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Master's Programme in Information Networks

Strategic change in scale-up organizations

A case study of organizational transformation in a software scale-up

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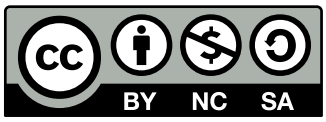

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Abstract

Scale-up organizations are a crucial area of study due to their outsized economic impact. Despite this, there is relatively little research on how they differ from other organizational types, particularly on how implementing strategic organizational change differs from other types of organizing. This qualitative single case study seeks to address this gap by exploring how a scale-up organization experiences, interprets and manages a significant episodic change initiative, thereby shedding light on the distinctive nature of scale-ups undergoing transformation.The empirical context is a Finnish SaaS scale-up with global operations that undertook a restructuring of its organizational R&D structure to support current and anticipated growth, complemented by the rollout of a new development framework, role definitions and processes designed to enhance transparency from strategic goals to individual development work. Qualitative data was collected through interviews across strategic, tactical and operational levels of the organization, capturing a multi-level perspective on how the change process, content and context were understood and navigated. The data was analyzed using the Gioia methodology that ensures findings are grounded in the empirical data. The findings indicate that scale-ups, owing to their entrepreneurial culture, agility and collaborative norms, possess inherent supportive mechanisms that facilitate change implementation with comparatively less friction and resistance than is typical in more traditional organizational settings. This capacity constitutes a substantial competitive advantage for the organization. However, the same cultural and structural attributes that enable rapid adaptation can simultaneously impede efforts to achieve uniformity and consistency in change outcomes across the organization, as the different subcultures engage in sensemaking processes that can lead to fractured interpretations throughout the change process. This study contributes to the literature on organizational change in scale-ups and provides practical implications for top management by illuminating how change initiatives can be more effectively tailored to leverage inherent strengths while proactively addressing context-specific challenges.

Keywords Organizational Change, Episodic Change, Scale-Up Transformation, Enterprise Transition, Change Leadership, Organizational Restructuring, Development Frameworks, Change Management in Scale-Ups, Qualitative Case Study, Gioia Methodology

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Tiivistelmä

Taloudellisesti merkittävät scale-up organisaatiot eli suomennettuna nopeasti kasvavat kasvuyritykset ovat verrattain vähän tutkittuja organisaatiomuutoksen näkökulmasta. Tämä laadullinen tapaustutkimus tarkastelee strategisten organisaatiomuutosten onnistumista scale-up yrityksissä. Lisäksi tutkimuksessa selvitetään, miten scale-up yritykset vertautuvat muutoksen toteuttamistavassaan ja vaikutuksissaan muihin organisaatiomuotoihin. Tutkimus sijoittui suomalaiseen ohjelmistokehitysyhtiöön, joka toteutti strategisen muutoksen tutkimus- ja kehitysorganisaatiossaan. Strateginen muutos ulottui organisaatiorakenteeseen, rooleihin sekä ohjelmistokehitysprosesseihin. Mittavan muutoksen syynä oli scale-up yrityksille ominainen kasvun tavoittelu ja tukeminen. Haastatteluaineistoa kerättiin eri organisaatiotasoilta ylimmältä johdolta operatiivisen tason työntekijöihin, mikä mahdollisti muutoksen kontekstin, sisällön ja prosessin kokonaisvaltaisen tarkastelun. Data analysoitiin Gioia-menetelmää hyödyntäen. Tutkimuksen löydökset osoittavat, että muihin organisaatiorakenteisiin verrattaessa scale-up organisaatiot sisältävät useampia muutokseen sopeutumista edistäviä mekanismeja. Erottuvina mekanismeina löytyivät kasvuyrityksen luontainen ketteryys sekä kulttuuriset tekijät, jotka ilmentyvät työntekijöiden sisäistämässä jatkuvan muutoksen mentaliteetissa ja kasvun mahdollistamassa optimismissa. Nämä tekijät yhdessä sekä helpottavat muutoksen hyväksymistä että nopeuttavat sen omaksumista. Mekanismit itsessään muodostavat kilpailuedun scale-up yrityksille. Tutkimuksessa myös havaittiin, että muutoksen onnistumista tukevat mekanismit samalla hankaloittivat yhtenäisen muutoksen saavuttamista. Syyksi havaittiin kasvuyrityksen alakulttuurien vaihtelevat merkityksenantoprosessit, jotka johtivat tulkintojen pirstaloitumiseen muutoksen aikana. Tutkimuksen löydökset syventävät scale-up yritysten organisaatiomuutosten kirjallisuutta. Lisäksi tutkimus ohjeistaa, kuinka muutosaloitteita voitaisiin entistä tehokkaammin räätälöidä hyödyntämään organisaation luontaisia vahvuuksia, ja ratkaista kontekstisidonnaisia haasteita. Tutkimus neuvoo muutosprosessien ja -sisältöjen suunnittelussa, jotta strategisen muutoksen onnistumisen edellytykset scale-up-ympäristössä paranisivat.

Avainsanat Organisaatiomuutos, Episodinen muutos, Scale-up-muutosprosessi, Muutosjohtaminen, Muutoksenhallinta scale-up-yrityksissä, Kvalitatiivinen tapaustutkimus, Gioia-menetelmä

Preface

This thesis is the result of both an academic inquiry and a professional curiosity about how organizations experience and enact change in moments of growth and transformation. It has been a rewarding and at times challenging experience, but above all it has been a profound learning journey.

Working on this project has taught me not only about the complexities of organizational transformation, but also about the value of listening, persistence, and the often non-linear nature of qualitative research. It has deepened my appreciation for the ambiguity and richness of human experience in organizational life, something that no framework or method can fully contain.

As with any big endeavor, it is best not to fully know what you are getting yourself into when you first set out, as it might make you hesitant to start all together. And while the process can be solitary at times, it is also clear that meaningful work is rarely done alone. The support, guidance, and encouragement of others make the journey not only possible but worthwhile.

I would like to express deep gratitude to my advisor Jari Ylitalo who patiently guided me through this journey and lent his wisdom when it was most needed. I also want to thank my supervisor Tuukka Paavolainen for his ongoing encouragement and for seeing and believing in my potential. In addition, I want to thank the organization and all the research participants who trusted me with their experience and enabled my inquiry into the world of organizational change.

Finally I want to thank my partner Maria. Without your love and support throughout this journey, this thesis would never have turned out as it is. I do adore you.

Helsinki, 30th July 2025

Otso Koiso-Kanttila

Contents

Symbols and abbreviations

Abbreviations

ED	Engineering Director
EM	Engineering Manager
EOC	Episodic organizational change
NDF	New Development Framework
OC	Organizational Change
OKR	Objectives and Key Results
TL	Team Lead
PO	Product Owner
PA	Product Architect

1 Introduction

In the rapidly evolving global landscape, the ability to manage organizational change effectively has never been more critical. Despite a proliferation of change management models, organizational change initiatives still exhibit low success rates, hovering around an unimpressive 30% (Al-Haddad and Kotnour 2015). While these frameworks provide a good starting point, they often fall short of capturing the full spectrum of dynamics at play, leaving critical aspects of change unaddressed, which at least partly serves to explain the high degree of failure. This stark disparity highlights a fascinating research dilemma: If the importance of managing organizational change is widely acknowledged and ever growing, why does there appear to be no consensus on universal best practices to achieve successful outcomes? Instead, what seems to have emerged is a fragmented world of theories with little predictive power to reliably produce successful change.

This case study seeks to address this dilemma by exploring the intricacies of a strategic organizational change initiative within a global software scale-up headquartered in Finland. This setting provides a unique lens into organizational change, as there has been relatively little prior research into scale-up organizations despite their importance. Scale-ups, by their very nature, operate in environments of endemic change, with growth itself often serving as both a driver and manifestation of continuous transformation, yet they also face acute tensions as they seek to evolve from fluid, founder-driven cultures into more structured enterprises capable of sustaining scale (Picken 2017).

The unique context raises important questions about how organizational change should be planned and executed in a scale-up environment and how their distinctive cultures respond to episodic changes: Are such ventures more used to change as a norm rather than the exception? How do such organizations cope with planned disruptive change as opposed to the emergent change that arises byproduct of high growth? This case captures such a pivotal juncture, involving a substantial restructuring of product and technology functions, the introduction of new roles and processes as well as the implementation of a development framework aimed at improving strategic alignment and transparency.

This thesis investigates change as a multi-level phenomenon that unfolds simultaneously through organizational structures, human interactions, and evolving meanings. It examines how critical factors such as leadership, culture and sensemaking shape the lived experience of change, revealing why outcomes often diverge from initial aspirations. The research is guided by the following questions:

1. How is the process, content and context of an episodic change initiative experienced and understood across the strategic, tactical and operational levels of a scale-up organization?

2. What distinctive features and challenges characterize episodic change initiatives in scale-up organizations, and how should these shape our understanding of them?

Through investigating these questions, the study uncovers how growth and change are tightly interwoven in the identity of scale-up organizations, how sensemaking processes vary and sometimes fracture across organizational levels, and how collaborative approaches, while mitigating resistance, can introduce new ambiguities and lengthen periods of uncertainty. It also highlights the critical role of middle managers as intermediaries who both interpret and operationalize strategic change under challenging conditions. By illuminating these dynamics, the research contributes to organizational change literature with insights particularly relevant to scale-ups, offering practical guidance on balancing structure and flexibility, supporting middle managers, and leveraging cultural strengths to navigate complex transformations.

The structure of this thesis is the following: the first section explores the complex dynamics of organizational change and how different underlying assumptions of the individual and the firm impact the way change is seen. This is followed by a broad exploration of key concepts and theories to understand how episodic change unfolds across different organizational levels, as well as a review of the current literature on scale-up organizations. The methodology section details the research design, the case organization and its change initiative, and the qualitative data collection and analysis conducted using the Gioia method. The findings chapter presents how the change was experienced across levels, organized around the dimensions of context, content and process. Finally, the discussion draws broader implications, outlines practical recommendations for scale-ups undertaking similar transformations, considers study limitations, and suggests avenues for future research.

2 Literature Review

When setting out to study the various factors that contribute to the failure or success of an organizational change initiative, questions such as: "Why do organizations change" and "How do organizations change" inevitably arise. A quick search in one of the most commonly used databases for academic works, Scopus, yields over 97 000 documents where the words *organizational* and *change* appear in the abstract, title or keywords. While this method is clearly quite reductive and certainly contains large amounts of wholly unrelated research to the topic at hand, it serves to reassure the inexperienced researcher that questions of this nature have surely been resolved and agreed upon by previous scholars. Upon closer inspection it becomes clear that this, in fact, is not the case.

Organizational change (OC) is a complex phenomena that can be viewed through different theoretical & philosophical frameworks, each with unique implications on how change occurs within the system (Graetz and Smith 2010; Van de Ven and Poole 1995). This literature review sets out to summarize some of the most well known and received theories & frameworks around organizational change. Furthermore, its aim is to construct the necessary understanding to study the various factors that impact the success of an organizational change initiative. It consists of three parts, with the first one navigating the questions: "Why & how do organizations change?". The second parts seeks to understand the factors that contribute to the success/failure of organizational change, primarily focusing on *leadership and organizational culture*. The third and final part serves to narrow the scope of this research by looking at how the context of a global SaaS scale-up organization influences how change should be implemented.

2.1 Exploring underlying dimensions of organizational change

The phenomena of organizational change has perplexed both scholars and organizational leaders for decades. Despite significant efforts to conceptualize organizational change into a cohesive, manageable process that could be repeated at will, organizations still report that around 70% of change initiatives fail (Al-Haddad and Kotnour 2015). This lack of success would seem to indicate that while new perspectives certainly have emerged since the conception of the field, the true nature of this phenomena remains elusive and slippery. One reason for this could be that organizational change seems to take on different characteristics depending on the perspective of the observer (Pettigrew 1987; Graetz and Smith 2010; Van de Ven and Poole 1995), complicating attempts to see the full picture. To grasp any sort of common definition of it, defining OC as change in the organizations state from state A to state B between two points in time would seem to satisfy most paradigms. Thus, *time* would seem to be the first dimension of change that should be explored.

2.2 Temporal perspectives on change

From a distance, organizations seem to remain stable for long periods of time, repeating activities that have proved successful & necessary for their survival in the past (Weich and Quinn 1999). From this macro-level perspective, these periods of "stasis" are infrequently disrupted by revolutionary episodes of organizational change (EOC) that are disruptive and intentional in nature (Lima et al. 2023). This view of the organization would seem to indicate that the periods between radical change contain little change in the organization, ensuring operational continuity is preserved. Furthermore, the notion of episodic organizational change would seem to imply that there is a inherent *resistance* towards change and that rapid intentional change is only initiated to respond to factors that threaten the existence of the organization (Mintzberg and Westley 1992). Typical catalysts of EOC can be internal or external in nature. Internal inducers of EOC can include efforts to remain competitive or increase efficiency, introduction of new technology or changing organizational structures while external episodic change is driven by factors such as change in customer demand, mergers and acquisitions, change in market conditions or emerging technologies (Lima et al. 2023).

Episodic change can be contrasted with the micro-level perspective, in which change is considered to be *continuous and adaptive*, an ongoing iterative process that has the capability to change strategy & processes over time (Weich and Quinn 1999; Mintzberg and Westley 1992). Viewed from this perspective, organizations change frequently, albeit in much smaller increments (Al-Haddad and Kotnour 2015). According to (Lima et al. 2023) the continuous change perspective assumes that change is emergent, and that small iterative adjustments across different functions and teams of the organization accumulate over time and create substantial change.

The perspective of change emerging as a sum total of uncoordinated incremental changes throughout the company paints a completely different picture of organizational change. One that is harder to define and grasp, and certainly much harder to control & manage.

The question then becomes: how can we reconcile this apparent contradiction between *continuity* and *continuous change*? We must recognize where the contradiction rises from in the first place; the perspective through which we engage with the phenomena. This is by no means a novel observation, and so in order to resolve this apparent dichotomy, we can rely on earlier scholarly work to provide a most eloquent summary:

> *"Time itself sets a frame of reference for what changes are seen and how those changes are explained. The more we look at present-day events, the easier it is to identify change and see the visible hand of leadership. The longer we stay with an emergent process and the further back we go to disentangle its origins, the more we can identify continuities. Empirically and theoretically, change and continuity need one another. Action and structure are inextricably linked."* (Pettigrew 1987)

Hence instead of resting our inquiry into the organization on a single temporal perspective or view of change, let's recognize that the object that we observe as

the organization is contingent on the perspective that is adopted for the purposes of the inquiry. This holds true whether the perspective is temporal, ontological or epistemological, hence the need to examine the deeper assumptions about the nature of the organization.

2.3 Organizational theories of change and change philosophies

Armed with the understanding that change can be both continuous and emergent or discontinuous and intentional, we are free to further our inquiry into the nature of organizational change. While the contrast between episodic and continuous change is a useful way to delineate between intentional & emergent change, it doesn't provide many answers as to why & how this change comes about. This way of viewing organizational change classifies change according to its consequences or outcomes, instead of looking at their starting or process conditions (Van de Ven and Poole 1995). To simplify, it leaves out the motor that is driving change, and thus is limited in the ways in which change can be explained by it.

So what is the operating force through which radical, incremental, emergent or discontinuous change comes about? How does the motor interpret the complex dynamic between continuity and change? The answer to this question would seem to be contingent on how the organization is viewed on a philosophical level (Graetz and Smith 2010; Van de Ven and Poole 1995; Weich and Quinn 1999). Before delving deeper into the different frameworks for managing change, it is of utmost importance that we have a way of connecting any given tool to its underlying assumptions of the nature of the organization.

We must investigate how these tools perceive the *process, mode* and *unit* of change (Van de Ven and Poole 1995). At the risk of boring the reader with a lengthy explanation, an exploration of two different viewpoints into the matter will follow in the chronological order in which they appear in the literature. First, we will briefly look at the four different process types or "motors" and the typologies of mode and unit outlined by Van de Ven and Poole (1995). Secondly we will contrast it with the 10 organizational change philosophies examined by (Graetz and Smith 2010). The purpose of the following deep dive is to engage these two perspectives in dialogue, highlighting meaningful similarities & differences between them, and examining the fundamental alignment on a multi-paradigm perspective on organizational change (Gioia and Pitre 1990), utilizing these conceptualizations to complement our understanding of the drivers of organizational change.

2.3.1 Van de Ven & Poole's typology of organizational change

Amidst an increasing amount of frameworks on organizational change Van de Ven and Poole (1995) set out define common ground by inducing four process theories of change, each with a distinctive event sequence and generative mechanism (Weich and Quinn 1999). Importantly, Van de Ven and Poole (1995) introduce the theories in their ideal-type forms, identifying the rich intellectual traditions that serve as the

backbone for the change theories built upon them. The seminal claim by behind their categorization is that most of the process theories examined in the research could be identified to belong to one or more of these ideal-type developmental theories:

- **Life-cycle theory:** This theory presumes that organizations follow a set of developmental steps from startup birth through adolescence into maturity and ultimate decline and decay. One is quick to note that this way of thinking resembles how the biological life span of humans and other biological entities unfold. And quite like with humans, change is inevitable part of the organizations life-cycle, furthermore the underlying structure of the organization has within itself the program or code that thrusts the organization through this life-cycle towards its ultimate demise (Van de Ven and Poole 1995). Although the events of the external environment of the organization can impact the way in which the organization acts and behaves, its actions and behaviour are ultimately constrained by the logic that governs its development.

- **Teleological theory:** Explains development by relying on the philosophical doctrine of teleology, that supposes the goal state is the cause that drives the movement of an entity. Teleological theory diverges from the deterministic path of life-cycle theory through granting the purpose, creativity and freedom to move towards any end state seen fit, seeing development as a sequence of goal formulation, implementation, evaluation and the ultimate changing of goals based on what was learned or intended before the sequence repeats. However as Van de Ven and Poole (1995) note, despite freeing the organization from the shackles of the predetermined rules governing change, it has prerequisites on how change can be *judged*, namely through how actions bring about meaningful movement towards the goal state. The environment in teleology sets boundaries (resource constraints, regulations, natural laws) on what the organization can accomplish, but the driver of change remains the purposeful recursive cycle of *goal formulation - action - monitoring and goal reformulation*. Along with the life-cycle theory, teleological theory is the common underpinning of most organizational theories of change (Van de Ven and Poole 1995; Graetz and Smith 2010; Weich and Quinn 1999).

- **Dialectical theory:** Dialectical theory of organizational change (referring to the ancient Greek philosophy as it was further formulated by Hegel), presupposes that any organization exists in a complex web of contradicting realities. Change can only come about through the dynamic process of contradicting realities (the prevailing thesis and the challenging antithesis) clashing and ultimately setting the stage for a third state. If the thesis prevails, no change occurs. However if the antithesis replaces the thesis or if a novel state resolving the conflict is reached (synthesis), change can be said to have occurred in the system.The resolved state eventually sets the stage for another contradiction, repeating the cycle. Importantly these contradictions reside both within organizations, in which different individuals and groups have conflicting interests, and outside the organization, where conflicts can rise between other organizations or the

environment. What is notable in this view is that the driving mechanism of change is the conflict and power struggle between different views & values, and thus it marks a rather stark departure from both teleological and life-cycle theory in its mechanism for change.

- **Evolutionary theory:** Van de Ven and Poole (1995) look at the evolutionary theory as a sequence of variation, selection and retention. As in evolution, variation (novel organizing forms) happens somewhat randomly, and the ultimate fitness of variations is judged by how well the variation fairs in the competition for resources in said environment. The selecting mechanism is the environment, that selects for the organizations that best fit the resource pool. The last phase, retention, ensures that changes over time are cumulative. Retention serves as a counterbalance to variation and selection by imposing friction and persistence of certain organizing forms. Ultimately from the evolutionary perspective change is a recurring phenomena. In organizational theory, evolutionary theory has been used to study processes of variation, selection and retention on a "population" level of entities, either within an organization or a host of organizations.

Along with this inductive categorization of change "motors", Van de Ven and Poole (1995) contribute two additional useful concepts in this paper to complete their typology of change, *unit* and *mode* of change. *Unit* refers to whether the change process is examined as the internal development of a single organizational entity, or as the interactions between two or more entities (Weich and Quinn 1999; Van de Ven and Poole 1995). Due to their "internal motors", life-cycle and teleological theory view change as the development of a single entity, while the change mechanisms of evolutionary theory and dialectical theory see change coming about through the interaction of several entities. The *mode* of change dictates how the process views change unfolding. The mode determines if the sequence of change, the *change motor*, is fueled by predetermined laws and produces first-order change (life-cycle and evolutionary theory), or if the sequence is constructed, emerges as the process unfolds and creates novel second-order change (dialectic, teleology)(Weich and Quinn 1999).

While the typology by Van de Ven and Poole (1995) seems to map out a quite comprehensive characterization of the internal dynamics of change, a crucial dynamic, the already examined *tempo* of change, a differentiation between *episodic* and *continuous* change has been suggested as an additional dimension to be considered by Weich and Quinn (1999).

2.3.2 Contrasting the typology of change with the change philosophies approach by Graetz & Smith

Graetz and Smith 2010 approach this topic not through induction, but rather through the lens of change philosophies, that they define as "*a structured set of assumptions, premises and beliefs about the way change works in organizations*". They are quick to note that another suitable name for these assumptions could be a paradigm, using both terms interchangeably. While the typology of Van de Ven and Poole (1995) provides the "building blocks" of organizational theories, Graetz and Smith (2010)

give us a comprehensive view on how these blocks have commonly been used for theory building. The combination of these views will hopefully allow us to see better both the most common paradigms on how organizations function, and the assumptions of process, mode and unit that lay beneath their surface.Graetz and Smith (2010) set out to explore 10 philosphical theories of change:

- **Biological philosophy:** Has been used in several different ways as a metaphor for OC, from evolution theory onwards. This view argues that change comes about as a result of incremental changes in the environment over time, where industries gradually evolve to match the constraints of their environmental context. Another sub philosophy of this refers to the individual experiences of members of a species and is summarized by its *life-cycle*. This view explains the organizations life cycle from start up to divestment, acknowledging that the birth, growth, maturity, decline and death are all part of an organizations development. It combines the building blocks of evolutionary theory and life-cycle theory, combining the units of change, allowing the process to unfold either within a system or through interaction of the system and its environment, while retaining the mode of change as deterministic.

- **Rational philosophy:**, also referred to as strategic, concerns the organization and its environmental context over time, and assumes that organizations are purposeful and adaptive, "rational". In this context change occurs simply because it is deemed necessary by management, with managers being the instrumental agents of change. This approach simplifies change into a certain process that can be achieved through strategic decision making and carefully planned internally, but leaves out the environment in which the organization exists. The rational philosophy builds itself on top of teleological theory, staying true to its mode and unit. Rational philosophy is an important driver in many influential change theories such as the ones developed by Kotter, Huber & Glick and Kanter (Graetz and Smith 2010).

- **The institutional philosophy:** Has some evolutionary assumptions, but with a strong focus on the external environment and the organizations sensitivity to it. The shaping mechanism is the pressure of the institutional environment, rather than competition for resources. It explains similarities between organizations as a function of conforming to institutional norms to maximize success in the long-term. It views change as slow & small, with institutional pressures having the capability to induce more rapid changes. The building block of evolutionary theory can be seen in the way the unit of change is constructed, however the lack of focus on the competition for resources and focus on the institutional pressure seems to imply that dialectical theory might have a larger part to play in the mode of change in this philosophy, as its unit is compliant with evolutionary theory.

- **The resource philosophy:** Contrasts with the institutional philosophy by aiming to explain deviance. The acquisition of required resources is a critical activity,

since organizations aren't able to own all the resources they require to exist in a competitive environment. This view outlines successful organizations as ones who are able to effectively acquire, develop and deploy scarce resources and skills. From this viewpoint change is looked through identifying needed resources, which requires analysis of their availability, criticality and scarcity. Dependence on resources increases uncertainty. From this perspective change can be small, large, fast or slow. The defining characteristic is that it arises from within as organizations look for the resources they need. On the surface, this philosophy would seem to conform with the evolutionary theory quite well, but it is lacking both its unit and its mode of change. Looking past the word "resource", which might guide us towards hasty conclusions, the teleological theory seems to fit quite well, as it assumes that environmental constraints impact the goal-setting process. However in some ways the resource philosophy restricts the inherent freedom and creativity characteristic to teleological theory by implying a singular "background" goal of acquiring, hinting that the mode of change has some deterministically prescribed tendencies.

- **The contingency perspective:** is based on the belief that organizational performance is a consequence of the fit between two or more factors, such as environment, use of technology, strategy, structure, systems, style or culture. This fit is made difficult to predict and manage due to variables in introducing change. It regards change as highly situational, matching to the needs of the circumstances. The change approach will thus have to depend on the situation, with different styles fitting to different environmental situations. It also allows change to be fast, slow, loosely or tightly controlled, or anything else in between. It all depends on the situation. The unit of change is clearly the interactions between two or more entities, and the inherent freedom to act depending on the situation would imply that the mode of change is constructed and emergent. By examining the mode and unit it would seem that the contingency perspective has echoes of both dialectical and teleological theory.

- **The psychological philosophy:** is based on the assumption that the facet contributing to change the most is the individual experience. It concerns the human side of change, and has clear links with the applied social psychology perspective and organizational development pioneered by Lewin (1946). Change in this philosophy is about collecting the right data and acting on that. Change can be fast or slow, but adaptation to change is always slow and happens on the individual level, implying the implicit constraint of individuals to adapt quickly to large changes without experiencing discomfort. Adaptation is internal, undirected and uncertain due to individual differences, connecting this philosophy with the unit & mode of change with teleological theory.

- **The political philosophy:** Originating from the works of Marx & Hegel explains change as a outcome of clashing belief systems. Conflict thus becomes an inherent attribute of interaction but also the main driver of change. In this view the conflict is the mechanism producing change. It takes into account the

various political dimensions, rules and culture that exist within all organizations. Behaviours, symbols, and language of organizational members reflect deep unconscious assumptions about the nature of reality. Change in this system of thinking is long-term, slow and small scale. It separates between "natural cultural change" and "imposed cultural change". The process, mode and unit for this philosophy resonate quite clearly with dialectical theory.

- **The systems philosophy:** Originally emerging from the systems thinking of Kuhn (1974), this philosophy in its contemporary form views organizations as complex systems and entities capable of self-organization. Furthermore it generally considers organizations as rational non-political entities. It looks beyond simplistic cause and effect views of change management and encourages a holistic view. This philosophy sees change being successful when it is driven on all levels of the system, and in general change management approaches seek to find best practices and formulas to manage change. Critics of the philosophy have noted that it doesn't consider environmental effects. The systems philosophy could thus be seen to resemble teleological theory in both its mode and unit of change.

- **The postmodern philosophy:** Change in this realm is seen as as a function of socially constructed realities contributed to by multiple actors. It is comfortable with the chaotic, discontinuous and fragmentary nature of change. It is quite restrictive in theory building, as it leaves few tools for managers to initiate change. Looked through this perspective they are largely absolved from the capability to initiate it. This is because everyone ultimately constructs their own reality. The unit and mode of change is compliant with dialectical theory, but doesn't consider it on the level of the organization, rather the smallest unit is the individual.

2.4 Dynamics of organizational change

After this rather lengthy exploration of the inner dimensions of organizational change, this section aims to examine more concrete approaches to changing organizations. Having spent an inordinate amount of time delving into the weeds of philosophical assumptions & theory, temporal perspectives and stressing the importance of a multi-paradigm view on theory building, it would be pure negligence to rest the more practical side of organizational change on a single viewpoint or theory. However, the hope is that this exploration of the internal dynamics has not been in vein, but rather provided the proper tools and understanding to view the following theories & frameworks not as complete and contradictory, but rather limited & complementary. The aim is not and shouldn't be to develop a comprehensive theory on how to successfully bring about organizational change, rather it is to shed light on some important aspects of change, being cognizant of the paradigms used to do so.

To that point, it's important to highlight why certain theories and frameworks will be presented and others won't. Firstly, as the organizational change initiative studied in

this thesis could be categorized as *episodic*, *discontinuous* and *intentional*, there will be a particular focus on *episodic change*. Secondly, some attention must be paid to the internal and external context in which this change occurs. In this case the context of a global SaaS scale-up organization, the origins of which are nested strongly within the Finnish society & culture.

The more specific aspects of the context will be investigated in a separate section, as they will undoubtedly provide important information about how such contexts might view change, culture and leadership. Furthermore, due to the limited scope of this thesis not all relevant factors impacting the success of organizational change can be considered in the data gathering process. This is to ensure that the factors that are chosen can be given sufficient attention and depth in the scope of this research. However, the perspectives & paradigms in scope have been chosen mindful of their underlying assumptions with the aim of presenting complementary theories, avoiding an over-reliance on a single theory, perspective, paradigm, mode, unit or process.

The first two subsections will be focused on defining a common terminology around the concepts of this research. Whereas the first section could be viewed as setting the ontological stage for this research, these sections will serve as an epistemological foundation on which subsequent analysis will rely on. The following subsections will examine the impacts of organizational change through the lens of different organizational levels, using the aforementioned epistemological concepts as guides.

2.4.1 Multi-theory perspective on organizational change theories

Comparing the inductive categorization of Van de Ven and Poole (1995) with the change philosophies approach of Graetz and Smith (2010), a somewhat more clear understanding of the internal dynamics of change starts to emerge. If not, at least a newfound understanding of why organizational change is so hard should. There is, however, an inherent problem when one begins to familiarize themselves with any given approach. It's that each one *seems to make sense* on some level. In fact, all of the theories and philosophies presented above should intuitively seem to make sense to some degree, but many of them seem to also *contradict one another*. It seems this would bring us to some multi dimensional dialectical power struggle of theories and frameworks that needs to be resolved in a way where somehow all of the approaches should make sense, resolving the contradiction. The "synthesis" to this struggle is presented to us by both authors:

> *"Our argument is that rather than concentrating on one theoretical or philosophical perspective at the expense of competing perspectives, the value to practice is in developing an understanding of the nexus between multiple philosophical perspectives, their differences and commonalities."* (Graetz and Smith 2010)

> *"Moreover, the juxtaposition of different theoretical perspectives brings into focus contrasting worldviews of social change and development.*

> *Working out the relationships between such seemingly divergent views provides opportunities to develop new theory that has stronger and broader explanatory power than the initial perspectives. Some integration is thus desirable, but it must preserve the distinctiveness of alternative theories of organizational change and development. We contend that such integration is possible if different perspectives are viewed as providing alternative pictures of the same organizational processes without nullifying each other."* (Van de Ven and Poole 1995)

Both of these quotes call for understanding the theories and paradigms as complementary to one another, stressing the importance of adopting a multi-paradigm perspective on theory building presented by Gioia and Pitre (1990). Their foundational claim of is that theories should be viewed as *windows* to complex phenomena, each providing a different, but limited view of the same phenomena. Another implication of this is that scholars should be careful when looking through these windows, as not to confuse the window with the phenomena. To gain a more comprehensive understanding, one should create theories that incorporate elements of several different windows. In some ways, Gioia and Pitre (1990) could be considered a rephrasing of the foundational epistemological relationship between subject and object, warning scholars to be vigilant when building theories. While this seems quite the obvious sentiment, the abundance of organizational theories looking through a narrow window proves it to be worth repeating. Particularly, since the influences of ideas on the real world has been proved time and time again. As Ghoshal (2005) puts it: *"Nothing is as dangerous as a bad theory."*.

2.4.2 Context, content and process in episodic organizational change

A significant debate in organizational change literature concerns the balance between planned and emergent approaches. Planned change involves structured initiatives, typically led by senior management, designed to achieve specific objectives. Emergent change, in contrast, arises organically through the interactions and interpretations of organizational members as they adapt to evolving circumstances.

To understand how episodic change unfolds, it is necessary to have some common concepts in order to discuss it. Episodic change itself is an umbrella term used to group together infrequent, discontinuous and intentional organizational changes that usually occur due to a growing misalignment between the internal structure of the organization and perceived environmental demands (Weich and Quinn 1999). Since these demands can be a host of internal / external factors, a framework broad enough to encapsulate these different changes is needed. A sufficiently broad framework should also be used to allow the incorporation of different theoretical & analytical perspectives, while anchoring these perspectives to a common terminology. To provide this framework, this research will rely on the framework set forth by Pettigrew (1987) (Figure 1), subsequently revisited in Pettigrew (2012) as a means of analyzing intentionally initiated strategical change. Pettigrew (1987) defines three important terms to consider when examining major transformations of the company: *content,context and process.*

Content refers to the *what* of change, the "particular areas of transformation under examination (Pettigrew 1987, p.657)". Context concerns the *why* of change – either the external (social, economical, political, competitive) environment or the internal (structural, cultural or political) environment of the company (Pettigrew 1987). Finally, process can be described as the *how* of change: "the plans, actions, reactions, and interactions from the various stakeholders seeking to implement the change and move the institution from its present to future state" (Pettigrew 1987, p.657-658).

His work stressed the importance of an analysis that combines both vertical (multi-level) and horizontal (processual) views of change, and recognized that while each level of the organization has unique properties and relationships with other levels of the organization, any contextual inquiry into major transformations would necessary involve studying the content, context and process of the change as well as the interconnections between these factors. In his own reprisal of the work Pettigrew (2012) acknowledges that later scholarly works have convinced him that his original framework did not sufficiently account for the connection between the process and the desired outcomes. So, especially when evaluating the success of a change initiative, the process should also be evaluated in terms of its desired and achieved outcomes.

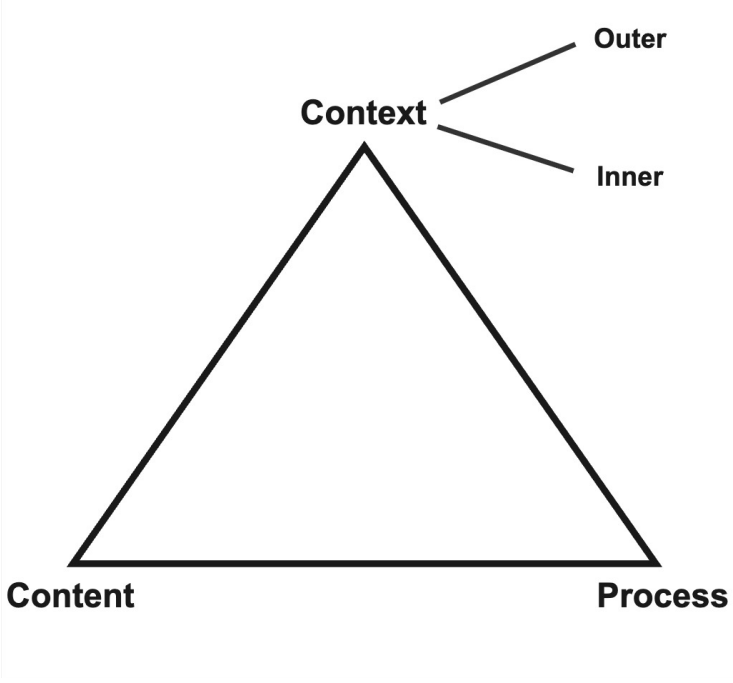

Figure 1: Broad framework for analysing strategic adapted from Pettigrew (1987)

2.4.3 The role of sensemaking, sensegiving and meaning making in organizational change

To better grasp the complex dynamics at play in organizational change, it's important to examine the social process of organizing itself. To do that, let us clarify some of the closely related terms that will be used to further this exploration. Van Den Heuvel

et al. (2009) defines *Meaning-making* as "the ability to integrate challenging or ambiguous situations into a framework of personal meaning using conscious, value-based reflection ". This drive to "make meaning" of ones environment is universal among humans (Drath and Palus 1994a), but the pull towards meaning at work has grown increasingly important within the organization as the demands and complexity of organizational life have grown.

In addition, experiencing meaning at work contributes to psychological well-being as well as energy and commitment towards work Van Den Heuvel et al. (2009), contributing to better outcomes overall. This view of Drath and Palus (1994a) relies on constructivism, in which each individual is constructing their world view based on their previous experiences. However for organizing to occur, it is necessary that large groups of people can agree on a congruent common reality as well. Due to the social nature of humans, the individual meaning-making structures are connected with collective ones through lived shared experience, that could also be called culture (Drath and Palus 1994a; Schein 1990; Schein 1983), a topic that will be returned to when discussing the particularities of scale-up organizations. While meaning-making could also be seen as a collective process, in the context of this research, *meaning-making* will be used to refer exclusively to meaning-making on the individual level, whereas the collective process of constructing a common social reality will be referred to as *sensemaking*. While no singular definition exists, for the purposes of organizational change viewing sensemaking as an iterative process of collective *meaning construction* and reconstruction in order to 'make sense' of novel, uncertain or ambiguous situations (Brown, Colville, and Pye 2015; Gioia and Chittipeddi 1991). In other words:

> *"Sensemaking thus involves not merely interpretation and meaning production but the active authoring of the situations in which reflexive actors are embedded and are attempting to comprehend. People engage in partially overlapping processes in which they construct 'realities' and then retrospectively make sense of them in a continuing dialogue of discovery and invention in which identities and social worlds are concomitantly referenced and fabricated."* (Brown, Colville, and Pye 2015)

So, meaning-making refers to the individual capacity to interpret & integrate external inputs to a value based pursuit towards meaning, and sensemaking refers to the collective, active iterative process of engaging with others and the environment to co-construct and make sense of new situations. This leaves us with one more term to define, *sensegiving*. Using the two other terms as anchors, *sensegiving*, as defined by Gioia and Chittipeddi (1991) refers to the process of influencing the sensemaking and meaning-construction of others. With the terms now defined for the scope of this work, we are free to move on to discussing how these concepts relate to organizational change.

2.4.4 Sensemaking processes & organizational change

While structured plans provide clarity and direction, they are often insufficient to account for the complexities and uncertainties of organizational life. As Balogun

(2006) asserts,

> *"Unanticipated outcomes arise from the way individuals 'make sense' of change interventions... Recipients still edit senior manager plans through their interpretations and their resulting actions"* (Balogun 2006).

Sensemaking and organizational change are deeply intertwined, particularly in the early stages of transformation. Gioia and Chittipeddi (1991) conceptualize strategic change initiation as a cyclical process of sensemaking and sensegiving, where leaders attempt to impose a vision while organizational members interpret and negotiate its meaning. In their study of a university's transformation, they outline four distinct phases: envisioning, signaling, re-visioning, and energizing. Initially, leaders make sense of environmental shifts and construct a strategic vision. This is followed by a sensegiving phase, where they articulate and communicate this vision to organizational members and other stakeholders. Crucially, this process is not linear; organizational members engage in their own sensemaking, which can lead to re-interpretation or resistance (Gioia and Chittipeddi 1991).

The interpretative nature of sensemaking means that different organizational actors may construct diverse and sometimes conflicting understandings of change. Brown, Colville, and Pye (2015) also emphasize the discursive nature of sensemaking, arguing that narratives, symbols, and language play a crucial role in shaping interpretations of change. Their study highlights how organizational members actively engage in meaning construction through conversations, stories, and interactions, which in turn influence how change is perceived and enacted.

In addition, sensemaking is closely linked to meaning-making. Van Den Heuvel et al. (2009) propose that individuals engage in meaning-making processes to integrate challenging or ambiguous situations into a personal framework of understanding. Their study finds that employees who engage in active meaning-making are more likely to embrace change, exhibit higher work engagement, and demonstrate greater resilience in uncertain environments. This underscores the importance of fostering psychological resources that enable employees to make sense of transformation in ways that align with their values and professional identities.

Ultimately, organizational change is not simply about implementing new structures or processes; it is about enabling individuals to construct meaning within new realities. As sensemaking is a socially constructed and recursive process, successful change efforts must recognize and facilitate ongoing interpretative work among employees at all levels:

> *"For organisational change to succeed, it must involve a shift in the shared assumptions and beliefs about why events in an organisation happen as they do and how people act in different situations"* (Balogun 2006).

2.5 Leadership, sensemaking and organizational change

Leadership plays a crucial role in shaping sensemaking during organizational change. Leaders are not just decision-makers; they also serve as meaning-makers, responsible

for crafting and communicating a compelling vision of change that resonates with different organizational levels. Smircich and Morgan (1982) claim that leadership is fundamentally about the management of meaning—it involves influencing how organizational members interpret events, reducing ambiguity, and guiding collective sensemaking efforts. Gioia and Chittipeddi (1991) on the other hand argue that while leaders do instigate change through sensegiving, framing and communicating strategic shifts in ways that align with organizational realities, it is not a one-way street. Employees engage in their own sensemaking, challenging, negotiating, and modifying the intended message.

This interplay between sensemaking and sensegiving can create alignment but also resistance, highlighting the iterative nature of change leadership. Leaders who successfully navigate organizational change recognize that sensemaking is highly context-dependent. Gioia, Thomas, et al. (1994) demonstrate how symbols, metaphors, and influence tactics are used to shape stakeholders' perceptions of change. Their study of strategic change in academia reveals that leaders deliberately employ symbolic actions—such as restructuring, mission statements, and public commitments—to signal new directions and reinforce shared interpretations. These symbolic gestures serve to both conceal and reveal aspects of change, managing stakeholder expectations and mitigating resistance.

Furthermore, sensemaking at the leadership level is not confined to top executives. Middle managers play a pivotal role in translating strategic change into operational realities. Balogun (2007) highlights that middle managers are key sensemaking agents who must interpret top-down initiatives, communicate them to their teams, and adapt them to fit local needs. However, their sensemaking efforts are often constrained by organizational politics, conflicting priorities, and the inherent ambiguity of change.

Leadership during change also involves negotiating identity shifts. Brown et al. (2014) emphasize the connection between sensemaking and identity work, noting that employees often reconstruct their professional identities in response to organizational transformations. Leaders who acknowledge and address these identity concerns—by fostering open dialogue, recognizing employee contributions, and linking change initiatives to personal and professional growth—are more likely to gain commitment and reduce resistance.

Additionally, meaning-making is critical for leadership effectiveness in change contexts. Van Den Heuvel et al. (2009) find that leaders who facilitate value-based reflection enable employees to integrate change into their broader sense of purpose, leading to higher engagement and willingness to change. This highlights the importance of authentic leadership, where leaders create environments that allow employees to construct personal and collective meaning from change initiatives.

In sum, leadership in organizational change is not just about enforcing new strategies; it is about enabling collective sensemaking and fostering an environment where employees can construct meaning. Leaders who excel in managing change recognize that their role is not to impose interpretations but to co-create them with their teams, ensuring that strategic shifts are understood, accepted, and enacted effectively.

2.6 Strategic change across the organization

> *"What is the relationship between communities of practice and what we know as hierarchical organizations...Such an organization, if it is large and complex, consists of many interconnected and overlapping communities of practice... Is there a community of practice we could call manufacturing, or sales, or finance? The members of such communities of practice would be those people who manage the various clusters of activity that comprise the operation, and the unifying activity would be administration and management of operational work. At the next higher level of organization (divisional), the community of practice would revolve around people who administer the relations among the functions. Finally, at the executive (corporate) level of the organization, the community of practice would revolve around direction setting and other large-scale orienting activities. ... In what sense could we say that the process engineer and the CEO are united in a common practice? They are certainly not doing the same thing, and more, they are doing different things in almost complete isolation from each other"* (Drath and Palus 1994b)

This quote highlights the call by Pettigrew (1987) that organizational change should be subject to a multi-level contextual analysis. This section examines strategic change and how it reverberates across different organizational levels. For the purposes of this thesis there are three levels of examination: strategic (top management), tactical (middle management) and operational.

2.6.1 Strategic leadership and change

Although a common criticism of strategic change is that it has traditionally focused too much on the role of strategic leadership (Balogun 2007; Balogun 2006), there is no denying that strategic leadership plays a hugely important and crucial role in all stages of strategic change. Strategic leadership is the initiating party that has the power to frame the problems behind the reason for change and present the initial blueprint of the solutions to said problems. Furthermore, these individuals lead key activities of the organization and have control over significant resources (Eisenhardt 2013). But how does the process of launching a strategic change initiative actually occur? Since strategic change often is a reflection of the value systems of senior management (Gioia and Chittipeddi 1991), the sensemaking within senior leadership is what sets the stage for strategic change to occur. The process of change is distinct from other layers of the organization, as it typically begins much earlier.

According to Gioia and Chittipeddi (1991), the initiation of strategic change involves a four step process. First, senior leadership seeks to understand the change need in a way that makes sense and fits to their existing framework of meaning and organizational reality (sensemaking). In the second phase an abstract 'vision' of the new organization forms and flows to stakeholders and change recipients. This dissemination of the vision is a sensegiving effort by senior management. It is an iterative exercise to influence the sensemaking processes within the organization to

adopt the vision of the new organization. While the rest of the organization moves on to sensemaking activities, senior leadership is engaged in sensegiving activities. Finally, the rest of the organization move to sensegiving activities, where they respond to the proposed vision and attempt to influence its outcome (Gioia and Chittipeddi 1991). This effort then leads to slight modifications as the feedback loop continues.

Looking at strategic change from this angle as an iterative cycle of sensemaking and sensegiving between senior leadership and change recipients gives perhaps a glimpse towards why strategic change initiatives have such a low success rate. The tools at the top management's disposal are crude instruments such as organizational structures and processes, but the drivers of real change lie within the successful integration of those tools with effective sensegiving efforts. Not only does senior leadership need to correctly diagnose the problem and the solution, they have a key role in convincing the organization to adopt their new vision.

2.6.2 Implications for senior leadership

So what lessons should senior leaders take away from this? Firstly, Gioia and Chittipeddi (1991) infer that top management needs to contend with the ambiguity and incompleteness of their change vision. This incompleteness is an inescapable reality of organizational change, one that is sure to produce unanticipated outcomes. However, this ambiguity can also be done by design. Gioia and Chittipeddi (1991) suggests that *ambiguity by design* can be an effective strategy to catalyse wider organizational sensemaking as it forces organizational members to reconsider some of the assumptions they hold. It is precisely this ambiguity that gives top management the mandate to influence the sensemaking of the organization. However, it is crucial that the ambiguity is managed and that the some of that ambiguity is alleviated to project a sense of control as opposed to pure chaos.

Secondly, strategic decision-makers must recognize that formal communications alone are insufficient to align interpretations. In fact, lateral and informal communication between peers is a primary way of making sense of the change (Balogun 2006). By engaging with these informal networks, senior leaders can address ambiguities, reinforce strategic intent, and bridge gaps in interpretation. According to Balogun (2006), as change moves from design to implementation, senior managers need to move away from formal communication towards lateral informal communication. By recognizing the role of informal communication, they can try to impact the sensemaking activities and steer the change to a desired direction.

2.6.3 Strategic change and middle managers

Middle managers play a pivotal role in the change process, serving as both recipients and agents of change. Balogun (2003) describe middle managers as "change intermediaries" who engage in a multifaceted role: interpreting senior management's directives, adapting them to their context, and ensuring operational continuity. "Middle managers fulfill a complex 'change intermediary' position during implementation. This interpretation activity informs the personal changes they undertake, how they help others

through change, and what changes they implement in their departments" (Balogun 2003). Similarly, Floyd and Wooldridge (1992) highlight that middle managers are not merely passive implementers but actively influence strategy by championing alternatives, synthesizing information, facilitating adaptability, and executing deliberate strategies. Their capacity to operate as linking pins between hierarchical levels enables them to translate strategic intentions into operational realities while also shaping strategy through upward influence.

Despite their critical role, middle managers often face constraints that hinder their effectiveness as change agents. Floyd and Wooldridge (1992) argue that strategic involvement varies across different organizational contexts. This variability suggests that middle managers' ability to facilitate change is contingent on organizational strategy and the degree of flexibility within the organizational environment. Informal vertical and lateral communication processes and enhancing collaboration between levels and functions, can mitigate these challenges. However, the absence of structured mechanisms to support sensemaking can result in delays, misinterpretations, or resistance to change (Balogun 2007). Furthermore, middle managers' strategic involvement is often constrained by hierarchical pressures, unclear priorities, or resistance from top management, particularly in organizations that emphasize rigid control over emergent strategic contributions (Floyd and Wooldridge 1992). Therefore, fostering an environment where middle managers are empowered to synthesize information, advocate for new initiatives, and facilitate adaptability is essential for successful organizational transformation.

2.6.4 Strategic change and operations

On the level of individual operative employees, OC takes a more personal form. Since these employees often have little influence on the actual change initiative itself, they could be seen as merely passive recipients of change. In truth, during change, employees engage in many very active activities that are crucial to the success or failure of the change initiative (Choi 2011). Firstly, change triggers active sensemaking and meaning-making processes where employees seek to understand the aspects of the change and their place in the new organization (Brown and Cregan 2008). In other words, the need for information about the change grows. The degree to which different people participate in these activities as well as the assumptions and expectations they have constitute their *readiness to change* (Choi 2011).

These reactions are highly individual, since the change will impact employees differently depending on their past and future roles, as well as their personal experiences. Due to the increasing need for information, the way senior and middle management manages the change process plays an important role in how the change is received. Interestingly, Choi (2011) suggests that individual readiness to change is about the belief that changes are both "necessary and likely to be successful", suggesting that individual readiness to change refers to the trust the individual has that the organization can both implement the change and that it will bring some benefits. *Commitment to change* on the other hand, refers to the degree to which organizational members are willing to expend effort to bring about the change. Choi (2011) explores several

antecedents to commitment to change, such as the extent of the *change content*, the success of past change efforts and high quality relationships between employees and managers.

Secondly, as already mentioned, the individuals capacity and personal relationship to the change has an impact on these factors. Choi (2011)'s systematic literature review refers to several individual factors that positively influence employees openness, readiness and commitment to change. These include factors such as the participation in and perceived fairness of the change process, participation in the change process, information sharing, job satisfaction and motivation. In summary, when employees feel informed and involved in the organization and the change effort, the individual capability and willingness to participate and adopt the change grows.

All of the individual and collective factors that support the successful implementation of change can of course serve to hinder it as well, resulting in cynicism about the change. Organizational change cynicism (OCC) can be broken into two discrete parts: pessimism about the success of the change initiative and blaming those responsible (senior management) (Choi 2011). According to Brown and Cregan (2008), it is a learned response rather than a personality trait, associated with past bad experiences with the organization. An abundance of cynicism towards change will be detrimental to any change effort, since regardless of if the cynicism is justified or not, it has real consequences.

How should organizations deal with cynicism? Well, Branson (2008) suggest some guidelines on how to mitigate cynicism towards change, namely information sharing by management as well as involvement in decision making. Particularly involvement in decision making is interesting, since it enables employees to inspect the claims and suggestions of management and contrast them with other possible outcomes before committing to the change. For employees this can be a powerful reframing that lowers OCC and increases commitment and readiness to change. Interestingly, from the perspective of sensegiving and sensemaking, involvement in decision making makes employees active sense-giving agents in the change process and provides them the chance to influence the sensemaking of other organizational levels.

2.7 Scale-up organizations - performance and culture

> *"The organizational evolution of emerging companies follows a predictable pattern, from a structure in which everyone reports to the founder to a functional organization to, eventually, a divisional structure. It is not unusual in these transitions for communications to break down, important information to fall through the cracks, decisions to be delayed, and key challenges to remain unresolved."* - (Picken 2017)

Scale-ups, despite their importance have been researched relatively little. They contribute to industry growth and are big employers, which is why they are a crucial area of study that has yet to receive a lot of attention. However, combining the research that exists with existing research on what makes entrepreneurial companies successful

we can generate some idea on what makes scale-up companies successful and distinct from other types of organizations.

There is no consensus on what exactly makes a scale-up organization. Rather than relying on a single specific definition here it will be defined it as an innovation process throughout the entrepreneurial life-cycle. This is useful since rather than focusing on strict definitions we are able to examine the particular conditions and challenges that these companies are typically faced with. Picken (2017) defines four stages for these ventures: *start-up, transition, scaling* and *exit*, with the boundaries between each phase being fuzzy and amorphous. The following subsections will describe each of these phases to shed some light on how the scale-up comes about and how the dynamics that emerge are connected to the organizations past.

2.7.1 Startup-phase

The start-up phase is defined by the innovation and validation of a business model, the early stages of navigating the marketplace. To survive to the next stage, *transition*, the firm must find initial traction with very narrow focus and few resources. The organizational structures and roles are typically loosely defined, and communication is informal (Picken 2017). At this time the culture of these organized is heavily influenced by the founders. Schein (1983) likens the birth of an organizational culture to the birth of Athene through the forehead of her father Zeus:

> *" An organization's culture begins in the head of its founder originating from the founder's ideas about truth, reality, and the way the world works."*
> – Schein (1983)

Considering that a significant amount of organizations fail already at this stage, to progress further indicates that the emerging organization has already navigated tremendous odds. As these ventures are led by founders and founding teams, surely there are some common factors that enable some organizations to thrive and others to demise. Eisenhardt (2013) finds that this is indeed the case, and that top management teams can significantly influence the performance of startups, and presents common insights on these top management teams and what makes them successful. Interestingly for the purposes of this study, the paper looks at the performance of these ventures through growth, which as a measure relates closely with the scale-up thematic. The first interesting finding is that the top performing teams are relatively large (4-5 people), with diverse skill-sets and a history of working together. From the perspective of the organizational culture this prior history of working together makes sense, since it serves to lay a foundation of common beliefs and values that form the basis of the culture. The diverse skill-sets on the other hand ensure that people complement one-another and the team is able to handle the multi-faceted problems that inevitably arise in the early phases.

2.7.2 Transition-phase

The transition-phase is described by Picken (2017) as a relatively short period that the organization enters to once it has found initial traction in the market. Picken (2017) describes it as the most critical phase, with a survival rate of around 50% after the first 5 years, and defines 8 hurdles of the transition period. During this period, it is critical for the organization to refine their product offering and set up the foundation for scaling the organization. This period requires a lot from the management team, that needs to navigate a whole new set of problems around strategic direction, implementing processes, structure and create a supporting culture.

This connects to another relevant finding from Eisenhardt (2013) which is that top management teams are able to engage in efficient strategic decision making that is fast-paced, rife with conflict, but doesn't damage team cohesion. Furthermore, these teams are able to boil these decisions down into "simple rules" of strategy that translate well across the organization. The structure of the organization increases but since the people that join the organization as it grows are heavily influenced by the culture that the founder(s) have initiated, the impact of founding teams and the underlying values of the culture are heavily carried over (Schein 1983).

Given what we know about the composition of top founding teams and their decision making there are some heuristics that are likely to be present in the organizational culture at this time. In another study of the computer industry, Brown and Eisenhardt (1997) find that successful companies challenge the traditional model of of organizational change as periods of stasis interrupted by infrequent big changes that defined early research of change, and instead adopt a model of continuous change that becomes ingrained in the cultural fabric of the enterprise. In addition, the authors find that successful companies combine limited structure around responsibilities and priorities with extensive communication and design freedom. Especially in a rapidly changing business environment, this ability to quickly adapt is not only a crucial survival mechanism, it is also a competitive advantage (Brown and Eisenhardt 1997).

2.7.3 Scaling-phase

Having successfully navigated the transition-phase the company has positioned itself well for scaling. For the purposes of this research it is at this phase that the organization becomes a scale-up. The primary challenge at this stage is to leverage the existing processes, partnerships and invest significant resources to rapidly scale the business. The objective is no longer to find a product-market fit or validate the business model - it is to achieve a competitive scale and market leadership.

Needless to say, this poses new and unique set problems to the organization and its management that it once again needs to successfully navigate in order to survive. To do this successfully, the organization needs to leverage its relationship to change since a lot of change is on the way. The loosely defined structures, roles and processes that defined the start-up phase become unsustainable and inefficient, and specialist functions take over tasks from generalist roles. The organization that is required for scaling is different from the earlier phases, and requires a lot more structure and

discipline. This is bound to cause internal friction due to the prior culture relying a lot more on informal processes, however also external pressure is mounting as well: The company needs to become profitable to fuel its own growth and satisfy investors as well as lay the foundation for the final stage - exit.

First, lets look at the factors that enable top management teams to navigate this phase and then examine the cultural changes that the firm undergoes. In both Eisenhardt (2013) and Brown and Eisenhardt (1997), there is a link between a limited structure combined with freedom to innovate, also characterized as "organizing at the edge of chaos". This process needs to be rigid enough to keep the organization from descending into chaos and inefficiency but loose enough to allow for innovation and change. Since the organization at this stage is likely skewed towards less structure rather than more, the implication from Eisenhardt (2013) is that top management should rather structure more and faster to keep the balance. Needless to say that this is hardly a simple exercise, and that only very few scale-ups are able to sustain this phase for many years (Strengers et al. 2022)

2.7.4 Cultural dynamics of scale-up organizations

To further examine how the internal cultural dynamics evolve at this stage, let us introduce a framework to separate between different types of culture. In this case, we will rely on the Competing Values Framework by Cameron and Quinn (2006), which allows us to analyze cultural types across two dimensions and represent opposing perspectives to the organization. The first dimension categorizes cultures based the degree to which they prioritize flexibility and discretion as opposed to stability and control. The second dimension represents if the focus of the organization is internal integration or external differentiation. The four distinct culture types that emerge are represented in Figure 2.

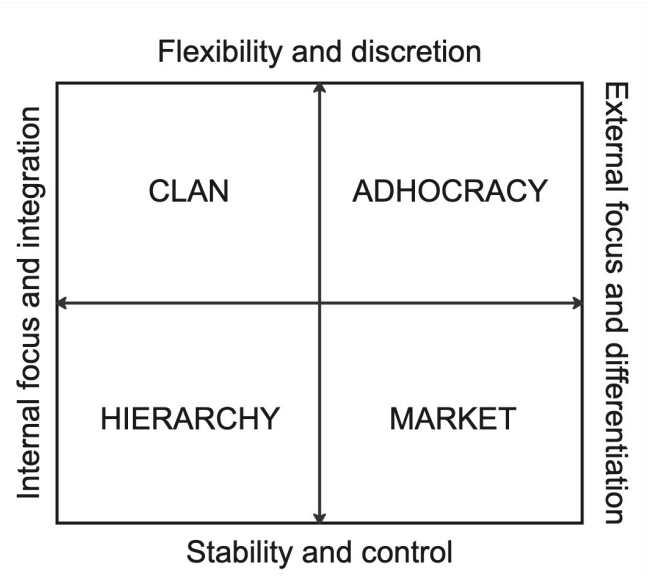

Figure 2: Competing values framework adapted from Cameron and Quinn (2006)

The culture types represent both organizational values and how these relate to organizational forms, management theories and the competing values of human nature. While this is by no means a comprehensive analysis of culture as more detailed frameworks and theories exist, the CVF is nevertheless well founded in empiric analysis and considered a reliable tool for cultural analysis (Strengers et al. 2022; Cameron and Quinn 2006, pp.36). Relying on existing literature by Strengers et al. (2022), we have an idea of the cultural profile of scale-up organizations and can connect the following insights to our current understanding:

- ***No one defining culture type:*** While the *clan* and *adhocracy* culture types are clearly more present and preferred, there is no one dominant culture type that defines the cultural landscape. Interestingly, both these types are preferred to be more present than they actually are observed. Regardless, this doesn't contradict with earlier observations, as the characteristics of the two types observed by Strengers et al. (2022) to be most present are *concern for people, affiliation* and *openness* for **clan**, and *focus on growth, innovation, low hierarchy* and *risk-taking* for **adhocracy**.

  Considering that top performing ventures are "navigating at the edge of chaos" and combine limited structure with freedom, scale-ups are likely also to attract more people attracted to these values. However, the absence of a dominant culture type indicates that there is significant diversity of thought and discourse as well, which also contribute towards better performance. Strengers et al. (2022) also finds a moderate correlation between clan and adhocracy types and scale-up performance, further supporting some of the findings by Eisenhardt (2013) and Brown and Eisenhardt (1997).

- ***Emergence of subcultures:*** Another characteristic of scale-ups is the emergence of subcultures. This phenomena is associated with factors that fit the scaling-phase, namely growth. As the organization expands in people subcultures begin emerging due to it being harder to maintain a unitary culture. The scale-up is transformed by and through growth. As bigger and new offices are opened, communication changes as well. Subcultures form also along the different functions and teams of the organization as it specializes (Picken 2017; Strengers et al. 2022).

  These subcultures are a natural part of the scale-up and its development. Since these subcultures aren't isolated from one another, rather they are tightly intertwined, the importance of the earlier transition and startup periods is also emphasized. As Eisenhardt (2013) notes, diverging from the core values of the founding team at the very beginning of the venture is rare and leads to almost certain demise for the organization. This echo of the past is still a strong cultural predictor even in the now much larger organization.

- ***Discrepancies between top management and employees:*** Thirdly, Strengers et al. (2022) finds that while scale-up employees both prefer clan and adhocracy types, they are also most present. On the other hand top managers perceive

market culture to be more present than it is. This represents a discrepancy where top management finds and prefers market culture to be more dominant, whereas employees find and prefer clan and adhocracy types.

One possible explanation for this is that top management is much more focused on the market whereas employees are more focused on the product and innovation. This represents a *strategic clash*, which is emblematic of the struggle to find a balance on the edge of chaos. Strengers et al. (2022) finds that this is a possible source of problems for management, since they must not lose sight of the opportunity seeking strategy associated with clan and adhocracy types, as product innovation is a key factor for successful market dominance in the technology sector.

To summarize, scale-up organizations are transitory and temporary phases in the life-cycle of an organization. They have a validated business model and are attempting to scale their innovation to achieve market dominance and profitability. This phase involves a need for new structures and processes that conflict with earlier dynamics of openness and loosely defined roles. Research suggests that successful scale-ups are able to organize at the edge of chaos and see change as an endemic part of the organization. Similarly, the impact of top management and founding teams is crucial to their success and have an outsized impact on the culture of scale-ups. The culture types most present are clan and adhocracy, but there is no singular dominant culture type, instead they are more characterized by the emergence of subcultures as a result of growth and diversity. Sustaining this scaling phase for long-periods of time requires a successful balancing of the need between structure and freedom, and is supported by top management teams that are able to translate strategy into simple heuristics and sustain their innovation. Ultimately the scaling phase ends and the company either fails or a successful *exit* is performed.

3 Methodology

This chapter examines the various research design choices and fundamental assumptions made during the course of this research in the hope of creating a compelling and sound representation of organizational change in motion. For any meaningful discussion on this subject matter to occur, it is necessary not only to present the research structure and process, but also the ontological & epistemological grounds it was built upon.

The first section is a description of the change background and its key elements. The second section covers the research design, outlining the philosophical assumptions and their connection to the methodology used. The second section outlines the data collection process, and the third section explain how the data was analyzed. Finally, the fourth section discusses the limitations of the study and data gathering process.

3.1 Research context

This section aims to provide a context for the case study. It will include an overview of the organization and its historical context as well as a brief introduction of the reasons for organizational change, its timeline and the subsequent changes that were implemented.

It's good for the reader to note that even though the aim of this overview is to be an objective look at the "facts" about the change initiative, the nature of the organization as a socially constructed reality makes true objectivity impossible. This quest for "objectivity" is complicated even more by the researchers role as a member of the organization, the constraints of which will be discussed further in another section. Although many things about the history of the organization can be based on more objective ground, some aspects of the context presented in the following subsection must rely on some of the many divergent views that necessarily exist in a large organization, particularly in the realm of the organizational culture & the change context. This overview relies on the views of senior leadership on these matters, as they play a special role in any organizational change initiative as the identifiers of the problem and initiators of the change.

3.1.1 Change context

The organizational change at Company X emerged from three interconnected strategic drivers: enhancing accountability, effectively managing rapid organizational growth, and initiating a cultural transition towards an enterprise mindset.

First and foremost, management perceived a fundamental accountability gap between the Product and Technology functions, exacerbated by the company's scaling. As Company X expanded, these two key areas developed divergent perspectives on product development, creating inefficiencies in decision-making and execution. Product teams typically possessed extensive customer domain knowledge, defining customer problems and their potential solutions. Conversely, Technology teams, responsible for the implementation of solutions, lacked sufficient contextual understanding, causing heavy reliance on the Product function. The resulting dynamic forced Product to

meticulously specify development tasks, inadvertently reducing autonomy within Technology teams and reinforcing departmental silos. Senior leadership described this phenomenon as indicative of a "feature factory" dynamic—originally conceptualized by Cutler (2016)—where the organizational focus gravitated towards output rather than outcome. Thus, the strategic aim was to clarify responsibilities and empower Technology with end-to-end ownership of solutions, aligning each function with clearer accountabilities. Conceptually, Product would focus on defining "what the right product is," while Technology ensured the correct execution—"building the product right."

The second strategic driver was rooted in challenges posed by rapid organizational growth. With a significant increase in headcount and operational complexity, existing structures and processes proved inadequate to sustain efficient coordination and visibility across multiple development activities. The incremental structural adjustments previously employed—such as team splits—were insufficient for the larger organizational context and had inadvertently multiplied cross-functional dependencies. Consequently, development timelines became protracted, visibility diminished, and strategic prioritization suffered. Management recognized the necessity for a structural overhaul designed to consolidate responsibilities around clear product areas, simplify reporting lines, and enhance strategic transparency and responsiveness.

Lastly, Company X aimed to initiate a cultural shift from its entrepreneurial, innovation-centric past towards a more structured and strategically aligned enterprise culture. Historically, Company X had thrived under a decentralized, entrepreneurial approach that encouraged innovation and individual autonomy. However, the scale of operations now demanded clearer top-down prioritization mechanisms to ensure alignment with strategic objectives and delivery timelines. The desired cultural transition implicitly supported the first two drivers—improving accountability and accommodating growth—by emphasizing maturity in decision-making, transparency, and clearly defined responsibilities. In this sense, the cultural shift was both a goal and a mechanism for embedding structural and processual changes into the organizational fabric, transitioning from informal, innovation-driven practices towards mature, strategically guided enterprise practices.

3.1.2 Change content

The transformation involved comprehensive changes across roles, organizational structure, and processes, strategically aligned to the outlined drivers. Rather than extensively describing specific job roles, it is crucial to emphasize the strategic implications and intentions behind these adjustments. Role consolidations aimed at clarifying accountability included merging the Product Owner (PO) and Team Lead (TL) roles into a unified Engineering Manager (EM) position, integrating backlog prioritization with team accountability to ensure clearer end-to-end responsibility. Additionally, new senior positions such as Engineering Directors (ED) were established to oversee strategic sub-departmental activities, reinforcing management's intention to ensure strategic clarity and accountability. To bridge knowledge gaps previously identified, Product Architects (PA) roles were created to integrate customer insights

directly into Technology teams, thus promoting informed autonomy and improved execution effectiveness.

Structural changes strategically realigned departments around clearly defined product areas, significantly reducing cross-departmental dependencies and enhancing strategic coherence. Specialized supporting units were also established to manage shared infrastructure and integrations, streamlining operations and facilitating more efficient collaboration. These structural decisions intentionally mirrored strategic priorities, reflecting the organization's need to address complexities introduced by rapid scaling and ensuring product strategy alignment with organizational capabilities.

Processual changes included the introduction of a new development framework (NDF), designed explicitly to align development practices with strategic goals. Accompanied by a new goal-setting approach based on Objectives and Key Results (OKRs), this framework substantially increased transparency and alignment between strategic priorities and daily development tasks. The NDF and OKRs provided comprehensive visibility from top-level strategic objectives down to individual tasks, fostering shared objectives across Product and Technology. Additional collaborative practices, such as unified R&D meetings, further reinforced cross-functional cohesion.

3.1.3 Regulatory and procedural context

The change initiative unfolded within the context of specific regulatory requirements in Finland, notably concerning formal organizational restructuring negotiations. Legislation required Company X to undertake a structured, six-week negotiation process involving employee representatives due to significant role changes (Suomi.fi n.d. Finlex 2021). This regulatory context influenced both the timing and internal communication strategy, constraining the organization's ability to prematurely disclose specific structural outcomes. Consequently, while broader strategic intentions were communicated early, definitive structural and role-related decisions were announced only upon completing formal negotiations, adding an additional layer of complexity to the organizational transformation.

Figure 3 provides a high level timeline of the key events. A more in-depth look at some aspects of the process will follow in the findings section. The external assessment marked on the timeline refers to a set of interviews done by a third party familiar with Company X to senior leadership and key stakeholders to assess organizational areas of improvement. This assessment was delivered to senior leadership and summarized the outcomes from the interviews. Although the results of the assessment weren't surprising to senior leadership as it merely summarized their thoughts and observations around issues, it was seen as a trigger for starting to consider how to address them through organizational change.

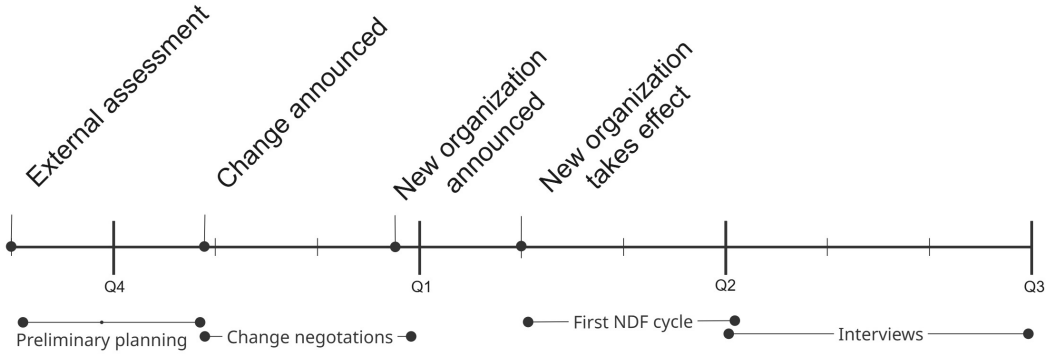

Figure 3: High-level timeline of events

3.2 Research design and approach

This thesis investigates the impact of an episodic organizational change initiative across different organizational levels, guided by the following research questions:

- How is the process, content and context of an episodic change initiative experienced and understood on the strategic, tactical and operational levels of the organization?
- What characteristics does an episodic change initiative take in the context of a scale-up organization and how should it shape our understanding of them?

3.2.1 Ontological and epistemological grounds

The connection between different paradigms and their fundamental assumptions of organizational change was discussed at length in the literature review, so much effort will not be spent on relitigating it here. This study adopts a subjectivist ontological stance, emphasizing that knowledge and truth are inherently shaped by individual experiences, in contrast to the objectivist assumptions of the functionalist paradigm. As Gioia and Pitre (1990) notes, in particular transformational change underscores the significance of subjective meanings:

> What is "out there" becomes very much related to interpretations made "in here." (Gioia and Pitre 1990)

The subjectivist approach facilitates the study of change phenomena, where traditional "objective facts" often under transformation are critically examined. However, it challenges the researcher in terms of validity and transferability, as broader truth claims require rigorous contextualization and interpretive diligence.

Furthermore, the thesis assumes an interpretivist epistemology, positing that organizational reality is socially constructed. Analyzing individuals' interpretations of

meanings and symbols provides valuable insights, making interpretivism particularly effective in studying abstract phenomena such as organizational change (Gehman et al. 2018; Puusa and Juuti 2020). The interpretivist approach presupposes that both informants and the researcher are treated as "knowledgeable agents," capable of articulating goals, reasoning, and motivations (Gioia, Corley, and Hamilton 2013). This assumption is fundamental to uncovering novel theoretical insights, as explored in subsequent sections.

3.2.2 Research design

This thesis employs a qualitative case study, leveraging a grounded theory approach for data collection and analysis. Qualitative research, characterized by its focus on non-numerical data, enables in-depth exploration of complex phenomena such as organizational change. The study integrates inductive and abductive reasoning to develop theoretical insights grounded in the gathered data. Inductive reasoning guides the identification of emergent patterns within the data, while abductive reasoning incorporates pre-existing theoretical constructs, such as the categorization between process, content and context by Pettigrew (1987), to structure inquiry without constraining the emergence of new insights.

Data collection and analysis follow the Gioia method (Gioia, Corley, and Hamilton 2013), a systematic grounded theory approach. First-order coding preserves participants' language and meanings, while second-order coding interprets these into abstract theoretical categories. These are further synthesized into aggregate dimensions, forming the basis for grounded theory development. The Gioia method's rigor and transparency are particularly suited to studying the dynamic and multi-faceted nature of organizational change.

The research strategy balances flexibility and structure, ensuring that the analysis remains rooted in participants' lived experiences while engaging with relevant theoretical frameworks. This methodological choice supports the study's aim to generate context-sensitive, empirically grounded insights into the dynamics of episodic organizational change.

3.3 Research strategy

This study adopts a qualitative case study design to explore the dynamics of an episodic organizational change initiative within a scale-up organization. A grounded theory approach is utilized, specifically the Gioia method (Gioia, Corley, and Hamilton 2013), to ensure a systematic yet flexible process of data collection and analysis that aligns with the study's exploratory objectives. Qualitative research, with its emphasis on non-numerical data, is well-suited for understanding complex, context-dependent phenomena such as organizational change.

3.3.1 Case study as a research strategy

A case study is a research strategy that involves an in-depth exploration of a specific phenomenon within its real-world context (Yin 2018). It is particularly well-suited for examining complex, dynamic, and context-dependent phenomena, making it a widely used approach in organizational research. Case studies enable researchers to gain a holistic understanding of the subject matter by integrating multiple data sources and perspectives (Saunders, Lewis, and Thornhill 2018).

The case study approach is also particularly suitable for research on organizational change due to its ability to accommodate multiple data sources. In this study, qualitative interviews, internal documents, and researcher observations were triangulated to build a comprehensive understanding of the change initiative. This triangulation enhances the validity of the findings and allows for a nuanced exploration of how organizational members at different levels interpreted and responded to the change.

Additionally, the case study's flexibility allows for the incorporation of grounded theory methods, such as the Gioia method (Gioia, Corley, and Hamilton 2013), to structure the analysis and generate theory directly from the data. This methodological synergy ensures that the findings are deeply rooted in the empirical realities of the organization while contributing to broader theoretical understanding.

3.3.2 Gioia method in qualitative interpretive research

The Gioia method offers a structured framework for coding and theorizing while remaining firmly grounded in participants' lived experiences. The coding process begins with first-order coding, where data are analyzed using the informants' own language to identify initial concepts without imposing interpretive frameworks. These first-order concepts are then grouped into second-order themes during the second phase of coding, allowing for a deeper level of abstraction and interpretation informed by the researcher's theoretical knowledge. Finally, these themes are synthesized into aggregate dimensions, which provide the foundation for theory development. The creation of a comprehensive data structure visually illustrates how theoretical insights are systematically grounded in the data, enhancing the transparency and rigor of the analysis.

The Gioia method's focus on capturing participants' perspectives is particularly valuable for studying organizational change, a phenomenon characterized by varying interpretations across different levels of the organization. By systematically integrating participants' viewpoints with theoretical abstractions, the method ensures that the resulting insights are both empirically grounded and theoretically robust. This approach is essential for addressing the research questions, which seek to understand how organizational change is experienced and enacted across strategic, tactical, and operational levels.

3.4 Data collection

3.4.1 Selection of participants

As is the case in a lot of qualitative research, the sampling strategy for this research was non-probabilistic (Saunders, Lewis, and Thornhill 2018). The criteria for selecting participants was based on two factors. Firstly it was the interviewees relevance to the change initiative at hand. In this case, it meant that the chosen informants should be impacted by the change initiative in some manner. This itself only limited the informants to members of the Technology or Product functions of the organization. Furthermore, as the aim was to observe the change from multiple organizational levels, this distinction was also taken into account so as to collect enough data from all levels and from different departments and subdepartments of the organization. This selection of three levels was a somewhat arbitrary choice, however it did serve two purposes. Firstly, three levels is sufficiently sized to analyze the organization in question. It provides sufficient separation between senior management, middle management and operational actors. Secondly, it is a small enough categorization so that the levels can be analyzed independently while keeping the amount of interviews for each level at a sufficient amount.

3.4.2 Data sources

This research employed a cross-sectional multi-method qualitative approach, utilizing data from three primary sources. The main data source was semi-structured interviews, conducted with 15 participants across three organizational levels: strategic (senior management) , tactical (middle management), and operational. Internal documents, including emails, presentations, and official communications related to the organizational change initiative, provided additional contextual insights. These artifacts offered a retrospective view of the change process and served as common reference points across the organization. Finally, the researcher's observational notes, taken during the data collection process, supplemented the primary data by capturing real-time reflections and contextual nuances. A summary of interview participants data and pseudonyms can be found in Table 1

3.4.3 Interview process

The interviews were designed as one-hour theme-based sessions and conducted with five participants from each organizational level (strategic, tactical, and operational). This ensured balanced representation and facilitated a comprehensive understanding of the change initiative across the organization. Participants were selected based on their role during the change process, ensuring their insights were directly relevant to the research objectives.

Interviews were conducted either in person or via remote meeting software, depending on participant availability and logistical constraints. Each session was recorded with the participant's consent, and the recordings were subsequently transcribed using transcription software. For interviews conducted in Finnish, quotations used in the

later analysis were translated into English. These translations prioritized preserving the original meaning over literal accuracy.

3.4.4 Data collection procedures

To ensure ethical rigor, all participants signed informed consent forms before participating in the study. The consent form outlined the purpose of the research, the procedures for data collection, and assurances of confidentiality and anonymity. Pseudonymization was applied during transcription to replace identifying information with coded references, and all personal data not relevant to the research objectives were removed. To further protect confidentiality, pseudonymized data were anonymized during the final stages of analysis to ensure no participant could be identified in the published work. The transcribed data were stored securely, and access was restricted to the researcher.

Interviewee pseudonym	Organizational level	Employment length
Senior Manager 1	Strategic	4-7 years
Senior Manager 2	Strategic	8+ years
Senior Manager 3	Strategic	4-7 years
Senior Manager 4	Strategic	1-3 years
Senior Manager 5	Strategic	8+ years
Middle Manager 1	Tactical	4-7 years
Middle Manager 2	Tactical	4-7 years
Middle Manager 3	Tactical	1-3 years
Middle Manager 4	Tactical	1-3 years
Middle Manager 5	Tactical	4-7 years
Employee 1	Operational	4-7 years
Employee 2	Operational	1-3 years
Employee 3	Operational	1-3 years
Employee 4	Operational	1-3 years
Employee 5	Operational	4-7 years

Table 1: Interviewee data with organizational level and employment length

3.5 Data analysis

This section outlines the analytical procedures used to interpret the qualitative data collected during the study. The analysis was conducted in a systematic and iterative manner to ensure rigor and transparency. The process followed a structured approach, beginning with transcription and coding, followed by the aggregation of first-order concepts into second-order themes, which were then synthesized into higher-order theoretical abstractions. The analysis was performed separately for each organizational level—strategic, tactical, and operational—to capture the nuances of how change was experienced across different layers of the organization.

3.5.1 Transcription and coding

To facilitate a structured and systematic analysis, all interviews were transcribed and pseudonymized to ensure confidentiality. The transcribed data formed the foundation for the initial coding process, which was conducted using Atlas.ti. Open coding was employed to identify first-order concepts, ensuring that the coding process remained grounded in the language and meanings conveyed by participants. This inductive approach enabled the capture of emergent insights that were directly reflective of how organizational members made sense of the episodic change initiative.

To maintain analytical granularity, separate analyses were performed for each organizational level, ensuring that the distinct perspectives of strategic, tactical, and operational participants were preserved. First-order concepts and illustrative quotes are represented in the Data Tables.

Following the identification of first-order concepts, the data analysis progressed to a higher level of abstraction. Through iterative comparison and interpretation, first-order concepts were aggregated into second-order themes that captured broader patterns and relationships across the data. This phase involved clustering conceptually similar codes and interpreting their underlying significance in the context of the organizational change initiative.

The second-order themes were subsequently mapped into higher-order abstractions to construct a data structure that represents the overarching dimensions emerging from the analysis. This data structure provides a visual and conceptual framework for understanding how participants at different levels of the organization experienced and made sense of change.

3.5.2 Data structure

To synthesize the findings from the coding process, the data structure provides an integrated representation of the analytical progression from raw data to higher-order theoretical constructs. This structure illustrates the relationships between first-order concepts, second-order themes, and overarching dimensions, allowing for a clear and systematic interpretation of how change was experienced across different levels of the organization.

The data structure table, which follows this section, visually maps the analytical process, showing how individual codes were clustered into broader themes and how these themes contribute to the study's theoretical insights. By making the analytical process explicit, the data structure ensures transparency and traceability from the participants' narratives to the emergent theoretical contributions of the study. The full data structure is provided in Appendices

4 Findings

This chapter presents the key findings of the study, focusing on how the change initiative was experienced and understood across different organizational levels. The findings are structured using the framework by Pettigrew (1987), which examines the context, content, and process of change, revealing how these dimensions interacted throughout the organization.

At the heart of this change initiative was the challenge of balancing rapid growth with the need for stability, efficiency, and structured leadership — a fundamental shift from a scale-up mentality towards a more mature enterprise model. This transformation was not just about restructuring; it was about redefining how work was done, how priorities were set, and how decision-making was structured.

By analyzing perspectives from strategic, tactical, and operational levels, this chapter explores how organizational members made sense of the transformation, how their expectations aligned or diverged, and how these factors shaped the implementation of change. These three interdependent dimensions—context, content, and process—will be explored in the following sections, highlighting how different organizational levels experienced and interpreted the transformation.

4.1 Change context

The context of change was shaped by the imperative to manage long-term growth while preserving the agility that had fueled the company's success. The content of the change focused on formalizing management structures, redefining decision-making hierarchies, and clarifying accountability. Meanwhile, the process was distinctly influenced by the organization's startup origins and culture, reflecting an iterative, adaptive and collaborative approach to change rather than a purely top-down implementation.

4.1.1 Change and growth as interlinked phenomena

A defining characteristic of the change context is its deeply ingrained relationship with growth. It is a fixture of the organizations past, present and future. This is visible across all different levels, and although it takes slightly different forms across the levels, it permeates the organization to a degree where the change context is widely shared. It is an optimistic picture of an organization that has a history of change and adaptation that has brought a lot of success. Across all levels, growth has been a persistent and defining force — not just a reality but a fundamental part of the organization's identity. This shared context shaped how change was perceived: no informant questioned the need for change; rather, change was viewed as a natural and necessary consequence of scaling.

Although this shared belief in growth-driven change was present at all levels, its framing differed across levels. At the strategic level, growth was framed as an imperative that required the organization to transition toward a more structured way of working. Leadership emphasized that the ad-hoc, decentralized approach that had

characterized the startup phase was no longer sufficient to support scalability. As a result, the adoption of top-down goal-setting and prioritization was seen as necessary to ensure strategic alignment across the company and the management of this change was seen as a big part of the strategic leaderships job. However, this shift toward an enterprise model was not purely structural—it also required a cultural transformation. The startup identity remained deeply embedded in the company's ways of working, leading to tension between historical flexibility, freedom and the need for structure and efficiency. Leadership recognized this as a challenge, especially when it came to resource allocation and prioritization.

> *We need to use our resources more effectively. Right now, we have people working on a lot of different things, but we need to ensure that we're working on what is most impactful for the business. – Senior Manager #3*

On the Tactical and Operational levels, while the need for different structures in growing organizations is acknowledged, how it is discussed is more rooted in the day-to-day experience and how it has changed over time. The problems of growth such as inefficient or lacking processes and need to adapt ways of working are described more by the practical experience of having to deal with those problems. This emphasizes that while the practices different levels are engaged in vary widely, there is remarkable unity on growth and its impacts on the company. Furthermore, it is notable that while the growth is discussed as something that "needs to be managed" and as a source of problems in the daily life at all levels, it is seen as a positive force and even a source of pride for the organization. While this itself isn't necessarily surprising, it is noteworthy since it impacted how informants viewed change and contributed to the shared understanding of necessity of change. Changing because of growth is was seen as natural and necessary, not a point of contention. Or, put more succinctly:

> *I have been trying to advocate for it as well that if our headcount and business grows 50% year on year, the same organizational structure cannot work one year after another. - Senior Manager #2*

4.1.2 Fractured sensemaking and subcultures

A second distinct dimension of the change context was the need for increased accountability and clearer boundaries between Product and Technology functions. At the strategic level, this was articulated as a necessity for end-to-end value creation within organizational units, along with a shift toward a more customer-focused mindset within the technology function. However, while the strategic rationale for clarifying accountability was uniform at the leadership level, its perception at the tactical and operational levels was more nuanced. At these levels, accountability gaps were often managed informally within teams. Employees acknowledged that different teams had developed their own ways of working, but there was no uniform perception of whether this was problematic or just part of how things functioned. Ultimately this part of the change context required more active sensemaking with employees interpreting new accountability structures in ways that were more in line with their day-to-day reality

rather than strictly aligned with their strategic intent. While the rationale for change was broadly understood, and the need for *some change* or even more structure and processes wasn't questioned, the motivations behind specific strategic shifts required more active interpretation. Unlike the nearly universal acceptance of growth as a driver of change, the restructuring of accountability and product-technology alignment necessitated greater organizational sensemaking, resulting in differing interpretations of the change context across levels. This finding points at the existence of subcultures within smaller organizational structures. These subcultures are likely to emerge due to the rapid growth that characterizes the scale-up organization. Another possibility for this fractured sensemaking is the culture of open discussion and debate that gives employees freedom to disagree and interpret things more freely.

4.2 Change content

The content of the change varied across organizational levels. At the strategic level, the emphasis was on creating structures that could sustain long-term scalability by clarifying responsibilities and reducing dependencies. As the initiators of the change, senior management devised a blueprint to address perceived organizational inefficiencies and challenges. For senior management, the content of the changes and their connection to the context was straightforward. Having already expended the effort to arrive at a common definition of the problem, the changes that arose from these conclusions were a natural continuation.

At this level, the change content was centered on restructuring the organization to support scalable growth and clarifying accountability hierarchies. This entailed moving towards a more enterprise-style organization that could operate with reduced interdependencies while maintaining customer-centricity within the technology function. A key aspect of the restructuring was the redefinition of management roles and the development process to enable E2E ownership. Leadership aimed to structure the organization and its processes in a way that could ensure development teams had full accountability for their outputs, reducing reliance on external dependencies. This shift necessitated transferring certain responsibilities previously housed within Product roles to the Technology function and redrawing structures to create more self-sustained units.

4.2.1 Heterogenous outcomes across teams and departments

It is lower down in the organization, where the content of the changes starts to take on new forms. At the tactical level (where most of the management shifts occurred), the immediate focus was on making sense about these changes and adapting to shifting role scopes as well as the New Development Framework (NDF). As the scope of the changes had the biggest impact at this level, it was also here where the visible impact of active sensemaking processes can be seen. While the change context was broadly uniformly understood, the content of the change and its relation to the context had ambiguity that needed to be resolved within the tactical level. It was clear that different interpretations of the changes arose as the result of these ambiguities. As a

result, even though the process and role descriptions were the same, the change was perceived and acted upon differently in different parts of the organization resulting in different outcomes:

> *"The role definitions were not really that great. There was so much left open and that leaves a lot of heterogeneous things in the organization, even within my department to my feeling where people just interpreted it differently and the implementation is quite different." - Operational employee #2*

This emergence of differing interpretations proved to be a challenge, since it meant that arriving at a shared understanding as a result of the sensemaking was harder. Instead what occurred was that the organization engaged in fractured sensemaking resulting in heterogenous outcomes. The ambiguity within the role descriptions was one source of these differences, since as the change context showed different teams and departments had pre-existing informal mechanisms that likely guided the sensemaking process. A secondary possible reason for the emergence of these differences was the large scope of the changes: As the content touched upon both existing organizational structures and ways of working, the only common factors left were the new descriptions and the pre-existing relationships within the teams. The challenge of navigating this comprehensive change at the tactical level was framed by one senior leader like this:

> "*It has its good and bad sides. Of course it makes all of this considerably harder, there is nothing you can rely on at this moment of change. If you only change the organization, your ways of working stay the same and you can rely on those. . . But now that we also changed the ways of working, that really impacts the team as well. How are we actually running this? How do we plan? What are these different meetings and why are we in them? And this really impacts especially the EM that overnight you have more responsibility and the ways of working change, so it really creates a whole new level of difficulty. - Senior Manager #4*"

This quote also reveals another challenge of the change content, which was the role of middle management. In this case, they were the primary recipient of the majority of the immediate changes which meant that they needed to interpret and implement the strategic vision both in their own ways of working, but also translate it towards their teams. This dual role as a sensemaker and sensegiver proved to be challenging. Many managers reported being overburdened with work during the change period which in turn led to de-prioritizing knowledge sharing with peers in favor of navigating the more urgent day-to-day operations.

4.2.2 Greater role of process changes at lower levels of the organization

Interestingly, while senior leadership saw the new roles and organization structure as the primary change and the NDF more as a process adjustment aimed at aligning workflows with newly established roles, the NDF was perceived at lower levels of the

organization to have a greater impact than what senior management perceived. The introduction of the NDF also played a significant role in shaping tactical-level work by formalizing shorter planning cycles and increasing predictability in development efforts. Tactical managers noted that while structural role shifts were important, it was the procedural changes within the NDF that had the most immediate and tangible impact on their workflows.

Similarly, at the operational level, the most tangible impact was seen in how daily work was reorganized within the new structure, particularly through the implementation of the NDF. At the operational level, the impact of the change was most directly felt through the changes in ways of working imposed by the NDF. While strategic-level discussions revolved around ownership and accountability, the most immediate manifestation of these shifts for operational employees came through the NDF and its influence on daily practices.

While these changes seemed to bring about some immediate useful changes at the operational level, the strategic level goal of embedding end-to-end ownership and customer understanding was mostly not observed at the operational level. However, as the interviews were conducted during the early phases of the new organization, it is hard to judge if these changes didn't materialize at all or if they were part of a longer-term change that couldn't be assessed during interviews. Due to the unique nature of the scale-up context, it is not unreasonable to assume that such things are under constant change. Thus while it would seem that implementing change and achieving a broad consensus on the change content is likely a challenge that scale-ups need to reckon with, their nature as continuously changing organizations could mitigate this challenge significantly over time as the organization adapts.

4.3 Change process

The change process was distinct in nature compared to the content and context of the transformation. Three primary themes emerged: adherence to internal and external cultural constraints, individual meaning-making and change readiness, and the overarching change philosophy of members of the organization. Each theme provides insights into how the process was experienced and managed across strategic, tactical, and operational levels.

4.3.1 Adhering to cultural boundaries - mitigating change resistance

While the content of the change primarily revolved around introducing more structured processes indicative of an enterprise-level organization, the defining characteristic of the change process itself was maintaining alignment with the cultural identity of Company X's startup heritage and the broader external environment. This alignment was intentionally fostered, particularly by senior leadership, who approached change negotiations with a clear intention of collaboration and transparency. Regular feedback was actively sought and some of the proposed changes were incorporated into the proposed changes. The wide organizational appreciation for these collaborative efforts underscored a cultural expectation of openness and low power distance, even

amidst significant organizational restructuring. Furthermore, senior leadership not only viewed these collaborative negotiations as methods to mitigate resistance and uncertainty but also recognized tangible benefits arising from employee engagement. The effectiveness of this collaborative approach in managing resistance was evident in operational-level employee experiences:

> *"So that is unheard of for me, I mean, I've been working in tech companies for 20 years. I have never seen input being taken from ordinary people in these reorganizations... first of all, you get good ideas right from the people who are in the trenches, they know best. And second of all, also psychologically right, people feel heard, they feel part of the process so automatically I think it helps the people embrace the change rather than fight against it." – Operational Employee #5*

The choice of a collaborative process, as opposed to a more directive top-down approach, was deliberate and closely tied to an in-depth understanding of organizational culture at Company X. The decision stemmed from a recognition that the company's employees, accustomed to open dialogue and participation, would likely resist a more autocratic, imposed change methodology. This awareness is explicitly articulated by senior leadership:

> *"We could have of course done it in a more dictating fashion, 'this is how it will go'. It would have been very clear to everyone what was happening but we would have faced a lot of complaints about not listening and just doing. Now we did it in a more collaborative fashion which led to this period of two months of uncertainty." – Senior Manager #1*

This quote illustrates two important findings. First, it demonstrates leadership's nuanced understanding of Company X's cultural context, specifically the deep-seated expectation for collaborative decision-making. Second, it underscores a key finding that emerged across different organizational levels: collaboration inherently extends the duration of the change process compared to a dictated top-down approach. This is a notable trade-off, as collaboration inherently lengthens the period of ambiguity and uncertainty employees experience. However, this extended period of uncertainty is balanced by significant cultural benefits, such as increased employee engagement and reduced resistance to change. Thus, while a directive approach might have reduced ambiguity and sped up the process, it would have conflicted profoundly with Company X's organizational values and expectations, likely leading to increased dissatisfaction and alternative forms of resistance. This indicates a clear strategic calculation in favor of cultural alignment over short-term expediency, reinforcing the importance of cultural congruence in managing successful organizational transformations.

At the strategic level, adherence to external cultural constraints, specifically regulatory frameworks in Finland, further shaped the change process. Finnish regulations required organizations to maintain open dialogue and refrain from finalizing decisions until the conclusion of formal negotiations. This mandates a degree of

ambiguity – that while intended to foster open conversations – contributed in some degree to employee uncertainty during the negotiation period. The strategic-level leadership acknowledged the dual nature of this regulatory constraint, as exemplified by reflections from senior management:

> *"In some ways the... integrated strength or weakness, however you want to see it, of the change negotiation model is that no decisions exist... we had to refrain from using the word 'decided' since decisions can only be made after the process has been concluded, so we got a lot of feedback that things were ambiguous and so on..." – Senior Manager #2*

4.3.2 Individual meaning-making and change readiness

The process also highlighted the significant influence of individual meaning-making on employee responses to the change initiative. The term "change negotiations" carried negative connotations rooted in previous experiences, often associated with layoffs. This negative perception was particularly pronounced at the operational level, where past experiences heavily influenced initial reactions. To address and mitigate these concerns, strategic leadership proactively communicated that the organizational restructuring would not involve layoffs. This deliberate messaging demonstrated an acute awareness of the prevailing cultural context surrounding organizational changes in Finland. Operational employees explicitly contrasted this positive, reassuring approach with their past negative experiences:

> *"Anyway, when the change was announced, my initial reaction was indeed that. Uh. . . The onset was done very differently because it was like, yeah, we're not going to fire anyone. We're... we want to change the organization. That's a completely different premise." – Operational Employee #2*

Despite these assurances, some ambiguity and uncertainty persisted at operational levels, suggesting variability in individual interpretations of the change. This underscores that personal experiences significantly shaped how the initiative was perceived, despite strategic efforts at clarity. Nevertheless, overall perceptions remained notably more positive compared to prior experiences, largely due to the collaborative and culturally consistent approach adopted by Company X.

4.3.3 Change philosophy

A somewhat shared philosophy emphasizing iterative and emergent change unified perspectives across all organizational levels. All informants consistently perceived change not as isolated episodic events but as continuous processes integral to daily practices and organizational growth. This iterative philosophy resonated deeply within the cultural fabric of the organization, closely linking change with growth as inherently interconnected phenomena. Consequently, the episodic nature of the current initiative was interpreted within the broader, continuous spectrum of organizational evolution:

"I've said it at the start and I'll say it again; we would be wizards if we managed to pull this off 100 percent successfully on the first go, and it will never happen that way. We just have to be patient and..improve one step at a time. Of course if there are clear big problems we need to intervene right away, but getting experience and listening to feedback from the teams is important. What are the problems, lets fix those. Changes will always happen. " - Senior Manager #4

The presence of such a cohesive philosophy across organizational levels raised intriguing questions regarding the origins of this philosophical unity. It was unclear whether individuals joined the organization already holding congruent philosophies of change or if such a perspective was cultivated through organizational culture. Regardless of its origin, the consistent philosophical approach to change proved beneficial, aligning with the broader organizational expectations such as an open, collaborative approach to implementing and managing change. This shared philosophy likely contributed to less resistance towards change overall, improving chances of success.

4.3.4 Following through on change

An essential aspect of the change initiative involved monitoring and evaluating change outcomes, yet this proved to be insufficiently addressed within the organization. Senior leadership acknowledged challenges associated with the extensive scope of the change initiative. Their attention frequently centered on resolving immediate operational issues rather than communicating and reinforcing the broader strategic vision, thereby impacting the visibility of ongoing follow-through activities.

At the operational levels, employees reported limited evidence of structured follow-through mechanisms. This deficiency was particularly pronounced among middle managers, who experienced significant role ambiguity and were overburdened by their dual responsibilities of managing day-to-day operations and implementing the change initiative. Consequently, middle managers often prioritized immediate task completion over longitudinal follow-through on strategic change outcomes, resulting in fragmented perceptions of the initiative's progression and impact.

This combination of limited strategic reinforcement from senior management and the operational pressures experienced by middle management hindered comprehensive follow-through, thereby impeding deeper integration and sustainability of the intended changes.

5 Discussion

This chapter discusses the key implications of the findings and connects them with the research questions. By interpreting the findings through established organizational change theories and the scale-up literature, this section explores both the convergence and divergence between theory and empirical data. The research questions of this thesis were:

- How is the process, content and context of an episodic change initiative experienced and understood on the strategic, tactical and operational levels of a scale-up organization?
- What characteristics does an episodic change initiative take in the context of a scale-up organization and how should it shape our understanding of them?

5.1 Interpreting the empirical insights

The empirical findings revealed distinct patterns in how change was experienced across organizational levels. Firstly, at the strategic level, the change context was framed as a necessary shift towards a more structured enterprise organization. While this need for more structure and the organizational transformation was also recognized at other levels, it was more framed around the need to add more processes and structure as the organization grows. Both of these framings confirm existing notions of scale-up organizations set forth by Strengers et al. (2022) and Picken (2017), confirming that the organization is experiencing challenges that are typical for a scale-up. The framing by senior leadership indicates that while there is a shared understanding across the organization that growth and change are related phenomena and that the change context is shared quite widely within the organization.

Secondly, the data revealed significant evidence growth and change were intricately linked to the past, present and future of the organization, which supports the life-cycle model of ventures by Strengers et al. (2022). Company X is in the process of being transformed through growth, and the continued existence of that growth is a key part of the cultural fabric of the organization. This is supported by the fact that the overall change context was so widely shared across the organizational levels. Thirdly, the past successes of the organization in navigating change and growth contributed to an atmosphere of trust which served to mitigate cynicism towards change. While deliberate efforts were also made to manage the uncertainty caused by change, it was also evident that there was a lot of existing goodwill and trust that the company will navigate this change successfully as well.

The change content revealed that while there was a shared understanding that change is necessary, how the change should be implemented was subject to a more diverse set of views. The findings reveal that the sensemaking processes were most active at the tactical level, where middle management was faced with interpreting the goals of senior leadership and translating those to teams while navigating new structures and processes. Many informants highlighted that this led to diverging understandings

of the changes across different departments, indicating that the sensemaking and sensegiving activities were somewhat fractured. While the reason for this cannot be conclusively answered, existing research and the data reveals a few reasons for why this might be, such as the existence of subcultures, the complexity of the dual role of middle managers, lack of sensegiving activities from senior leadership, or the change philosophy and culture of Company X that saw change as constant and iterative rather than a discrete event. If this is the case, the timing of this research would also impact the appearance of fracturing. If change is seen as a process that is constantly moving, the impacts of the change content couldn't be captured in the timeframe of this research. Regardless, the picture of the change content wasn't unified across the organization. This ambiguity was partly deliberate on behalf of senior management that noted the changes implemented weren't complete and thus needed to be filled through iterative improvement and following of the change process.

The change process was characterized by two major themes: Adherence to internal and external cultural boundaries and a relatively unified change philosophy. The external cultural boundaries (Finnish regulatory framework for change negotiations) were mostly the concern of senior leadership that instigated the change process. Despite Company X having offices around the world, this framework framed the whole process throughout the organization determining factors such as length of the change process and the negotiation structure. The impact of this framework shouldn't be understated, since it had such a big impact on when and how decisions could be communicated as well as the initial reactions to change. While this external framework itself aims to make organizational changes a bi-lateral collaboration between employees and the employer, the name of the process evoked negative feelings in employees that had previous negative experiences of its use in earlier organizations. This negative connotation towards the change negotiations contributed to some initial uncertainty and cynicism that needed to be addressed during the change process.

The internal cultural boundaries that guided the process were deliberate actions by senior leadership intended to make the process collaborative to adhere to the culture of collaboration and open communication and discussion that was core to Company X. Regular feedback was sought for proposed changes across the organization, and changes to plans were made according to the suggestions. This collaboration was seen as a positive force for the overall change initiative by all levels, where senior leadership saw the outcomes improve through feedback and employees felt heard in the process. The findings indicate that this had a significant impact on the level of change commitment from individual employees. This higlights the importance of collaboration and observation of cultural boundaries when planning change initiatives in scale-up organizations.

The second theme of the change process was the change philosophy that was expressed throughout the organizational levels. Change was seen as a constant and natural process of iteration. These views correspond to the general picture and culture of scale-up organizations as adaptive dynamic environments where change is the rule, not the exception. This indicates that scale-ups are organizations of continuous change, that position them well in competitive dynamic marketplaces where fast product innovation is an advantage (Brown and Eisenhardt 1997).

In alignment with the theoretical framework proposed by Van de Ven and Poole (1995), dialectical and evolutionary motors of change were prominently identifiable in the organization, while teleological and life-cycle motors appeared less pronounced. Dialectical motors were particularly evident through the interactive and collaborative processes observed within the organization, characterized by constructive debates and the synthesis of diverse perspectives leading to innovation and organizational adaptation. Evolutionary motors emerged from ongoing iterative processes that adapted continuously based on feedback and practical experiences, reflecting a natural selection of practices and structures that were most effective over time.

Although the initial broad strategic goals defined by senior leadership reflect teleological underpinnings, senior managers themselves described the journey toward achieving outcomes primarily in dialectical and evolutionary terms. Their reflections indicated that rather than systematically implementing a predefined goal, the initiative evolved dynamically through continuous feedback loops, debate, and adaptation based on internal and external stimuli.

5.2 Theoretical integration of findings

There are a few interesting conclusions that can be drawn from these findings: Firstly, it highlights the importance of viewing the organization not just as it exists in the moment, but calls for understanding the organizations past and future as well. Scale-up organizations, due to their track record of sustained growth and navigating multiple transformations in the past, are well positioned to implement strategic change and adapt to it when the change need doesn't contradict with underlying assumptions of the nature of the organization. However, the findings and earlier research finds that there are also counteracting forces within the scale-up that emerge as a function of how the organization comes about, and makes successfully implementing strategic change harder. This section will explore these phenomena in more detail, discuss their links to existing research and expand on the notion of scale-up organizations in general.

5.2.1 Growth & change as an endemic phenomena for scale-up organizations

The consistency of the change philosophy and the frequency at which a organizational history of change became evident through the data leads to a conclusion that scale-up organizations are what Brown and Eisenhardt (1997) coined as organizations of "continuous change". This is perhaps best signified by the fact that while the change initiative at Company X was more "episodic" in that it was all encompassing in its nature of the R&D organizations, several informants mentioned that they had had previous changes implemented to their team structures right before the change initiative was announced which they saw as having a bigger impact than the announced changes of the change initiative.

This fact itself is emblematic of the endemic nature of change at Company X, and calls into question whether the change initiative itself should be considered episodic in

nature since the word implies a view of change as a more traditional cyclical punctuated equilibrium model of change (Mintzberg and Westley 1992).

Perhaps a better term in this case should be strategic, since the changes imposed were more aimed at realigning whole functions towards strategic priorities. Regardless, this observation of change as an endemic phenomena raises an interesting question: If scale-up organizations have a competitive edge in that they are more able to adapt to new conditions, how can they best leverage this? Given that the change philosophy and culture indicate that such an organization is likely constantly changing through iterative improvements and open discussion already, what mechanisms are best suited to nudge the organization to the desired direction? What is the benefit that is gained from more radical shifts as opposed to the incremental approach?

One possible benefit is the use of ambiguity by design (Gioia and Chittipeddi 1991). While the data shows that familiarity with change increased change readiness and decreased change cynicism, informants still described some amounts of change uncertainty when faced with strategic change. The impact of this was a sensemaking trigger that forced employees to a more active sensemaking mode, especially at the level of middle management where the change content had the most impact. This shows that strategic change initiatives do have significant power to trigger new schemata in organizations that view change as continuous, and the success of the initiative should thus be impacted by the factors that govern strategic change in general. Existing literature informs us that these factors disparately lean towards the impact of top management, that have the power to impose changes they desire.

But to do so indiscriminately is likely to lead to failure in the case of a scale-up organization. As Gioia and Chittipeddi (1991) notes, ultimately strategic change is a negotiation process in which the resulting outcome is determined by the degree to which each stakeholder is able to convince others of their vision (sensegiving), while making sense of the other stakeholders interpretation of reality (sensemaking). For a scale-up which is most characterized by the culture types and values of clan and adhocracy (Cameron and Quinn 2006), the importance of the change process is significant. In this case, senior leadership had intimate knowledge of the underlying culture which guided them towards a collaborative discussion that complied with existing notions of how change should be managed, and served to mitigate change uncertainty and resistance.

Findings also suggest that past successes of the company in business significantly impact the openness of employees to change as well as change readiness. The trust in the organizations past and future growth makes it easier to opt in to change when it is seen as a necessary thing for continued growth. Since growth had been such a prevalent thing for the company, the continued existence of growth can be seen as a cultural superpower and a competitive advantage for scale-ups, especially in the modern business landscape where businesses are constantly required to be more adaptive and resilient.

Since scale-ups often serve as industry disruptors, they gain twice from this adaptive cultural mechanism: they are changing the marketplace for the industry as disruptors, forcing existing established companies to introduce change to stay competitive. These competitors are more likely to change slower unless they have

similar adaptive mechanisms, hence the scale-up is enabling its ability to outpace and outperform its competition. This growth is likely to also have a positive impact on market sentiment which will again fuel additional growth.

5.2.2 Unique challenges of scale-ups

Since part of the aspiration of the scale-up is to transform into an established enterprise, it poses an interesting dilemma on how to ensure that the company can "stick the landing", given that the cultural and competitive edge they have is so tied up in their roots as a startup and scale-up. Sustaining this growth over the long term is hard and requires navigating between rigid structures and chaos. According to Picken (2017) the scale-up phase should be a temporary time between the business either collapses or resolves to a more stable state.

While it is true no amount of growth can last forever, many companies fail before reaching their full market potential, understanding how to sustain it is an integral interest to corporations and societies alike. According to Brown and Eisenhardt (1997), the key to sustain this state is to implement so called "semistructures" that impose structures around things like responsibilities, time intervals between projects and priorities but don't structure other activities such as the design process, allowing innovation and freedom to flourish. The change content of this case initiative aimed at creating more structure around priorities and responsibilities, which serves as a positive indicator for the edge of chaos.

The findings of this thesis also support the notion by Strengers et al. (2022) that there exists a "strategic clash" between the more market culture oriented top management and innovation focused employees that comes about through the different focal points of their role. While no detailed study of the organizational culture of Company X was done, the interviews supported the existence of this clash between strategic management and other organizational layers: Introduce too much stability and control and the scale-up loses the characteristics that made its innovations successful. Introduce too little and chaos takes over. The practical challenge of keeping this balance over time poses a unique challenge especially to top management teams, and should be an area of additional research.

As the organization evolves, so too must the capabilities and orientations of its members at all levels. Growth in a scale-up environment does not merely extend the organizational hierarchy vertically through additional layers of management, but also horizontally through increased scope and interdependence across functions as well as the formation of new subcultures. This multidimensional expansion introduces new complexity and coordination challenges that demand a recalibration of roles, expectations, and competencies.

For senior leadership, this transformation often requires a shift from founder-led, intuitive decision-making to a more systematic, outward-facing strategic posture. As the external environment becomes more dynamic and stakeholder demands multiply, leaders must develop capabilities in managing across ecosystems, anticipating market shifts, and building legitimacy. This evolution represents a departure from operational focus toward strategic abstraction, a transition that might not occur on its own.

Middle managers, positioned between strategic intent and operational execution, face perhaps the greatest strain. They must mediate between increasingly formalized top-down processes and the agile, decentralized realities of frontline work. With growth comes more cross-functional dependencies, necessitating stronger coordination, boundary-spanning communication, and the capacity to manage ambiguity. The expectations of middle management in scale-ups are thus also rapidly evolving.

At the operational level, employees are confronted with fluid team structures, evolving responsibilities, and shifts in priorities. Adaptability, learning agility, and comfort with uncertainty become essential survival skills. Without adequate support mechanisms, such as onboarding, role clarity, and access to leadership, these pressures can result in disengagement or turnover—undermining the very capabilities needed to sustain growth.

Recognizing that adaptation is required at all levels reinforces the argument that episodic change initiatives must be accompanied by longitudinal capability development. The notion of a "learning organization" becomes more than a theoretical ideal, it is a practical necessity for navigating the edge of chaos while preserving the innovative drive that characterizes successful scale-ups.

5.3 Practical recommendations

The findings of this study point to several practical recommendations for scale-up organizations seeking to navigate episodic or strategic change while preserving their adaptive strengths. Firstly, it is clear that culture change in such organizations is inherently iterative. Given the fragmented sensemaking observed at the tactical level, senior management should recognize that achieving coherent, organization-wide interpretations of change requires sustained effort over time. Long-term engagement is essential to align diverse subcultures and foster shared understandings, rather than expecting unitary outcomes to emerge from single change events. This can be supported through mechanisms such as iterative feedback loops, regular cross-level dialogue, and transparent communication about the evolving nature of change content.

Another practical guide relates to the value of employing "simple rules" and semi-structures (Brown and Eisenhardt 1997) to balance between order and innovation. This is especially important in a scale-up environment where things are under constant change. By formalizing clear strategic priorities and responsibilities while deliberately leaving space for teams to determine how objectives are met, scale-ups can operate near the "edge of chaos," maximizing adaptability without sliding into disorder. This approach is particularly pertinent given the tendency of scale-ups to grow rapidly and risk losing the informal practices that previously sustained agility.

Thirdly, the pivotal role of middle management in sensemaking and sensegiving highlights the need for dedicated support and capability building. Middle managers often bear the greatest burden of interpreting ambiguous directives and translating them into operational realities. Structured training initiatives aimed at enhancing their communication skills, coaching approaches, and ability to navigate ambiguity would likely mitigate fragmented understandings and strengthen overall change coherence. As the scale-up grows, the demands of management are under constant change as well.

Finally, fostering deliberate practices that continuously reinforce the change philosophy and its linkage to growth is advisable. This involves embedding collaborative dialogue into change processes and explicitly connecting structural shifts to the organization's broader growth trajectory in order to maintain trust and minimize change cynicism.

5.4 Future research

This study opens several avenues for future research that could deepen and broaden understanding of organizational change in scale-up contexts. There is, first, a clear need to validate and extend these findings across a wider range of scale-ups operating in different industries and national environments. Given the idiosyncratic nature of organizational cultures and growth trajectories, comparative multi-case studies would help clarify which patterns identified here are characteristic of scale-ups more generally and which are particular to the case organization examined.

Further inquiry into the cultural dimensions of scale-ups is also crucial. While existing scholarship has paid considerable attention to startup cultures, far less is known about how these cultures transform during the scale-up phase, especially under episodic or strategic change pressures. Ethnographic or longitudinal research could illuminate the emergence of subcultures and the ways cultural tensions are navigated over time, offering insights beyond what cross-sectional studies can typically reveal.

Given the pronounced influence of external institutional environments observed in this case, particularly the regulatory frameworks governing organizational change in Finland, comparative studies across different regulatory or institutional contexts would also be valuable. Such research could investigate how varying national systems shape both the design and perception of change processes, potentially uncovering enabling or constraining factors that impact change outcomes in scale-ups.

Another promising avenue for future research concerns the role of informal hierarchies and power structures in scale-up organizations. As scale-ups evolve from small, founder-driven teams into more complex enterprises, informal networks of influence often persist alongside formal structures. These informal hierarchies, shaped by personal relationships, tenure, legacy status, or early-stage contributions, can significantly affect internal communication flows, decision-making processes, and the distribution of authority. They also play a critical role in shaping organizational culture and may either support or resist formal change initiatives. Future studies could explore how these informal structures emerge, adapt, or dissolve as the organization scales, and how they interact with formal hierarchies during episodic change. Longitudinal or network-based research designs would be particularly well suited to uncovering the dynamics of informal power in scale-ups and their implications for leadership, cohesion, and change effectiveness.

Lastly, there is a need to understand the potential unintended consequences of repeated iterative change and reliance on semi-structures. While these mechanisms appear to support flexibility and innovation, they may simultaneously introduce risks such as employee burnout, strategic drift, or diminished clarity of accountability over time. Longitudinal studies tracking how scale-ups manage these tensions could yield

important contributions to both theory and practice on sustaining growth-oriented dynamism as organizations mature.

5.5 Limitations

The researcher's dual role as an employee of the studied organization presents both advantages and challenges. On one hand, this insider position facilitated access to participants and sensitive data, enabling a deeper understanding of the organizational context and fostering trust during data collection. Such access is often difficult to achieve in organizational research and provided a unique vantage point for exploring the nuances of the change initiative. However, the insider role also introduces potential biases, particularly in data interpretation. The researcher's pre-existing relationships and knowledge of organizational dynamics may influence the analytical process, leading to unintended subjectivity. To mitigate these risks, the research adhered rigorously to the structured coding process of the Gioia method, ensuring that emergent concepts and themes were grounded in the data rather than preconceived notions.

Another limitation of this study is the temporal context in which the interviews were conducted. All interviews were carried out after the organizational change initiative had been implemented and the organization had already gone through a development cycle. While this timing allowed participants to reflect on the outcomes and processes of the change initiative, it also introduced certain challenges. The retrospective nature of the interviews means that informants' reflections are inherently shaped by their current perceptions of the organization and its state post-change. This could lead to recall bias, as participants may emphasize or diminish certain aspects of the change based on their current experiences rather than their initial reactions. Furthermore, informants' interpretations of the organizational change are influenced by the evolution of the organization itself, potentially obscuring the immediacy and dynamics of the change process as it unfolded.

Finally, while the Gioia method provides a robust framework for grounded theory development, it relies heavily on the subjective interpretation of data. This can lead to challenges in ensuring the transferability of findings beyond the specific organizational context. Organizational change initiatives are highly context-dependent, and the insights generated in this study may not be directly applicable to other settings. In this case the findings might not be generalizable to all scale-up organizations. Although this study's goal is not to produce universally generalizable findings, the emphasis on a single case study limits its broader applicability. To address this, the study focused on providing rich descriptions and transparent methodological documentation to enable readers to assess the relevance of the findings to their own contexts.

5.6 Conclusions

Scale-up organizations are able to benefit from a culture of continuous change that allows them to adapt and change quickly to strategic level or episodic change. This culture is reinforced through past successes and especially growth that mitigates employee resistance and change cynicism. Growth and change are seen as related

phenomena and the positive association with growth increases trust towards the organization to successfully navigate change. The change context is heavily influenced by the organizations roots as a startup and growth company which serves as a unifying component of culture. The aim and focus of top management during the scale-up phase is to introduce more rigid structure and predictability which contradicts with earlier notions of the organizations culture. This sets the stage for a cultural tension between senior management and the different subcultures that emerge as a consequence of rapid growth.

The contents of the change initiatives at such organizations are likely to address the problems that characterize this part of the organizational life-cycle, mainly how to balance between introducing structures and priorities to manage the growing complexity of the organization while holding on to the parts of the culture that have fueled the innovation process so far. Due to the existence of different subcultures, differing interpretations of the change content are likely to arise as well, possibly leaving to heterogeneous outcomes. Unifying these interpretations is a continuous effort that requires the long-term attention of top management to succeed.

The process of change is also highly influenced by the informal and open communication that is typical for scale-up companies. These cultural aspects, when allowed to steer the change process, contribute to increased readiness for change within the organization. When change is done because of accepted reasons (such as growth) in a manner that is aligned with cultural expectations (collaboration, open dialogue), organizational members are more likely to go along with change than oppose it. However, the individual capabilities of meaning-making also play a key role in how change is perceived, and some change uncertainty and resistance necessarily will arise as a result. These individual reactions to change are highly influenced by previous experiences of change as well as the perception of how the change process of managed. This shows that the effective management of the change process proves to be essential in the reception of organizational change.

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A Appendix

Data Structure - Context

Org. Level	2nd Order Theme	1st Order Concept
Strategic	Managing transformation from scale-up to enterprise	Increasing need for processes & structure as organization grows
		Need to shift towards a more enterprise-style organization
		Moving towards top-down goal setting & prioritizing
	Context-specific challenges in transformation	Desire to use available resources more efficiently on strategically important activities
		Cultural history of a startup
		Problems with Tech & Product collaboration at multiple levels
		Strong role of Product
		Unclear accountability & leadership between Tech & Product
		Lack of ownership in previous organization
		Diverging goals & objectives between Technology & Product
		Domain & Customer knowledge housed mainly in Product
		Need for business domain knowledge in Technology
		Need to become more closely aligned with customer needs & value
Tactical	Shared context in organizational transformation	History of organizational change
		Adding processes & structure as organization grows is necessary
	Sensemaking to align with transformation	Previous way of coordinating between Product & Technology seen as suboptimal
		Aligning product development model with organization's goals
		Problems with Tech & Product collaboration in the old structure
		Lack of single point of contact in R&D
		Increase in accountability & responsibility
Operational	Common understanding of change	Startup history and culture
		Growth requires a change in structure and processes
	Making sense of new ways of working	Increasing need for efficiency and prioritizing
		Realigning structure and roles towards enterprise organization
		Product and Technology collaboration
		Clarifying accountability between PO and TL
		Bringing technology closer to customer context

Data Structure - Process

Org. Level	2nd Order Theme	1st Order Concept
Strategic	Cultural boundaries	Regulatory environment shapes negotiation process
		Observing internal change process
		Change negotiations influenced by company culture
	Change philosophy	Change is seen as iterative process
		Episodic change is a foundation for future improvement
		Following change success
		Change process: scope of change hinders following its progress
		Change process: mitigating change uncertainty
		Change process: perceived mistake made during process
		Change ongoing
		Change ongoing (NDF)
Tactical	Sensemaking & strategic ambiguity	Intermediary to the team
		Change negotiations were a period of uncertainty
	Change philosophy	Feedback gathered during negotiations
		Perceived lack of support for MM
		Change is still ongoing
		Communication about not laying off people helped in reassuring employees
		Changes to plans made during negotiations made change more appealing
Operational	Dual role of middle manager	Change process went according to company values
		Company culture influenced change process
	Change commitment & readiness positive	Information gaps and definition vacuums contribute to change uncertainty
		Definition vacuums lead to diverging outcomes across organization
		Initial reaction to change was confusion
		OC causes uncertainty
		Change process differed from past experiences
	Change commitment & readiness negative	Past personal experiences with other organizational changes negative
		Collaborative process makes period of uncertainty longer
		Implementing change requires active follow-up

Data Structure - Content

Org. Level	2nd Order Theme	1st Order Concept
Strategic	Shared sensemaking	cal
	Context & practice changes	Former Product roles moving to Technology facilitate E2E value creation
		PA brings customer perspective to Technology function
		Structural changes to reduce interorganizational dependencies
		Process & Role changes to support E2E ownership
		EM is solely accountable for development teams' output
Tactical	Shared sensemaking	Changes in practices
	Context & practice changes	Changes in scope
		Little to no changes perceived for development team members
		Role unclarity? Previously PA role unclear
		PA role taking on some duties from EM or ED
Operational	Practice changes	Changes in daily work mostly NDF related
	Context & practice changes	Smaller scope of work in new organization
		NDF provides visibility and transparency