent nature of the area of research. However, elements of quantitative analysis are also employed in order to attempt to measure and compare the various interviewee perspectives gathered during the interview process.

One criticism of the multimethod approach is the probable imbalance between the employed elements of the various methods (Brewer & Hunter, 1989).

### 3.2. Survey

To conduct our research, we attempted to employ a survey methodology utilizing both qualitatively and quantitatively formulated open field questions to ensure respondee inclusivity and flexibility in regards to freedom of expression. An important part of our approach, following Rehnman's (1968) "anti"-taxonomy approach towards stakeholders, was opening up for all possible understandings of the word "stakeholder". Therefore, multiple choice questions with an exhaustive list of suggested stakeholders would skew that base. Instead, in order to open up the



context, the introduction section of the survey provided a non-exhaustive list of possible stakeholders, including some perhaps atypical examples such as government, policy-makers, and societal actors, thereby broadening the contextual understanding. This strategy aims to prevent respondents from mistakenly assuming that stakeholders are limited solely to traditional categories like employees, customers, and board members.

The survey structure consisted of a concise introduction to the research question, followed by a contract field capturing information about the respondent's company and their role within it. Additionally, an open-answer field will prompt respondents to describe the change process in general terms, such as digital transformation or M&A activities.

The main survey field included inquiries about previous stakeholder analyses conducted during the change process, identification of prioritized and deprioritized stakeholders, and reasons behind these decisions. Moreover, reflective questions will encourage respondents to consider potential biases or intuitions influencing passive prioritizations or deprioritization.

Responses from the survey have been analyzed, summarized and clustered based on factors such as company size in employees and type of change, facilitating a more coherent selection process for subsequent interviews. This approach aims to systematically capture and analyze stakeholder's perspectives on the change process, thereby enhancing the depth and validity of our research findings.

One potentially negative aspect of this data collection method has to do with the survey's distribution. The survey has been shared on the authors' social media as well as it has been sent out to the authors' contacts that fit the selection criteria. It is therefore plausible that the authors and a large group of the respondents may have similar cultural and academic backgrounds, therefore raising a question of a hidden bias towards one mindset, perspective, approach, effectively potentially skewing the results of the survey. This, however, seems inevitable due to the character of this research project, with time constraints effectively limiting the true distribution potential of the survey.

### 3.3. Semi-structured interviews

#### 3.3.1. Format

According to Adeloye-Olatunde (2021), the format of a semi-structured interview is a qualitative research method that allows the researcher to explore the relevant context more in-depth, while to a degree following a universal framework allowing for comparisons and locating patterns or conflicting data. Due to the complexity of the collateral elements of this thesis' research questions (organizational change and the stakeholder approach), the semi-structured format of conducted interviews abolishes potential constraints of the method by allowing for exploratory questions that may be called for due to either the vastly broad contextual frame that the interviewees find themselves in, or due to the natural spontaneity of conversation depending on the complexity of received information.

Due to the qualitative nature of interviews and semi-structured interviews as a research method, some quantitative methods may be integrated into the interview process depending on the context, for example through inquiries regarding key success factors or other measurable metrics, such as customer numbers or financial performance. While acknowledging the challenges of comparing disparate data sets like “apple and oranges”, the identification of clear patterns or comparisons post-survey may render the adoption of quantitative methods more feasible like “limes and lemons”. This analogy underscores the potential utility of quantitative approaches, particularly in contexts where recognizable trends or correlations emerge, such as through employee surveys or analysis of key success factors. Thus, the decision to incorporate quantitative methods will be guided by the degree of coherence and empirical support observed within the survey findings.

### 3.3.2. Selection

Following the completion of the survey, a comparative analysis was conducted to identify patterns of similarity and divergence among the responses. Subsequently, the selection process for interviews prioritized managers representing varying types of organizations that undergo or have undergone varying types of organizational change. At the same time, one approach consisted of exploring the context-dependency in regards to potential patterns and differences in organizations of very similar type but experiencing different change processes.

Similarly, the selection prioritized managers that exhibited contrasting perspectives on stakeholder prioritization and deprioritization within the survey results, for example through different stakeholder typologies or through conflicting (de)prioritizations. For instance, organizations that prioritize a specific stakeholder group alongside those that deprioritize the same group will be targeted for interviews. These interviews will delve deeper into the rationale behind stakeholders' prioritization or deprioritization, seeking to explain their perceived consequences with the aid of concrete examples.

The interviews have all been conducted digitally via a video-call. The time set aside for each interview was 30 minutes, with some minutes' leniency.

The conducted interviews consist of the following:

<b>Interviewee no.</b>	<b>Position</b>	<b>Sector/industry</b>	<b>Type of change</b>
1.	CEO ( <i>Qurator</i> )	Non-profit, restaurant and youth activities	Restructuring due to macroenvironmental factors
2.	CEO ( <i>Qurator</i> ) & Chairman of the Board	Non-profit, housing for students	Restructuring due to relocation
3.	Department Chief ( <i>Chief of Protocol</i> )	Public, higher education	Digital transformation & Restructuring due to new policies
4.	CEO ( <i>Managing Director</i> )	Private, manufacturing solutions	M&A, restructuring due to office relocation

### 3.4. Ethical aspect and data safety

The survey has been formed and distributed in accordance with Lund University's relevant regulations and statutes. The platform employed in this method was the Artologik Survey&Report system, a system recommended by Lund University. No personal data of the participants has been stored on other platforms in any shape or form. All raw and unanalyzed personal data will be deleted from the Artologik system immediately after the publication of this thesis. The participants of both the survey and the interviews have been informed of their right to demand immediate insight into and permanent deletion of their data by ways of contacting one of the authors, without a need for justification.

All participants of both the survey and the interviews have been informed that participation in this research project is voluntary, and that potential withdrawal from participation can be communicated via email without a need for justification. All participants of both the survey and the interviews have been informed of their right to be anonymous, either in regards to their name and/or the name of the organization that they represent or have represented, both when participating in the study as well as when presenting the relevant gathered data in written and oral form for the means of thesis publication and opposition. Anonymity would not in any way or form influence the chances of the participant's responses being used in the research.

All conducted interviews have been documented by means of an audio recording, with the interviewees' permission. The audio recordings have then been carefully transcribed, with only small redactory changes depending on irrelevant side-tracks or translations from Swedish to English. All interviewees have been informed about the possibility to be anonymous for the means of data presentation and analysis within this thesis. All interviewees have been briefed into the format of the research and the purpose of the thesis.

### 3.5. Limitations

The contextual nature of change management underscores the significant impact of cultural frames on organizational dynamics. Acknowledging this, we recognize the practical limitation of our research due to vast differences within cultural dimensions. While we acknowledge the importance of cultural frames in managing organizational change, including regional perspectives, our study will not delve into potential regional or geographical disparities in managers' approaches due to thesis constraints and as per demarcations.

Furthermore, considering the timing of our study, we must address the limitations of temporality and effectiveness. Research findings may vary in implications depending on different times and environments. For example, economic recessions can alter organizational priorities and

challenges, impacting organizational change and management practices. Hence, our conclusions should be interpreted within specific periods and contexts rather than as universally applicable truths.

The scope of our literature review is influenced by various factors, including academic traditions and resource constraints. Different disciplinary traditions prioritize certain theories or methodologies, shaping the scope of our review. Balancing depth with breadth, we navigate the selection of literature to provide comprehensive coverage within our constraints.

As for interviews, while our interviewees offer diverse organizational perspectives, they are all from Swedish organizations, potentially introducing a bias. Moreover, their connection to the authors' professional network may lead to passive confirmation bias. Future research should aim for more diverse perspectives beyond the authors' network.

Additionally, our interviewees primarily come from top management positions, based on the assumption that higher positions entail decision-making mandates relevant to our research. Only one of the interviewed managers can be viewed as a representative of middle-management. This selection may overlook middle-management perspectives, which could differ. Future research should consider including more middle-management perspectives to capture a broader range of insights.

Lastly, a potential limitation of our research method lies in the honesty of respondents. Subjects actively engaged in an organization may withhold negative information to maintain loyalty. This possibility underscores the need for cautious interpretation of responses. In future research, we recommend extending the methodology to also include observation, and potentially interviewing representatives of the stakeholder groups that had been subject to the (de)prioritizations.

## 4. Data analysis

### 4.1. Survey

In regards to the survey, the amount of collected data is not sufficient to draw any major conclusions in regards to potential patterns, due to it consisting of only ten responses. This lack of responses, while unexpected, had influenced the evolution of our methodological approach, putting more emphasis on data collection and analysis by means of the semi-structured interviews.

At the same time, there are some potential insights to be drawn from the very limited survey participation. Among four introductory questions regarding the type and size of the organization, as well as the details regarding the relevant change processes, the survey consisted of seven qualitative questions and two quantitative questions.

Regarding the introductory questions and the respondents' profiles, what became clear was the vast spectrum of contexts, systems and change processes. Our respondents represented various types of organizations, from smaller non-profit organizations with around ten active volunteers, to larger public and private organizations and companies, with the biggest subunit represented having twenty-eight full-time employees. Tire manufacturing, start-up support, restaurants, NGO's and higher education institutions are some denominators that show the relatively wide spectrum of gathered perspectives, even with only ten answers. The various types of organizational change were also of a reasonable variety: restructuring, M&A, rebranding and reinventing, reconstructions and digital transformations.

In regards to the quantitative data gathered, even though the relevant systems are complex and the relevant change processes are characterized by their dynamic nature and unpredictability, the respondents have generally expressed that they were somewhat confident in their stakeholder prioritizations made before and during the relevant organizational change process. On a scale of 1 - 5, with 1 being "not confident at all" and 5 being "very confident", the

average score between all respondents ended up being 3.16. The majority of answers had respondents selecting “2” or “4”, implying that there might have been some doubts and elements of uncertainty when making decisions revolving stakeholders within the relevant change process at hand.

However, the general retrospective reflections in regards to the managers’ satisfaction post-factum are slightly more positive. On a scale of 1 - 5, with 1 being “not satisfied at all” and 5 being “very satisfied”, the average score between all respondents ended up being 3.(66). Worth noting is that the median score throughout this question was a 3, potentially implying that due to the chaotic nature of change management, it is difficult to know whether one’s decisions influenced the change process positively or negatively in the long run.

In regards to the qualitative data, one insight present already at this stage has to do with stakeholder taxonomies. Rhenman’s (1968) so-called “*chief stakeholders*” have taken center stage in regards to questions aiming at identifying prioritized stakeholders. The stakeholder groups that have been identified as those prioritized can be labeled as employees/active members of the organizations. Some other examples of the prioritized stakeholders included the management board and customers. When it comes to potential deprioritizations, the answers were more spread due to the stakeholders’ specificity depending on the organizational context at hand. Among these deprioritized stakeholders one can find: administrative personnel, competitors, specific local and governmental agencies, with some respondents actively claiming that no stakeholders had been deprioritized.

Limitation-wise, it was clear that some of the answers needed more contextual decoding than it was possible by means of a survey, hinting at the possible advantages of semi-structured interviews as a more fitting approach to data collection and analysis in this research context. For example, one respondent claimed to have prioritized “*key persons in the organization*”, which could be understood as an analytically-driven type of rationale in regards to both the idea of internal stakeholders’ having resources necessary to value creation, as well as the internal stakeholders’ change agent potential as a key factor to a successful change process. Such general



statements, however, might suggest a more pragmatic, solution-oriented approach (“*key*”) in regards to change management and stakeholder prioritizations. In order to find out more about who these “*key persons*” were, one needed more contextual information, only possible to obtain by means of an interview.

All in all, the survey responses were clearly not sufficient in order to base any claims or insights solely on them; not only due to the limited number of respondents, but also due to the nature of surveys being fairly square and limiting the respondents’ frames of expression, making the truth and rationale behind the gathered answers difficult to decode. In an area of academic overlap between some highly context-dependent concepts and theories, the data gathered by means of a survey can provide us with only some very superficial insights and even more questions to be answered.

However, the survey as the initial method of data collection had a crucial role in identifying potential interviewees, allowing the selection to represent vastly different organizations, change processes, rationale, outcomes etc.

## 4.2. Interviews

The conducted interviews provide a plethora of varying perspectives on the practical utility of the stakeholder approach, the rationale behind stakeholder prioritization and deprioritization as well as the consequences of involving or omitting stakeholders in the process of organizational change.

### 4.2.1. Interviewee 1

Our first interviewee was an operative manager of a non-profit organization based in Lund, Sweden. The organization’s main purpose was to facilitate housing and activities to youths that had an active student status at Lund University. In regards to its structure, the organization consisted of the top management team (three persons, all employed by the organization), the board, around seventy elected officials (referred to as *foremen*, all having a volunteer status) and

passive members. All of these individuals and groups had to make an active choice to become a part of the organization, and respectively - to become a more active actor within it.

Worth noting in regards to the decision-making mandate is that the top management team had the highest decision-making mandate in regards to running short-term operations, whereas the board had the highest decision-making mandate in regards to long-term strategic issues.

The organization had undergone two significant change processes in the span of two years (Spring 2020 - Fall 2021); both dependent on the unpredictable macroenvironmental circumstances that followed the Covid-19 pandemic. The establishment, which relied on its restaurant and nightclub operations as both means of generating revenue in order to cover its running costs as well as a main way of non-monetary value creation towards its members, had to restructure and reinvent its identity drastically. In the latter part of 2021, the situation was reversed - the organization had to go through a similar process of organizational change in order to get back to the status quo from before the pandemic.

The main stakeholders prioritized during the change process were the board and the foremen. When asked about this prioritization, the interviewee stated that the choices were to a high degree based on intuition, due to the lack of precedence in regards to the macroenvironmental circumstances. Upon further exploration of this prioritization, the interviewee named the organization's statutes as one possible reason for this decision. According to the organization's statutes, the board and the top management team were the highest decision-making organs, and according to other more specific policies, the board and top management team were expected to establish systematic two-way communication and work closely in times of crisis and uncertainty.

When it comes to the foremen, the prioritization was based on the organization's main purpose. This purpose, as developed within the internal cultural frame of the organization, and as specified in the organization's statutes - and even the Swedish law - could be explained in one sentence: by the members, for the members - putting emphasis on the mutuality and reciprocity of claims, dependencies, and value creation.

When inquired about their perspective on stakeholder taxonomy within this context, the interviewee stated that they had never attempted to actively identify the relevant groups or individuals that could be viewed as a stakeholder. Similarly, the use of models in regards to stakeholder analysis was nonexistent, as the decisions within the context were based mostly on reflection and intuition, as an end result of bargaining and negotiation processes. Reflection and intuition, which in this case cannot be confused with empty words - the basis for these internal processes was a fairly broad understanding of the relevant organization's political frame. Upon further exploration, the interviewee had unknowingly named two of the three elements of Mitchell's (1997) salience model: the stakeholders' power and legitimacy. When deciding upon the various necessary elements of change, it was a case of reflection on whether the relevant stakeholder groups were in a position of power in both the formal and informal sense. In this case, the board was identified as having formal power due to the statutes, and the foremen - as having informal power by means of them shaping the social network of the organization throughout the different levels. Similarly, the foremen's importance to value creation during the change process was underscored, as they held resources (manpower) critical to the success of the transformation.

An interesting situation regarding both stakeholder taxonomy and prioritizations arose in regards to foremen. Initially, the interviewee stated that the foremen were a prioritized stakeholder within the change process. As the interview went along, it became clear that there in fact were some smaller stakeholder subgroups within the main collective that have not been identified as a separate stakeholder with different potential contributions, claims etc. Depending on the foremen's area of work and the criticality of their offered value (potential utility value) to the change process at one given time, the prioritizations became dynamic and highly context- and time-dependent. As an example, the group of foremen responsible for internal and external communications, PR and marketing was prioritized in the beginning of the change process, as a lot of information about the upcoming change process had to be conveyed both towards the various local actors within the organization as well as towards the stakeholders outside. After some weeks, due to the change process involving a longer period of stagnation, this particular

group was in its turn deprioritized due to the lack of urgency to the claims specific to only them. At the same time, the individuals were still prioritized - but rather as part of the larger stakeholder group consisting of all foremen - but then due to their claims being more general.

When asked about the consequences of these dynamic prioritizations and deprioritizations, the interviewee expressed that there were various groups of foremen, more often than not consisting of those deprioritized, whose active resistance to change had impacted the change process negatively by means of creating political coalitions attempting to override the decisions of the top management team. Their resistance to change is believed to have been rooted in conflicts consisting of failed bargaining attempts, with the stakeholders' claims being denied by the interviewee - often due to some other prioritized stakeholder group, such as the board, winning the battle of desired outputs because of their relative power and statutory legitimacy.

The general conclusion stemming from this interview is that stakeholder taxonomies and prioritizations are closely knit with the circumstances relevant to the change process at hand. In this case, the catalyst behind the change process has been inherently unpredictable and independent from the internal environment of the organization, therefore effectively disallowing preparations in regards to stakeholder analysis. Due to the macroenvironmental factors, the change process was highly dynamic, and the decision-making rationale as well as stakeholder prioritizations and involvement had to reflect that chaotically dynamic nature.

#### 4.2.2. Interviewee 2

Similarly, the second interviewee is a representative of the same type of an organization located in Lund, Sweden. The two organizations share the same purpose as non-profit volunteer-driven entities geared towards student housing and events. At the same time, they are each independently run, having different organizational structures, different traditions and elements of the symbolic frame - and, most importantly to the context at hand, undergoing vastly

different processes of organizational change, with different stakeholders being part of the interdependency-driven system.

In 2018, the organization embarked on a restructuring journey stemming from a new, more modern and bigger event locale, new student housing and a new office being built on the opposite side of town. Our interviewee was a member of the organization's top management team during the preparation period immediately preceding the move, and then went on to become a board member immediately after the move. The process of organizational change consisted of a complete overhaul of the organizational structure on all levels - from the event departments to the top management team structure. On top of that, the organization had overgone a partial rebranding along with new concepts and new departments being added, and some - being discontinued. According to our interviewee, this process of restructuring had stretched over six years and is still ongoing, being subject to systematic reevaluations and feedback gathering from the prioritized stakeholders.

The prioritized stakeholders in question have mostly remained the same throughout this long process, with the employees and volunteers taking center stage in the process. Similarly to our first interview, this prioritization was due to the organizational purpose and the relevant organizational statutes, signifying that the organization's value creation was supposed to revolve around it being run for its members and by its members. At the same time, our interviewee reflected on the fact that depending on the relevant aspect of the bigger change process, different stakeholder groups had been taken into consideration. For example, when restructuring the top management team, it became clear that not all individuals within it had been prioritized to the same degree, with the positions enjoying statutory decision-making legitimacy exerting their power in the process of bargaining and negotiation.

According to our interviewee, the top management had always been viewed as one entity making decisions and participating in various change processes by means of consensus, which was possible due to the previous change processes not involving any direct interventions in regards to the individual team members' claims. When asked about which top management team members

have been deprioritized at any point throughout the process, the interviewee expressed that all of them ended up being deprioritized at one point or another, due to their area of expertise not corresponding to the relevant matter at that specific point in time. This corresponds to the idea that managers are stakeholders, with different claims, different change agent potential and different wants when it comes to value creating outputs. Similarly, it plays on Rhenman's (1968) dichotomy of one group and individual being able to be classified as part of more than one stakeholder group.

When inquired about the rationale behind said prioritizations and deprioritizations, while the immediate response focused - yet again - on intuition due to the dynamic and highly complex nature of the change process and the relevant political frame, the interviewee also reflected upon their past engagement in a political organization, where they have learned about stakeholder analysis. In this particular case, no clear-cut model had been used at any point, but it was clear that the holonic recurring exploration, analysis and structuring of the stakeholder landscape was present and built on memory, as there was a (relative to the previous interviewee) higher level of proficiency in regards to identifying possible stakeholder groups that would not typically belong in the "chief stakeholder" taxonomy. At the same time, one could wonder whether the stakeholder analysis in this case was organic to the context, or if it perpetuated learned patterns that would be more accurate to other systems known to the interviewee.

Some more "atypically" specific stakeholders named during the interview were for example the local newspaper, local sustainability agencies, alumni and ex-employees. These stakeholders had not been identified all from the start, but rather came into the decision-making rationale due to some catalyst within the change process. For example, when reinventing the organization's business model, one question that came to mind was the environmental sustainability aspect. A close dialogue between the organization and an environmental sustainability movement had been instated, by means of workshops and seminars for the top management team and the employees, introducing new sustainability-driven perspectives into the ongoing change process. The perspectives of one external stakeholder quickly became embraced and proclaimed throughout the change process by some internal coalitions, perhaps extending the

idea of democratic participation to indirect participation. Could a stakeholder be viewed as a change agent through another stakeholder's actions that conform to their claims and ideas regarding value creation?

In regards to former employees, an interesting conundrum came into play in regards to Rhenman's (1968) statements on the voluntary nature of most organizations. According to our interviewee, even former employees and volunteers that had exited the organization many years ago have come forward at some point during the change process, wanting to participate in the value creation, becoming change agents. This insight, that the boundaries of an organization can be so flexible to include even those who have exited the interdependency and who have no relevant claims or resources, leads to the political frame and the stakeholder approach being even more context-dependent - perhaps introducing an idea of "*stakeholders on pause*" or "*Schrödinger's stakeholders*"; actors that both are and are not stakeholders, dependent on the decision-maker's perception of them. Following Cornell & Shapiro's (1987) view on the relationship between an organization and its stakeholders being a contract, any non-explicit agreement between the organization and an external actor could lead to that actor becoming a stakeholder by means of the organization's acceptance of their inputs.

Somewhat surprisingly, one deprioritized stakeholder group included the organization's customers. Surprisingly, as customers are one of Rhenman's (1968) "*chief stakeholders*", as they hold the resources typically needed for monetary value creation. In this case, however, the organization's nature as a non-profit allowed for the monetary resources to be somewhat disregarded, in favor of prioritizing the active members' activism and fulfillment. The prioritized stakeholder groups of the organization's active members and employees were deemed as having drastically different wants and needs from those of the customers in general, conflicting for example in regards to the aforementioned social sustainability aspect. This deprioritization showed itself differently throughout the process, in both the passive and active sense. The general consensus throughout the top management team was to be open to feedback and two-way communication with this deprioritized stakeholder; at the same time actively focusing on the needs and wants of the prioritized stakeholder in the conflicting matters.

Another stakeholder that went through a dynamic process of (de)prioritization was an external collaborative institution between the twelve similar non-profit organizations in Lund, Sweden. The nature of said collaboration is formally binding in regards to the policies and decisions made within that forum, for example when it comes to regulating competition. However, the collaboration was described by the interviewee as “soft”, with no real sanctions coming from potential deviations from the relevant agreements. Throughout the change process, the collaboration had presented their views on the desired outcome, which involved keeping the quasi-equilibrium of the common competition environment. The top management team had initially prioritized the collaboration, but had then deprioritized it more and more due to the conflicting wants and needs of the utmostly prioritized group of employees and active members. However, the collaboration was still kept updated on the change process throughout, and encouraged to be transparent in regards to their views - a two-way communication was still present, despite the deprioritization.

When asked about the collaboration’s involvement in the change process, the interviewee expressed that the stakeholder was not involved in it at all. At the same time, it was mentioned that the stakeholder’s perspectives, together with their needs and wants, were taken into consideration during the decision-making moments throughout the change process, suggesting that even actively deprioritized stakeholders can indirectly exert pressure on the decision-making actor and be viewed as a change agent by means of influencing decisions, and therefore - the process of organizational change.

#### 4.2.3. Interviewee 3

The third interviewee is a department chief of a smaller organizational unit formally under the umbrella of a higher-education institution in Lund, Sweden. The unit's purpose is to oversee the organization and execution of various traditional academic ceremonies and significant events such as official visits, which in its turn involves managing press interactions



and event communications, as well as liaising with various external stakeholders. The unit consists of two subdivisions, one responsible for internal translation services and one responsible for the practical aspects of communication and event planning coordination. In total, the unit consists of around ten full-time employees, with various student volunteers coming into play during academic and other official ceremonies. At the time of the interview, the organization was undergoing two major change processes: digital transformation and restructuring, with the former being in its finishing phase.

Due to the formal structure of the organization, our interviewee can be viewed as both a middle-manager within the bigger spectrum of the higher-education institution, as well as a member of the unit's top management team, with a fairly generous autonomy when it comes to decision-making within the unit. When inquired about the prioritized stakeholders within the relevant change processes, the initial focus of the interviewee was put yet again on the perhaps more typical stakeholders ("*chief stakeholders*", Rhenman [1968]), with employees and the board taking center stage.

Focusing on the change process of digital transformation, the interviewee addressed the importance of understanding and skillfully navigating the political frame of the unit and the organization. While the general consensus within the unit is that having an open atmosphere with transparent two-way communication and democratic participation is one of their core values, it became clear to the manager early on in the process that various employees formed covert coalitions dependent on their perspective regarding the desired output of the change process. When asked about these subgroups, and whether they were prioritized to the same degree and approached in the same way, the interviewee expressed that they had never reflected on the fact that there might have been any differences in their decision-making process in regards to the larger stakeholder group of employees actually consisting of smaller stakeholder groups with conflicting claims and desired outputs. In retrospect, the interviewee acknowledged that the different employee coalitions had conflicting approaches to the process of organizational change, stemming from the various degrees of their resistance to change. While some coalitions felt immediately drawn to the change process due to its general vector conforming to their

perspectives in regards to value creation, others exhibited signs of passiveness and resistance due to their wants or needs not being met.

The power of social networks within an organization in regards to change became clear, with the stakeholder coalition that was on-board with the change process at hand actively assuming the role of change agents, attempting to bargain and negotiate with the immediately opposing stakeholder group in order to get them involved in the change process - which happened without any known catalyst from the management's side, with the department chief assuming a strictly mediatory role confirming one of Rhenman's (1968) core observations.

The intricacy of the organization's political frame involved settling on the desired course of the change process in regards to the various perspectives of the two defined prioritized stakeholder groups, with the board providing the unit with numerous policies and general vectors in regards to value creation and change outputs. The sudden destabilization of the organizational quasi-equilibrium instated a sense of indecisiveness in the interviewee's approach in regards to decision-making, making them more risk-averse and passive, yet again mostly focusing on the mediatory aspect of stakeholder management. The interviewee expressed that they felt alone and "ran over" by some employee coalitions and the board, which in its turn means that in this case the manager was not a part of the dominant coalition from the political perspective. In a way, while the formal decision-making mandate stayed with the manager, the practical decision-making power was transferred to the dominant stakeholder groups.

This could be connected to the emergent self-organization theory, with local agents throughout the organization bargaining and negotiating, shaping the nature of their interdependencies, without any major input from or interaction with the central decision-making actor (Plowman et al., 2017). This led to the interviewee concluding that their confidence in the initial stakeholder prioritizations and the connected aspects of change management was very low.

Within the process of digital transformation, the interviewee exerted their decision-making power very scarcely. One significant decision had to do with a stakeholder

group that had been deprioritized by the dominant coalition, namely some of the external parties that were not accustomed to various elements of the increasingly digitalized world due to their demographics or other socioeconomic factors. In the later stages of the change process, the manager prioritized those stakeholder groups, actively seeking feedback and gathering perspectives on their desired outputs. This shows that the process of a stakeholder analysis, with its prioritizations and deprioritizations, is in its nature dynamic, due to the inherent complexity of the systemic interdependencies. While the aforementioned stakeholder group had not been actively deprioritized from the beginning, the manager reflected upon the fact that they never tried to explore and analyze the system - at least not actively - resulting in their initial focus falling on a very limited selection of stakeholders - and thus unknowingly deprioritizing others.

An entirely different landscape in regards to stakeholders role as change agents is present in the second ongoing change process - the organizational restructuring. While the two prioritized stakeholder groups - the employees in general and the board - remained the same, the resistance to change throughout the unit became more apparent. Our interviewee connects it to their more dominant approach in regards to decision-making, and their prioritization of the board as a stakeholder group holding high levels of legitimacy.

In this case, the strategic decisions regarding the desired output of the change process (the “what”) came from one stakeholder holding formal power, but the practical aspect of decision-making regarding implementation and execution (the “how”) had been left to the unit and the stakeholders therein. In this case, the prioritized stakeholder group of employees had no subdivisions, with all individuals seemingly agreeing on their desired output and having similar claims, yet again putting into question the idea of taking forward a standardized and generally applicable stakeholder taxonomy.

Due to the stakeholder group of employees exhibiting clear signs of resistance to change by means of passiveness, the manager felt forced to exert their decision-making power. The challenge consisted of the two prioritized stakeholders having vastly different perspectives on the imminent change process. However, due to the legitimacy of the board and the almost coercive

nature of the relevant organizational policies, there have been very limited possibilities of negotiation or bargaining. Knowing that the change vector and the expected value output cannot be changed, the manager focused on involving the employees by means of opening up for consensus-based decisions in regards to the practical “how?” of the process. That resulted in the initial resistance to change diminishing significantly, with the stakeholder group of employees putting aside the initial dissatisfaction with the change vector decided by the board and becoming more actively involved in the change process. One insight stemming from this has to do with the aforementioned voluntary nature of most organizations (Rhenman, 1968). While in most cases it is voluntary to enter the organizational system, there may be coercive elements of the system, effectively affecting the process of stakeholder prioritization and shaping the possibilities of stakeholder involvement in the process of organizational change.

Another insight has to do with the context-based longevity of the political patterns and interdependencies that influence stakeholder prioritizations. In this case, the board of the institution changes in its entirety every sixth year, often resulting in drastic changes to the desired outputs of various processes and to the political landscape of the organization. The currently ongoing process of restructuring will likely stretch over a longer period of time, with a new board assuming office and becoming a part of the change process. It is unclear for the interviewee whether the stakeholder prioritizations would look the same in that circumstance, due to the “weight” of the board being a collateral of both its statutory legitimacy as well its proficiency in regards to negotiating and bargaining. Yet again, Mitchell’s (1997) salience denominators can be seen coming into play - and yet again, they are unknowingly used by an interviewee that had never heard of the model, implying that these denominators are important aspects of the stakeholder puzzle.

The general conclusion coming from our third interview has to do with the systemic complexity of organizations, with the decision-making rationale and stakeholder involvement as change agents being able to look dramatically different in two parallel change processes, especially when looking at their dynamic evolution over time. Even though the process of a

stakeholder analysis had been mostly limited to only two stakeholder groups conforming to Rhenman's (1968) taxonomical idea of "chief stakeholders", it had not made the process any easier, according to the interviewee. The intricate nature of the political frame and the various interdependencies showing that managing organizational change in even the smallest of systems can be a real challenge in regards to strategic thinking, with the concepts of a stakeholder approach and democratic participation positively impacting the value creation and the process of organizational change (de Caluwé & Vermaak, 2003).

#### 4.2.4. Interviewee 4

The fourth interviewee was the managing director of a tire company located in Trelleborg, Sweden. The company's primary business revolves around off-road tires (OTR) for agriculture, construction, material handling, and two-wheelers. In May 2023, the company was acquired by a Japanese tire company to enhance the group's business portfolio diversity. Before the acquisition, the interviewee served as the sales manager and post-acquisition was promoted to managing director, reporting mainly to the Vice President and head of the European market, a member of the company's top management team. During the interview, the organization was undergoing a post-acquisition adjustment phase, primarily involving changes in strategic business development and operational aspects.

From a strategic and business development perspective, the company is currently adjusting to the new values and goals set by the Japanese parent company, focusing on sales and revenue growth, as well as brand reshaping. Correspondingly, from an operational standpoint, the company is facing challenges such as relocating office spaces, renegotiating warehouse leases, and team restructuring.

In terms of stakeholder analysis, similar to previous interviews, the priority setting is based on the new values and development goals of the organization at its current stage. As the primary goal of the company is to create revenue growth and maximize profits (value creation in

the monetary sense), administrative staff have been deprioritized in the stakeholder priority ranking. This is because their work is relatively easy to find interim solutions for and has no financial consequences. Customers and acquisition channels are prioritized because customer orders are the source of business growth. Additionally, sales personnel are prioritized within the organization because of their direct impact on business growth. Industry competitors are also important stakeholders as they directly influence the company's pricing and production. Furthermore, from a short-term operational perspective, another high-priority stakeholder is the agent responsible for finding the optimal location. The interviewee mentioned that as his position within the organization rises, he has greater decision-making power and the ability to intervene directly in stakeholder analysis. When asked about the rationale behind stakeholder analysis and final decision-making, the interviewee emphasized his strong analytical abilities, with decisions being based on rational and thorough data analysis, as well as 30 years of management experience.

Managers need to continuously adapt to dynamic changes in the external environment and the influence of internal political frameworks (Bolman & Deal, 2021). External changes include market competition, legal regulations, and technological advancements, which can affect the company's business model and market positioning. Internal political frameworks involve the power structure and political culture within the company, including relationships between stakeholders and conflicts of interest. For example, when deciding on a new company location, decision-makers aimed to move the company to Malmö for business growth due to its better transportation facilities. However, nearly half of the company's employees, who live in Trelleborg, clearly stated that they would resign if the move occurred. The interviewee initially suggested that if necessary, they would make trade-offs and bring in new talent. Understanding and adapting to these dynamic changes and political frameworks is crucial for effective management and decision-making. Moreover, as the company transitions to a budget-oriented system, decisions are constrained by financial considerations and face challenges from upper-level influences and efficiency requirements. Therefore, while achieving revenue growth and maximizing profits are primary goals, efficiency is also an important objective.

Interestingly, the interviewee ultimately revealed that the company would remain in Trelleborg, without disclosing specific reasons. This situation may be complex; on one hand, budget constraints may make office and warehouse rental costs in Malmö higher, while the cost of half of the employees resigning would be substantial. This can also be relevant to democratic participation in the change process, which is seen as crucial for breaking down the status quo and fostering new ways of thinking (de Caluwé & Vermaak, 2003).

Although customer priorities may seem to outweigh those of employees from a rational and stakeholder analysis perspective, decisions are influenced by multiple intertwined factors (Rhenman, 1973). This reflects the connection to VUCA, where seemingly rational analyses and judgments are not necessarily optimal in the face of high uncertainty, complexity, and ambiguity (Sloan, 2020). Stakeholder analysis and prioritization are just tools to aid decision-making in organizational change, and when considering the complex factors in a VUCA environment, the results of stakeholder analysis may conflict with actual decisions. Even with detailed stakeholder analysis and priority settings, due to financial and time constraints in reality, decision-makers often cannot involve all stakeholders and sometimes even face conflicts between stakeholders of equally high priority (Burnes, 2020). Under the pressure of tight performance targets and efficiency demands, decisions are often short-sighted, which undoubtedly affects the process of organizational change.

### 4.3. Summary

In regards to quantitative data - despite the generally underlined complexity of the systems and the dynamic, unpredictable nature of the change processes, our respondents expressed moderate confidence in their stakeholder prioritizations made before and during the organizational change process, with an average score of 3.16. The majority of responses were either “2” or “4,” indicating some degree of doubt and uncertainty in stakeholder-related decisions during the change process.

In contrast, the retrospective reflections on satisfaction post-change were slightly more positive. Using the same scale, the average satisfaction score was 3.66, with a median of 3. This suggests that it was challenging for managers to reflect on whether decisions had a definitely positive or negative impact on the change process in the long run.

The qualitative data provided more detailed insights into the relevant decision-making rationale and possible impacts of stakeholder prioritizations and deprioritizations on managing organizational change. In regards to stakeholder taxonomies, Rhenman's (1968) concept of "*chief stakeholders*" was prominent in the process of identifying stakeholders in general and when deciding upon whom to prioritize, with employees and the board among those particularly highlighted. On the other hand, deprioritizations were more varied and context-specific, consisting usually of groups and individuals that would fit into Rhenman's (1968) idea of "*other stakeholders*". At the survey stage of our research, some respondents claimed that no stakeholders were deprioritized. During the semi-structured interviews, after a deeper exploration and somewhat leading questions, this claim was typically refuted.

The conducted interviews were grounded in different contexts in regards to organization type, purpose type, political landscapes, type of change etc., which in its turn offered a variety of perspectives on the practical utility of the stakeholder approach, the rationale behind stakeholder prioritization and deprioritization, and the consequences of involving or omitting stakeholders in organizational change.

Overall, the interviews related quite well to the currently available knowledge in regards to VUCA, stakeholder management and organizational change; they highlighted the complexities of stakeholder management in dynamic and politically charged change environments, with the decision-making rationale often shifting based on the stakeholders' claims, utility value, perspectives, legitimacy and more.



## 5. Discussion

Some running insights with relevant references to the sources earlier presented in chapter 2 of this thesis have been presented alongside the data analysis in regards to each respective interview. In this way, the relevant insights are more closely connected to the context at hand, in accordance with Eskerod's (2020) narrative-driven approach to stakeholder research. Similarly, Rhenman's and Freeman's case-based research on the stakeholder approach were very narrative heavy, focusing on single organizations at a time, e.g. Rhenman's (1969) study on a Swedish hospital. However, in order to show the commonalities or conflicts between the analyzed data and the theoretical background, some of the more detailed insights that are represented in each interview should be scrutinized even further in order to attempt to find a general picture and an answer to the research questions.

In regards to the decision-making rationale, both the survey and the interviews have primarily shown that it is difficult to find specific patterns or rules due to the organizations and relevant change processes being so different. The context-dependency of systems and processes therein is key to the understanding of some more general patterns and insights that follow from the data analysis.

A big part of the decision-making rationale, along with some elements of uncertainty, revolved around exploration and analysis of the organizations' political frame, which had generally shown to be a challenge for managers to make sense of, especially when thrown into the process of organizational change by means of an unexpected force majeure limiting time and frames for free exploration and analysis. .

What can be seen throughout the gathered data is that usage of more "set-in-stone" resources such as models and frameworks in regards to stakeholder analysis is scarce, with

managers leaning into reflexivity and intuition - particularly in change processes instigated by an external force and requiring swift reactions. On one hand, this puts the utility value of stakeholder analysis models - or any models, for that matter - into question in light of the systemic complexity and dynamics. At the same time, some available models (i.e. the salience model) indirectly show their practical utility value, with the respondents' rationale revolving around the same or very similar categories. Another important element of the rationale was the respondents' perspective on value creation (whether monetary or in other form), and whether the purpose of the organization was implicit (somewhat flexible) or statutorily decided. The value of a systematic and recurring stakeholder analysis, in accordance to Eskerod (2020), has found support in the insight that the political landscape of the relevant organizations was constantly evolving, with stakeholders becoming more or less relevant, powerful, legitimate to the change process at hand throughout, therefore highlighting the dynamic nature of prioritizations and deprioritizations.

In regards to the impact of stakeholder prioritizations and deprioritizations on managing organizational change, the main insight sees prioritized stakeholders exercising their change agent potential more willingly, as their claims, needs and wants are more consistent with the desired change vector of the decision-maker, showing that organizations truly are a result of bargaining and negotiation (Bolman & Deal, 2021). At the same time, deprioritized stakeholders often become passive, withdrawing from active participation or holding resources hostage, adding into Lewin's (1947) restraining forces and highlighting the reciprocal, interdependent nature of organizations (Rhenman, 1968). What we can see is that prioritized stakeholders may be ambivalent towards a specific change process, opening up for other stakeholder groups to exercise their political power and change agent potential more - in a sense giving more bargaining power to a different actor.

The concept of democratic participation is generally present in the decision-making rationale before and during a change process, although it was seen by our interviewees as generally impossible to utilize this concept practically in order to involve all stakeholders on equal terms, with their vastly different claims, perspectives, attitudes as well as power,

legitimacy and urgency. The implications of organizations being inherently political, and the importance of negotiations, coalitions, interdependencies, show that the rationale and the stakeholder involvement in the change process is to a high degree dependent on the political frame.

Organizational theory sees organizations as entities with multiple local actors engaging in dynamic processes of negotiation and bargaining (Bolman & Deal, 2021). Organizational change is characterized by its dynamics, which in practice necessitates dynamic decision-making rationale in regards to the stakeholder approach. The relevant decision-making processes are highly influenced by the political frame, the various interdependencies within stakeholder dynamics, and relevant internal and external forces.

Effective change management requires a more nuanced understanding of stakeholder priorities, interests, and resistance to change (de Caluwé & Vermaak, 2003). Managers navigate competing stakeholder demands and coalitions while adapting strategies to address emergent challenges and opportunities (Foley & Zahner, 2009). Managers are also stakeholders with their own needs, wants and perspectives vis a vis the organization (Rhenman, 1968). One element of the decision-making rationale within our data is seen as typically revolving around the purpose of the organization or the idea of value creation, with value being able to be defined as both monetary and non-monetary. The vector of managerial decisions (and therefore per analogy: organizational change) is often dictated by the vector of value creation desired by the dominant coalition (Bolman & Deal, 2021; de Caluwé & Vermaak, 2003), whether by formal or informal means: dominant stakeholders or those exerting stronger political power due to statutory elements, which is visible in most cases within our data.

Organizational change is not always internally initiated but can be thrust upon an organization by the unpredictable macroenvironment or coercive regulations, as suggested by Saka (2003) and as visible in our data. The macroenvironment and force majeure events, like the Covid-19 pandemic, introduce an even more chaotic dimension to already dynamic organizational change processes. These external factors typically are seen as demanding swift

decision-making in regards to stakeholder prioritizations, that can swiftly adapt to rapidly evolving circumstances. In such unprecedented situations, decision-making often relies on intuition and reflection rather than established models or frameworks, highlighting the need for flexibility and responsiveness in navigating change. One observation stemming from our data in regards to such unplanned change is that managers tend to make rash decisions regarding stakeholder prioritizations when faced with unpredictable and sudden disruptions to the systemic quasi-equilibrium, effectively relying on their own understanding of the political frame.

Organizations inherently operate within a political framework where stakeholders wield power through various means such as bargaining, coalition-building, and pocket vetoes, even without formal mandates. Stakeholders form coalitions based on shared interests and perspectives, which can either support or resist change initiatives. The dynamics of these coalitions shape decision-making processes (Bolman & Deal, 2021), with dominant coalitions exerting influence over the direction and implementation of change efforts. In regards to the view of stakeholders as change agents, regardless of whether a stakeholder had been prioritized or deprioritized, stakeholders have change agent potential, with their ability to directly or indirectly influence the change process at hand. The degree to which they are able to influence the process, however, is entirely context-dependent. We have seen stakeholders that had been deemed as deprioritized exercise their change agent potential indirectly by means of navigating the political frame and utilizing the power of a prioritized stakeholder. Similarly, prioritized stakeholders can be ambivalent to a change process, not exercising their change agents potential, opening up for new prioritizations and new stakeholders influencing change management.

A big part of answering the research question focusing on managerial rationale in regards to stakeholder prioritizations has to do with the context-dependent nature of stakeholder taxonomies. Rhenman's (1968) approach towards stakeholder taxonomies and categorizations has been present in regards to the practical implication of the interviewees decision-making. Various stakeholder groups and types have been named, exhibiting a dynamic and context-dependent nature, oftentimes evolving throughout the change process as the relevant landscape shifted.

Initially, stakeholders may not be explicitly identified or prioritized, leading to unforeseen consequences and creating a sense of uncertainty among the managers with a decision-making mandate. As the change process goes, stakeholder groups emerge as part of the rationale, typically based on their perceived power, legitimacy, and relevance to the change initiative - whether as a result of a more set-in-stone analysis or “intuition”. The dynamic nature of organizations and change processes challenges the more traditional models of stakeholder analysis, highlighting the importance of flexibility and adaptability in stakeholder management strategies. Similarly, Rhenman’s (1968) view on “*chief stakeholders*” is seen as having some confirmation in practice, with these stakeholder groups being often the first ones to be identified and prioritized by managers. However, as the change processes progress, more “atypical” stakeholders make their voice heard and desire to be involved in the change process, with their own perspectives on desired value creation drifting apart in detail - thus creating new subdivisions and opening up for the “other” stakeholders to become a prioritized group.

However, the purposefulness of rationale behind stakeholder prioritization and deprioritization lies within the taxonomy framework. In regards to the gathered data, the prioritized groups or individuals are typically easily defined and pointed out, raising the question of systemic preconceptions and individual taxonomies within the managerial understanding of the relevant political frame of an organization.

The stakeholder approach has the idea of democratic participation as its cornerstone (Eskerod, 2020). Stakeholders are seen as actors with both a want and a right to contribute to the change process at hand (Rhenman, 1968). Democratic participation within organizations influences stakeholder engagement and the general picture of decision-making processes in change initiatives, which finds support in the gathered data. According to the data, internal stakeholders such as employees and boards often advocate for their interests and desired outcomes in a more active sense, shaping the direction and implementation of change. However, the extent of democratic participation varies due to power dynamics, organizational culture, and formal structures. For example, external stakeholders are rarely prioritized, and have therefore a

higher threshold for utilizing their change agent potential. At the same time, we have seen an example of an external stakeholder indirectly affecting the change process by means of convincing a prioritized stakeholder of the relevance of their claim. Effective stakeholder management in regards to organizational change and democratic participation necessitates considering stakeholder priorities in some way or form. While lowering the priority of stakeholders may result in overlooking valuable ideas and perpetuating adherence to existing patterns, the complexity of systems and extensive political frameworks make it generally impossible to “prioritize” every stakeholder “equally”, which has its implications on the idea of democratic participation.

However, it is also recognized that stakeholders deprived of priority still hold potential as change agents, making their involvement crucial for comprehensive and effective change initiatives. Additionally, focusing primarily on the “chief stakeholders”, particularly internal ones, potentially overlooks the perspectives of external stakeholders - our data shows that the external stakeholders are typically omitted in the initial rationale relative to the internal stakeholders. With inclusion and open dialogue being a core idea behind democratic participation (Lewin, 1947), the logical insight is that the managerial rationale should be more groomed towards extending beyond internal circles to include external stakeholders, providing them with more opportunities to contribute to the change process. Stakeholder deprioritizations in light of organizational change lead to the relevant groups and individuals feeling omitted, becoming passive or actively utilizing their political power and resource control to fight the change process (Bolman & Deal, 2021), due to their extrinsic and intrinsic motivation being low (Herzberg, 1966).

The conducted interviews provided a more practical picture of the concept of democratic participation and its role in organizational change management. In the vastly different cases, the picture of democratic participation ultimately emerged as being more of a double-edged sword than in theory, with some challenges having to do with balancing inclusion and the political nature of organizations. On one hand we have the “dream scenario”: an environment of open dialogue between the decision-making actor and some prioritized stakeholders, with consensus

building facilitating a sense of ownership and participation among said stakeholder groups. This approach aims to reduce resistance and accommodate different perspectives, contributing to a more holistic strategy creating better prerequisites for a successful change process.

On the other hand, when some stakeholders get prioritized, others get deprioritized - either actively or because they simply get forgotten in the dynamic grand scheme of things. Their wants, needs and perspectives get lost in the ocean of claims in pursuit of subjective value creation, effectively influencing the motivation and impacting the resistance to change. Due to the context-dependent nature of organizations, change and rationale, the stakeholder prioritizations are dynamic, sometimes leading to a deprioritized stakeholder with an ignored claim or perspective becoming prioritized and involved much later in the change process and vice versa, which ultimately complicates decision-making even further, slowing down the change process.

Throughout the interviews, it was evident that managers mediated between different claims and their own perspectives, as well as they felt a need to maintain a balance between participatory ideals and practical constraints, which corresponds with Rhenman's (1968) claim. These insights suggest that while democratic participation can increase stakeholder engagement and decrease resistance to change, the coined idea of a "stakeholder approach" is ideally a "careful approach", with exploration and analysis of the political frame being important pieces of the puzzle. Ultimately, prioritizing and involving all (identified) stakeholders is viewed as an impossible task, leading to decisions based on more or less arbitrary and subjective understandings of the system.

## 6. Conclusion

### 6.1. Summary

The findings of this research highlight the nuanced and context-dependent nature and implications of stakeholder prioritizations during organizational change. By examining the decision-making processes of managers, this study reveals how dynamic and political the environment is within organizations, aligning with theoretical frameworks from (among many) Bolman & Deal (2021) and de Caluwé & Vermaak (2003). The research underscores that the rationale behind stakeholder prioritization is heavily influenced by internal and external forces, emphasizing the importance of flexibility and responsiveness. The insights of these findings contribute to the literature by providing a deeper understanding of the interplay between stakeholder dynamics and organizational change management.

Similarly, the implications of said stakeholder prioritizations and deprioritizations are highly context-dependent, but can be traced back to change agent theory and the idea of democratic participation. Stakeholders have change agent potential, no matter if they are prioritized or deprioritized in the process of organizational change - the idea of democratic participation allows for stakeholders to contribute to the change effort in more tangible ways. At the same time, with prioritizations and deprioritizations there comes a challenge to democratic participation - prioritized stakeholders are more actively involved in the process, which often results in the deprioritized stakeholders' resistance to change, more aggressive bargaining and struggle for power. However, in accordance with theories on self-emergent organizations and political frame, even the deprioritized stakeholders can become change agents and influence the process of organizational change by means of influence on other stakeholders and withholding resources, which can have implications on the desired change vector and the idea of desired value creation. All in all, organizations are reciprocal systems where interdependency and bargaining rule the



processes.

## 6.2. Limitations

A notable limitation of this study is the low respondent rate for the survey, which may affect the generalizability of the findings. This limitation suggests that the results should be interpreted with caution, and the insights gained may not be fully representative of broader organizational contexts. The explorative nature of the research also means that the findings are not definitive but rather indicative of potential patterns and rationales in stakeholder prioritization during organizational change.

## 6.3. Further research

Future research should aim to address the limitations of this study by increasing the respondent rate and employing a more comprehensive survey methodology. Providing more insights into how stakeholder prioritizations evolve over time during different phases of organizational change would be an interesting research question due to the shown dynamics and context-dependencies. Investigating the role of external stakeholders in more depth and exploring the impact of macroenvironmental factors on decision-making processes would further enhance our understanding of stakeholder dynamics. Developing more dynamic models to predict stakeholder behavior and influence in various representative organizational contexts could also prove beneficial.

## 6.4. Practical implications

Practically, the research offers valuable insights for managers involved in organizational change. Understanding the political nature of organizations and the dynamic interplay of stakeholder priorities can help managers navigate change more effectively. The findings suggest that managers should adopt a flexible approach, balancing democratic participation with strategic

decision-making to accommodate emergent challenges and opportunities. By recognizing the potential of both prioritized and deprioritized stakeholders as change agents, managers can foster a more inclusive and adaptive change process, ultimately enhancing the likelihood of successful organizational transformation.

## 6.5. Final conclusion

In managing organizational change, managers with a decision-making mandate are confronted with the challenge of navigating the political frame of the organization. The inherently political nature of organizations has various internal and external stakeholder groups struggling for power, bargaining and negotiating, but also seeking to contribute to their idea of value creation. Prioritizing, and therefore also - deprioritizing, stakeholders within a change process can actively influence the stakeholders' change agent potential. While various models for stakeholder analysis exist, our interviewees, representing diverse organizations undergoing different change processes, often relied on intuition and their own understanding of the organization's political dynamics. The decision-making process, therefore, becomes a reflection of the complex interdependencies and bargaining processes inherent in organizational politics.

Stakeholder involvement in the process of organizational change is deemed crucial to its success, with the idea of democratic participation proclaiming that all actors within any given organization seek to contribute (Lewin, 1947 & Rhenman, 1968). By influencing the change process, these stakeholders become change agents. Whether they become prioritized or deprioritized - for example by means of excluding them from the idea of democratic participation or denying their claims - the managerial decisions influence the stakeholders' extrinsic and intrinsic motivation to contribute (Herzberg, 1966).

Yet, the practical implementation of this notion faces challenges within the chaotic organizational context. While Lewin and Rhenman suggest stakeholders' willingness to contribute to value creation, some interviewed managers adopted a more cautious and pragmatic

approach, viewing stakeholders as instruments with resources vital to change processes. As a change process progresses, the prioritizations become dynamic. They depend on a number of factors: shifts within the political frame, varying relevance of claims, macroenvironmental factors. Due to the unpredictable and dynamic nature of organizational change, balancing the idea of democratic participation through open communication with elements of strategic bargaining with its core in the political nature of organization simply becomes the answer to “know-how” in this context.

In the end, it is the overlap of theory and practice that is the status quo: as the noble idea of democratic participation is often present in the decision-making rationale, the consequences of stakeholder prioritization ripple throughout the change process. When one stakeholder gets prioritized, it usually means - per the definition of the word - that another stakeholder gets deprioritized, whether purposefully or not. Deprioritization of certain stakeholders may lead to resistance, particularly if they wield significant power relative to decision-makers. Dominant coalitions can be formed by deprioritized stakeholders, which can disrupt change efforts by withholding resources or fostering unrest. Prioritized stakeholders may become ambivalent to the change process, whereas those deprioritized may more actively exercise their change agent potential.

Ultimately, managing organizational change is akin to navigating a wicked problem, where there's no one-size-fits-all solution or even an answer. Stakeholders, driven by their pursuit of fulfillment or value creation, desire involvement. Acknowledging the reciprocal nature of organizations as stakeholder networks, along with an understanding of democratic participation, becomes paramount in facilitating effective change processes.

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## Appendix

The survey questions are presented below.

**Please state your full name:**

**If you are comfortable with sharing, please state the name of the organization and (if applicable) the relevant sub-unit you represent/represented. If you do not want to share this information, leave this field**

**Please state your position within the organization:**

**Please state the industry/sector/purpose (in case of non-profits) most relevant to your organization:**

**Please give an (approximate) number of employees/equivalent within your organization/relevant unit. If unsure, leave the field blank:**

**Briefly describe the change process in general terms - e.g. digital transformation, restructuring, M&A etc.**

**Have you done a stakeholder analysis/reflected on the role of various stakeholders before or during the change process? Briefly expand on your approach.**

**Within the scope of our research, we do not want to limit the stakeholder taxonomy. When answering questions below, feel free to name any group or individual that you view as a stakeholder relevant to your context. "Stakeholder" does not necessarily have to mean employees, shareholders, the board - we encourage you to reflect and not follow any preexisting labels. Some examples of what a stakeholder could be: customers, employees, shareholders, suppliers, government, local community, the society in general, the environment etc.**

**Identify the stakeholders that you and your organization prioritized during the change process. If you prioritized more than one stakeholder, please rank their importance below with (1.) being the most important to the change process.**

**Briefly expand on why these stakeholders have been prioritized.**

**Identify the stakeholders that you and your organization have deprioritized (passively or actively) during the change process.**

**Briefly expand on why these stakeholders have been deprioritized.**



**How confident were you with your initial (de)prioritizations (1-5, with 1 being "not confident at all" and 5 being "very confident")?**

**How satisfied are you with the result of your initial (de)prioritizations now (1-5)?**

**If you would like to expand on any of your previous answers, please do so below:**

**In order to conduct our research and to analyze the data, we would like to contact two selected respondents for a short interview in the upcoming weeks. If you consent to being potentially contacted in order to set up an interview, please write your e-mail address and/or telephone number below. This would help a lot in our research - thank you in advance! If you do not wish to be contacted, leave the following**

**Select one of the following:**

- I would like my name used, and I understand what I have said or written as part of this study will be used in reports, publications and other research outputs so that anything I have contributed to this project can be recognised.
- I do not want my name used in this project.

**I confirm that:**

- I voluntarily agree to participate in the project.
- I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.

**GDPR: By participating in this survey, you consent to your data being temporarily stored for the purpose of this Master's thesis at Lund University School of Economics and Management. In order to get access to your data and get it wholly or partially deleted, contact Wojciech Goralczyk at wo8188go-s@student.lu.se Any personal data and contact information will be deleted immediately after the completion of the thesis.**

- I consent.
- I do not give my consent and understand that selecting this option will lead to the answers getting immediately and permanently deleted.