

Changes in the power balance of institutional logics: Middle managers' responses

Journal of Management & Organisation, published online 27 December 2017, DOI:
10:1017/jmo.2017.72

Trude Høgvold Olsen

UiT The Arctic University of Norway, Harstad, Norway

Elsa Solstad

UiT The Arctic University of Norway, Harstad, Norway

Final draft post refereeing

Changes in the power balance of institutional logics: Middle managers' responses

Suggested running head: Changes in the power balance of institutional logics

Word count: 6756

Abstract

The purpose of this paper is to explore how middle managers respond when an existing institutional logic is reinforced through radical organisational change. We analyse documents and interviews with middle managers in three public sector contexts (hospitals, upper secondary schools, municipal agencies) in which the power balance between the managerial and professional logics changed through mergers. Contrary to expectations from previous research, we found a variety of responses across contexts. Our data suggest that the middle managers chose whether to acknowledge available information about the managerial logic, and that they either accepted or rejected the new power balance between the logics. There were two different ways of accepting the new power balance: by showing loyalty or through resignation. Its rejection took the form of strategically adhering to the managerial logic as a novice, even though a middle manager were, or should have been, familiar with this logic.

Keywords: Institutional logics, power balance, middle manager responses, multi-context study

Introduction

Many organisations are hosts for diverging institutional logics (Battilana & Dorado, 2010; Besharov & Smith, 2014; Greenwood, Díaz, Li, & Lorente, 2010; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Jay, 2013; Pache & Santos, 2013; Reay & Hinings, 2009). Institutional logics are ‘the socially constructed historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity’ (Thornton, Ocasio, & Lounsbury, 2012, p. 51). Institutional logics are powerful because they guide perceptions and behaviour in organisations. For managers it can be challenging to cope with diverging institutional logics (Greenwood et al., 2010; Greenwood et al., 2011) because they must balance different expectations of how they should perceive practice, diverging values, and norms of behaviour. The meeting between diverging institutional logics takes on various forms in different organisations, suggesting that there are several contexts for multiple institutional logics (Besharov & Smith, 2014; Pache & Santos, 2013).

As organisations and organisational members learn to live with such diversity, they establish practices based on the norms and values of diverse institutional logics. When individuals work continuously with diverging logics, we would expect that over time, they would clarify the relative strengths of the logics (Reay & Hinings, 2009). When organisations implement organisational change in order to adapt to changing environments, the relative strengths of these logics may be challenged and may affect the dominant values, norms and practices of the organisation. For example, Kitchener (2002, p. 391) claimed that mergers between professional organisations have emerged as a strategy ‘to repress the prevailing institutional logic and structures of professionalism... [by adopting] certain managerial innovations to maintain organisational legitimacy.’ This suggests that mergers are carriers of

institutional logics that will affect the organisations implementing them. In other words, mergers are not value neutral, but instead are ‘infuse[d] with values’ (Selznick, 1957, p. 17).

While Kitchener’s (2002) study proposed a model of organisational outcomes, it did not show how the actors in the organisation handled the multiple institutional logics or how these materialised in their day-to-day work. Although recent studies have focused on how individuals handle the multiplicity of logics in their day-to-day work (McPherson & Sauder, 2013) and how new logics materialise in new fields (Lindberg, 2014), there have been calls for more empirical studies of ‘how individuals get exposed to institutional logics and how they relate to them’ (Pache & Santos, 2013, p. 5).

In this paper, we build on previous research and explore how middle managers cope with a situation in which one logic is reinforced through radical organisational change. In our study, a professional logic and a managerial logic coexisted in the pre-merger organisations. A professional logic is based on values developed through education and practice in a profession (Exworthy & Halford, 1999; Freidson, 2001), for example, by medical doctors, nurses and teachers. Thus, the professional logic is closely related to professional identity and will affect how the individual should act (Lok, 2010). A managerial logic, on the other hand, is based on efficiency demands and often coexists with professional logics as, for example, in the healthcare sector (Arman, Liff, & Wikström, 2014; Kristiansen, Obstfelder, & Lotherington, 2015). The mergers we studied were based on a managerial logic with a focus on cost-efficiency. Through the mergers, one of the logics in the pre-merger organisation, the professional logic, came under pressure. In the process of a merger’s implementation, negotiation and translation into action, the perceptions and behaviours of middle managers are important because of their position as two-way windows (Llewellyn, 2001). Therefore, middle managers’ perceptions of the reinforcement of one of the institutional logics represent an interesting context for our study. More specifically, we ask: How do middle managers

respond to a situation in which an existing institutional logic is reinforced through radical organisational change?

We structure this paper as follows: first, we discuss the literature on individuals' responses to diverging institutional logics, in order to develop expectations to our findings in the specific context of public sector mergers. Second, we describe our research methods. Third, we present our data. Finally, we analyse and discuss our findings and draw conclusions.

Individuals' responses to diverging institutional logics in organisations

Studies of individual responses to coexisting institutional logics have categorised responses in various ways. For example, a recent review differentiated between responses that consider only one of the logics, for example ignorance, compliance and defiance, and responses that consider both logics, for example compartmentalisation and combination (Pache & Santos, 2013). Ignorance is a response characterised by individuals lacking information and knowledge about a particular institutional logic and who therefore do not respond to it. Compliance, on the other hand, refers to situations in which the individual fully adopts the values, norms, and practices inherent in the logic. Defiance is different from ignorance in that it describes a conscious rejection of the logic. This conscious rejection can be explained by disagreement with the values, norms and practices inherent in the logic. Compartmentalisation means that individuals adhere to the different logics across time and for various issues attempting to 'purposefully [segment their] compliance with competing logics' (Pache & Santos, 2013, p. 13). Combination refers to situations in which individuals blend the values, norms and practices of the different competing logics either by selective coupling of elements from each logic or by creating new logics (Pache & Santos, 2013).

Mergers are an interesting research setting for studying how actors handle diverging logics. In mergers, divergent logics become apparent in the post-merger phase. The outcomes of these processes may differ, for example by reinforcing the dominance of the institutional logic of one of the pre-merger organisations (Randall & Procter, 2013). Randall and Procter (2013) showed how one logic was dominant in the context of a merger between two governmental departments that had different institutional logics. In their study, managers from the pre-merger organisations had divergent perceptions about material practices. However, in our study, both the managerial and the professional logics were present in all pre-merger organisations but the power balance between the logics were altered because of the merger. Our study contributes to our knowledge of how individuals respond to diverging logics by describing a pre-merger context that differs from that in Randall and Procter's (2013) study.

Kitchener (2002) argued that mergers reinforce the logic of managerialism in professional bureaucracies. In other words, mergers are infused with values that individuals adhering to the professional logic do not acknowledge as important organisational values, norms and practices. The consequences of mergers and other organisational changes initiated under a New Public Management agenda are, however, not always as expected, because the logic of professionalism is robust (e.g. Currie & Procter, 2005; Kitchener, 2002). While Kitchener (2002) focused on the antecedents, processes and implications of mergers in an organisational field, we focus on the post-merger organisation and how the middle managers responded to the new tension between the professional and managerial logics.

Middle managers are in a key position because they are expected to translate the institutional logics into action (McPherson & Sauder, 2013; Sharma & Good, 2013; Thornton et al., 2012). Thus, the choice of the middle manager as the unit of analysis is interesting and relevant when the aim is to understand responses to a situation in which an institutional logic is reinforced through a merger. Studies of the micro-processes of translating institutional

logics have focused on day-to-day work (McPherson & Sauder, 2013). Sharma and Good (2013) focused on a situation in which a new logic was introduced in an organisation, but without major structural organisational change. A radical organisational change such as a merger may introduce new institutional logics or reinforce one of the existing institutional logics in an organisation. When a radical change is introduced, it is likely that the balance between the coexisting logics will be disturbed, requiring a new 'order' to be negotiated.

Middle managers cope with conflicting expectations of what to prioritise during the implementation of planned organisational changes (Balogun, 2003; Balogun & Johnson, 2004; Floyd & Wooldridge, 1997; Huy, 2001, 2002; Meyer, 2006; Wooldridge, Schmid, & Floyd, 2008). For example, Bryant and Stensaker (2011) discussed how middle managers deal with competing roles by championing the change or finding themselves talking about the change without supporting or believing in it. This implies that middle managers may perceive the meeting between diverging institutional logics in the context of organisational change as more or less conflicting (Johansen, Olsen, Solstad, & Torsteinsen, 2015). In order to believe in or support a change, they need to understand the content and the implications of that change. This may be difficult when the change in question is the carrier of an institutional logic to which they do not adhere.

Studies of individual responses have rarely explained why individuals choose, or by sheer coincidence, show the response reported (Besharov & Smith, 2014). Pache and Santos (2013) proposed a model of individual-level responses to competing logics that builds on three different degrees of individuals' adherence to a logic: novice, familiar and identified. Novices to an institutional logic have 'no (or very little) knowledge or information available of this logic' (Pache & Santos, 2013, p. 9). Middle managers in professional organisations may be novices to the managerial logic if they have never been exposed to it or if they are so strongly tied to the professional logic that they are blind to alternative logics and practices

(Pache & Santos, 2013). Middle managers may be familiar with an institutional logic if they have knowledge about it but have not developed strong ties to it (Pache & Santos, 2013). In this situation, the middle managers will not automatically activate the logic in their practice. A middle manager who is 'identified with a given logic is one for whom the logic is available and highly accessible and is therefore likely to be activated' (Pache & Santos, 2013, p. 10). This implies that when middle managers identify with a given institutional logic, the logic will strongly affect their behaviour.

The middle managers in our study were professionals who, through their education and work practice, had been socialised into a professional logic. They had all been managers in their organisations for several years before the mergers took place and had therefore had to relate to the managerial logic as well. In accordance with Pache and Santos's (2013) typology, we assumed that the middle managers in our study would identify themselves with the professional logic but would be familiar with the managerial logic, and that their responses would be characterised as compartmentalising the two logics.

Research methods

Middle manager responses to diverging institutional logics have been studied in a single context (Kitchener, 2002; Nicolini, Powell, Conville, & Marinez-Solano, 2008; Randall & Procter, 2013; Reay & Hinings, 2009). However, as Randall and Procter (2013) noted, responses may diverge between studies depending on the context. Recent conceptual studies have noted that the characteristics of meetings between institutional logics vary in complexity and potential for conflict (Besharov & Smith, 2014; Pache & Santos, 2013). This suggests that research design should allow for the exploration of middle manager responses across contexts.

In this paper, we draw on data from three independent case studies on merger implementation. The middle managers' perceptions and responses to diverging institutional logics were not the original focus of these studies, but emerged as important when we worked on the analysis of these separate data sets. We were inspired by Langley et al. (2012), who built on independent case studies of mergers in order to develop a better understanding across contexts. The mergers are illustrative of the mergers currently being implemented in the Norwegian public sector, and are drawn from large and cost-intensive public organisations in Norway: hospitals, upper secondary schools and municipal agencies. In the documents that were used as the basis for the merger decisions, the rhetoric was mainly around larger entities being more cost-effective.

We draw on data from 17 interviews with middle managers across contexts. All interviewees were middle managers in the pre-merger and post-merger organisations. The hospital data came from a study of a merger between three independent local hospitals as part of a national reform. The study was limited to one clinical department located at all three pre-merger hospitals. In this paper, we draw on data from six interviews with clinical department managers (two at each location). All interviewees had been middle managers in the pre-merger departments. The interviews provided data describing these middle managers' responses to the merger initiative.

The upper secondary school data came from a study of two mergers introduced as a cost-saving strategy. One of the mergers involved the merger of one large and one small school. The other merger involved three schools of equal size. In this paper, we draw on data from interviews with the two principals in the two post-merger schools at two different points in time (a total of four interviews). Both had been principals in one of the pre-merger schools. The interviews provided data describing these middle managers' experiences of the merger.

The agency data was drawn from a study of two consecutive organisational changes in a municipality, the second of which involved seven mergers between independent agencies (elementary schools and kindergartens). In this paper, we analyse the data collected through interviews with all seven post-merger agency managers. All seven had been agency managers in one of the pre-merger agencies. The interviews provided data describing their understanding of the mergers and their new role in the merged organisations.

The objectives of all the mergers were efficiency objectives articulated at the political level, as shown in Figure 1. The efficiency objectives were related to smarter ways of organising work, i.e. the number of employees was not to be reduced, but existing employees were to work in a smarter and more efficient way. This reinforced the managerial logic.

Insert Figure 1 here

The main criterion for defining a middle manager in this study was his or her function (Wooldridge et al., 2008) in implementing the merger. The middle managers in our studies were responsible for implementing the mergers at their operative core. The interviewees' hierarchical positions were comparable, as can be seen in Figure 1. All the middle managers in our studies had the same professional background as the employees they were tasked to manage. In the hospital, they were medical doctors and nurses, while in the upper secondary schools and agency mergers they were teachers. All the interviewees had been middle managers in the pre-merger organisations. One difference between the cases related to the degree to which the middle managers participated in the daily work of their organisational unit: in the hospitals, the middle managers were doctors and midwives who undertook daily clinical work in their departments and were 'part-time' middle managers; in the schools (at all levels) and kindergartens, however, the middle managers did not teach.

In each study, we collected the data through semi-structured interviews conducted within one year of the mergers. The interview protocols included themes covering the mergers' objectives and processes, and the expectations and interpretations of the new middle manager role in the merged organisation. For example, we asked the interviewees to describe the objectives of the mergers (the managerial logic) and how they perceived their role in the merged organisation (the handling of the coexistence of the managerial and the professional logics). The interviews lasted between 1.5 and 2 hours, and were tape-recorded and transcribed verbatim.

For the purposes of this study, we re-analysed the interview transcripts with a specific focus on how the middle managers described the meeting between the managerial and the professional logics in the merged organisation and how they responded. Our point of departure was the interviewees' descriptions of how their work had changed as a result of the mergers. Such descriptions can explain whether and how institutional logics affect behaviour; that is, how they materialise in practice (Thornton et al., 2012). We linked descriptions relating to involvement in professional work, such as attending to medical and pedagogical issues and professional development, to the professional logic. Descriptions of work tasks, such as management control to secure cost-effectiveness and other aspects of managerial work, were linked to the managerial logic.

Further, we developed a coding scheme that allowed us to identify (1) how the middle managers responded, and (2) how they perceived the balance between the logics post-merger. The coding scheme included individual responses to diverging logics as described in the literature: ignorance, compliance, defiance, compartmentalisation, and combination (Pache & Santos, 2013). In contrast with what we expected, the descriptions of the responses varied more than the Pache and Santos (2013) typology suggested. This led us to explore whether the middle managers' adherence to the two logics could be fully understood in terms of the

knowledge and information about a logic available to actors. Our findings indicated that adherence or commitment to one logic or the other could be related to the interviewees' understanding of the new power balance between the two logics. The merger rhetoric that highlighted efficiency objectives reinforced the managerial logic in all contexts, but we identified three different ways of relating to the managerial logic in this situation: 'opposing', 'loyalty' and 'resignation' (see Figure 2). Data implying an 'opposing' response were related to interviewees' use of words that suggested conflict between the logics, such as 'defend', 'fighting' and 'abuse of power'. A 'loyalty' response indicated that interviewees were making the best of the situation and was related to their use of words suggesting acceptance of and loyalty to the reinforced managerial logic, such as 'obligated to implement' and 'pragmatic attitude'. A 'resignation' response indicated that interviewees were having to put up with the situation and was related to their use of words suggesting acceptance but resignation rather than loyalty, such as 'that's a pity' and 'learn to live with it'.

Insert Figure 2 here

After the initial coding, both authors worked through the data together, discussing the appropriate coding in order to ensure consistency. First, we reviewed the interview data from the three independent studies. We then compared and contrasted the data sets by analysing the relationship between the middle managers' descriptions of the situation and their responses.

We followed the guidelines for research ethics. All interviewees had agreed to participate, the information they provided was treated confidentially, and it is not possible to identify the participants in the published work.

Within-case analysis

Middle managers may adhere differently to various logics (Pache & Santos, 2013). In our study, the middle managers had handled the coexistence of a professional logic and a

managerial logic before the merger. The mergers represented an organisational change with an efficiency focus determined at the political level and followed up by top management. The mergers were infused with values, norms and practices relating to the managerial logic, with the top management changing their expectations of their middle managers. We anticipated that our interviewees would identify themselves with the professional logic because they were trained professionals, but that they would be familiar with the managerial logic inherent in the mergers because they had served as middle managers for some time. However, our findings show a wide variety of responses. We present our data by showing how the middle managers described their post-merger work and their subsequent responses to the new balance between the two logics. In doing so, we show that the middle managers' responses can be explained by how they described their daily work when one of the existing logics in the organisation was reinforced through the mergers.

The hospital merger

The middle managers in the hospital merger described their new work situation by highlighting the conflict between the managerial logic inherent in the merger's rhetoric and practice, and their professional logic. They painted a picture in which they categorised the actors in the merger clearly as 'them' or 'us.' 'They,' in the middle managers' eyes, were the top management and those adhering to the managerial logic. 'We' included the health professionals:

They make decisions that they impose on us, and they don't ask what we would like. And we are supposed to accept it. (Middle manager, hospital)

They [the managerial team] made some unpleasant suggestions [earlier]... It felt like unjust treatment. I am over it now, but it was very difficult then.

(Middle manager, hospital)

The major decisions came from ‘them’, and as the quotes indicate, the middle managers strategically distanced themselves from these decisions. Their quotes describe their experience of a significant gulf between decisions based on the managerial logic and the work as defined by the professional logic. They describe their daily work situation as being so busy that others had to take over responsibility for their non-professional tasks. Our interpretation is that the middle managers were protecting their professional work in a situation in which the focus was on cost effectiveness:

During our busy day of work, we don’t have the time, the opportunity, or the energy to fight and to defend our rights. (Middle manager, hospital)

To me, it was a paradox; it looked terrible. I was very negative, and I was negative towards the work of the managerial team. (Middle manager, hospital)

These quotes indicate that their daily work rooted in the professional logic was so consuming that there was no time left for tasks related to the managerial logic. We interpret this response as ignorance (Pache & Santos, 2013) of the managerial logic.

In our data, we also identified responses that we interpret as defiance (Pache & Santos, 2013) of the managerial logic. The following quotes show that interviewees consciously opposed the new power structure in the hospital by criticising the resource allocation, not participating in meetings with the top management team and not accepting decisions from the top management team. We interpret this as a situation in which the managerial logic decided the agenda but the middle managers withdrew from the managerial logic.

But what happens? Instead of three administrative directors, we got nine.

Nothing in the organisation was growing as fast as the administration, and

that was not for free. It became incredibly expensive and cumbersome.

(Middle manager, hospital)

I participated in the first meetings until I realised that I didn't belong there.

(Middle manager, hospital)

To me it was an abuse of power. The CEO told us that we just had to comply with this. But there was no way we could accept it. (Middle manager, hospital)

The managerial logic inherent in the merger created too many problems, according to the middle managers, because it sparked conflict between the managerial and professional logics in terms of how to run a hospital.

It was just a waste of time. It was only glossy words from top management that it would not be possible to implement. (Middle manager, hospital)

I am afraid that we will have to continue fighting. (Middle manager, hospital)

I lost respect for the CEO. (Middle manager, hospital)

It seems that the middle managers were prepared for continued conflict in order to defend the professional logic. We interpret this as defiance (Pache & Santos, 2013) of the managerial logic.

Summarising the middle managers' responses to the reinforced managerial logic in the hospital study, we see that they were '*opposing*' the top management team, whom they saw as reinforcers of the managerial logic. Nor, in accordance with their responses, did they materially change their practices to support the merger's managerial logic. The middle managers *ignored* and *defied* the messages and decisions produced by the managerial logic. In doing so, they defended the professional logic.

The upper secondary school mergers

The middle managers in the upper secondary school mergers described their new work as having to perform both managerial and professional tasks. Even though this situation following the mergers was not a new one, the reinforced expectations of top management focused the middle managers on managerial tasks at the cost of professional tasks. The geographical distance between the departments of the post-merger organisation challenged the coordination of professional tasks and affected middle managers' experience of the new power balance between the logics. The following quotes illustrate this new power balance:

I would like to be involved in this new course we have established at this school. And I think that this would be beneficial for the organisation... but I simply don't have the time and resources to do that. (Middle manager, upper secondary school)

Geographically, the schools are located at a distance from each other. This creates physical distance between the principal and some of the teachers... Of course, [the geographical distance] makes it more difficult to establish close cooperation between the teachers. (Middle manager, upper secondary school)

As these quotes show, it seems that the middle managers accepted the situation and adopted the premise of the managerial logic at the cost of their professional work. Both interviewees accepted that this was challenging, but solvable. We interpret this as compliance (Pache & Santos, 2013) with the reinforcement of the managerial logic.

The middle managers tried to balance the two logics even though they found it challenging. They did this by, for example, assuring teachers that their pedagogical assessments were still important even though they as their principal had new roles and tasks in the post-merger school. Even though the interviewees described themselves as lacking

authority, they saw themselves as representatives of the reinforced managerial logic through their position as principals. We interpret this as a combination (Pache & Santos, 2013) of the two logics.

I have had to face the situation [even though I haven't had the authority].

(Middle manager, upper secondary school)

I talk to the employees all the time. I have also used my breaks for that. The teachers approach me during my breaks. (Middle manager, upper secondary school)

I feel obligated to implement [the merger], but at the same time, I feel loyalty to this [pre-merger] school and the values and traditions of this school.

(Middle manager, upper secondary school)

I have a pragmatic attitude towards that. When the decision is made, it is my job to implement it. (Middle manager, upper secondary school)

The responses of the middle managers in the upper secondary school reflect an active role in which they made the best of the new situation, and we label this '*loyalty*'. This means that they accepted the reinforcement of the managerial logic (*compliance*) and at the same time took active measures to attend to the professional logic (*combination*).

The agency mergers

The middle managers in the agency mergers described the new situation by pointing to the increase in their work tasks. Their accounts described resignation rather than active resistance to the merger. The mergers increased the geographical distance between the middle manager and the professionals. Thus, in a sense the middle managers also moved physically further away from the professional logic and closer to the managerial logic. As a result, the

managerial logic reinforced through the merger brought many new tasks to the middle manager's table, making it necessary for them to delegate work tasks:

Neither my employees nor I predicted that we would see each other as rarely as we do. I can't get to know all my employees equally well. I think that's a pity. (Middle manager, municipal agency)

Necessity is the mother of invention ... [my employees] get new tasks; they have to take responsibility. (Middle manager, municipal agency)

Interestingly, the middle managers accepted that they had to take responsibility for the increased managerial tasks and delegate responsibility for their professional tasks. However, despite their acceptance of the need to delegate tasks, the middle managers pointed to difficulties in putting it into practice. We interpret these responses as compartmentalisation (Pache & Santos, 2013), in the sense that the middle managers accommodated the managerial logic while the teachers accommodated the professional logic:

I just have to realise that this is the way it is. I have to make sure that I have good department managers who take care of the employees. (Middle manager, municipal agency)

I have to learn to live with having less control. I realise that, but I can't completely cope with it. I know I have to do it. But actually doing it is difficult. (Middle manager, municipal agency)

Even though the interviewees seemed to accept the post-merger situation, they expressed frustration about having to deal with the new work situation characterised by the reinforcement of the managerial logic:

I have other work conditions. That's just the way it is. (Middle manager, municipal agency)

I don't know what to do. I don't know how to do it. I don't know how to solve it. I have no answer to that. (Middle manager, municipal agency)

I have to make the best of it. I have to accept it and move forward. The alternative is to find myself another job. (Middle manager, municipal agency)

These quotes illustrate the difficulty middle managers had in operationalising or putting into practice the managerial logic. We understand these responses as compliance (Pache & Santos, 2013) with the managerial logic even though the middle managers did not have all the solutions at the time.

The data show that the middle managers in the agency mergers were ambivalent about the reinforced managerial logic. We label this as '*resignation*' describing a situation in which the interviewees had to put up with the managerial logic. On the one hand, they accepted the situation, while on the other they did not always succeed in changing their managerial behaviour in the direction they saw fit. For example, they acknowledged the need to delegate tasks (both administrative and professional), but described how they sometimes had difficulties doing this in practice. These responses relate to *compliance* with the managerial logic in some situations, and in other situations, to *compartmentalisation*.

Summarising the within-case analysis

We found that the middle managers' responses varied across contexts. The within-case analysis leaves us with two questions that seem worthy of further exploration. First, there is the question of adherence to a logic. Pache and Santos (2013) assume that we can use objective criteria in order to understand an actor's adherence to a logic. Our data lead us to ask whether actors strategically chose to adhere to a given logic. Second, there is the question

of the understanding of the new power balance between the two logics. In our data, this understanding varied across contexts, from conflict to acceptance. In the following between-case analysis, we discuss whether this could explain how the actors adhered to the reinforced logic.

Between-case analysis

According to Pache and Santos's (2013) typology, our finding of diverse responses across contexts indicates that the middle managers adhered to the managerial logic in different ways. Pache and Santos (2013) classify adherence to a given logic on the basis of the amount of knowledge or information of the logic available to the actor. Our data, however, suggest that middle managers strategically choose how to relate to the available knowledge and information about different logics in situations in which the power balance between the logics changes.

Acknowledging available knowledge about a logic or not

The responses of the middle managers in the hospitals matched those that Pache and Santos (2013) linked to situations in which middle managers have little or no information or knowledge about the managerial logic. This is intriguing because these middle managers had, through their managerial work, been exposed to the expectations of managerial logic for several years before the merger. However, it is possible that the middle managers themselves chose to adhere to the professional logic because they have a strong professional identity (Lok, 2010). Thus, they may have strategically chosen to distance themselves from the managerial logic reinforced through the mergers. This is clearly shown in the quotes in which they distinguish between 'we', the professionals, and 'them', the management. The middle managers were formally members of the hospital management team, while at the same time they also undertook daily clinical work in their departments. This means that they were exposed to the expectations of the professional logic in their everyday work. Our data suggest

that by ignoring and defying the managerial logic they reinforced the professional logic even though the merger rhetoric reinforced the managerial logic. This finding is in line with the findings of other health sector studies (Currie & Proctor, 2005; Kitchener, 2002). In other words, ‘logics do not exist per se but must be performed into being’ (Lindberg, 2014, p. 486).

In the upper secondary school study, the middle managers’ responses related to compliance with the managerial logic, somewhat at the cost of the professional logic but not in a way that ignored it all together. In some situations, as our data show, the middle managers found ways to combine the two logics in their daily work. According to Pache and Santos’s (2013) typology, this indicates that the middle managers in the upper secondary schools identified themselves with the managerial logic as well as the professional logic. Prior to the merger, these middle managers had been exposed to multiple cost-saving projects, implemented as a result of large deficits. The merger may have been interpreted as just another cost-saving project. Although the middle managers were rooted in the professional logic because they were teachers, they had been exposed to the managerial logic over time. Nor did they participate directly in professional work in the classrooms. This may explain why their responses differ from those in the hospital study. These middle managers seemed to pragmatically reinforce the managerial logic, focusing on how to find workable and reasonable solutions.

In the agency mergers, the middle managers responded as though they were familiar with the reinforced managerial logic while also identifying with the professional logic (Pache & Santos, 2013). The data showed that they compartmentalised the two logics by assigning professional and managerial work tasks in a way that allowed individuals to deal with only one of the logics. Further, similar to the upper secondary school study, these middle managers showed compliance with the managerial logic, but not at the cost of the professional logic. We

interpret this as a form of resignation to consecutive cost-saving projects, the merger being the final one for the time being.

Understanding of the new power balance between the two logics

These findings offer a nuanced explanation of middle manager responses to competing logics. This has been achieved by relating their responses to the altered, post-merger power dynamic between the logics, (see Figure 2). The interviewees described this new power balance as one of either conflict or acceptance. Those who described it as one of conflict took sides and opposed the reinforced managerial logic. Those who described an acceptance of the new power balance showed either loyalty or resignation to the reinforced managerial logic.

The middle managers who opposed the reinforced managerial logic described it negatively. We interpret this as conflict because in a conflict, it is expected that the actors will choose sides. This explains the responses of ignorance and defiance (Pache & Santos, 2013) of the managerial logic. The interviewees described this conflict as one in which the managerial logic intervened in their professional autonomy in a way that they could not accept. This meant that the middle managers opposed the managerial logic and ignored demands for changes in behaviour in support of the managerial logic. The quotes indicate that the middle managers were less willing to participate in the implementation of a merger that was clearly a carrier of an institutional logic to which they strategically did not and would not adhere. Their descriptions suggest an organisational climate in which it would be difficult to implement the efficiency objectives of the merger.

The middle managers who accepted the reinforced managerial logic described it as something to which they had to relate. They complied with both logics, although the power balance between the logics had changed. However, we found two different ways of complying with both logics. Resignation indicates that they saw the reinforced managerial logic as something

they had to put up with, although they did not like it. This was a passive form of acceptance because they did not make any effort to combine the logics. Instead they delegated those tasks attached to the professional logic to their employees, and took care of the tasks attached to the managerial logic themselves. This describes a response of compartmentalisation (Pache & Santos, 2013). Loyalty indicates that they saw the reinforced managerial logic as a given and something they had to accommodate. This was a more active acceptance, where they actively tried to find ways to combine the two logics.

Concluding remarks

We had assumed that the middle managers in our studies would identify with the professional logic. Further, we assumed that they would be familiar with the managerial logic because they had worked on tasks linked to both logics prior to the mergers. We summarize our study in three main findings: (1) individuals may choose whether to adhere to an institutional logic, (2) individuals may understand the new power balance between institutional logics in different ways and (3) individual responses across public sector contexts differ. Our findings have been able to contribute further nuances of understanding to existing frameworks of individual responses to diverging logics by focusing on middle managers across multiple contexts in situations in which one of the logics has been reinforced through a merger.

One explanation for these findings relates to how we categorise individuals' adherence to a given logic. Pache and Santos (2013) suggested that we can use the objective criteria of knowledge and information availability. An interesting finding in our study is that middle managers might strategically adhere to the logic as a novice. This indicates that they actively chose not to use aspects of the information and knowledge available. As McPherson and Sauder (2013) demonstrated, individuals exposed to a multiplicity of logics may deliberately choose which logic to adhere to in various situations. For example, we may find situations in which people will insist on being a novice to a new logic, even though objective criteria may

suggest that they are familiar with it. A limitation of our study is that we draw on three independent case-studies within one year after the mergers, and we would encourage further research that specifically explore whether and how individuals strategically navigate between logics over time.

Although the implementation of a merger is intended to reinforce the managerial logic, our study showed that during implementation the opposite may happen. In line with previous research (e.g. Currie & Procter, 2005; Kitchener, 2002; Pettersen & Solstad, 2014), in our hospital study we found responses among the middle managers that reinforced the professional logic. However, our study also showed that the implementation of mergers in the public sector may have different consequences in different contexts. A strength of our study is that we analysed data from independent studies of mergers in the public sector and were able to identify nuances in the responses of middle managers across contexts. We found that middle managers responded differently to the diverging logics, although the following issues were similar across the mergers: the point of departure was cost-efficiency, and the middle managers involved identified with the professional logic. In our study, we treated the professional logic as though it was one entity. However, our findings demonstrate that the professional logic may vary in strength in various contexts. In the schools and kindergartens, it seems that there was less tension between the professional and managerial logics than there was in the hospital. This implies that responses to mergers in hospitals cannot necessarily be used to understand responses to mergers in schools and kindergartens, and vice versa. Our study included only three public sector contexts, and more research is needed that takes the diversity of the public sector into account when exploring changes in the power balance between institutional logics.

Our findings have implications for managers and policymakers when planning for, making sense of and managing reactions to, major organisational changes such as mergers.

One lesson to learn from our research is that responses to a changing power balance between institutional logics could be strategic. It is important for change agents to take this into account in order to understand, for example, resistance to change. Another implication of our findings is that strength of professional identity seems to vary across professional groups. This could explain why medical doctors and nurses at the hospital struggled to maintain the power of the professional logic, while teachers in the secondary schools and agencies accepted the managerial logic as an integral part of their work.

References

- Arman, R., Liff, R., & Wikström, E. (2014). The hierarchization of competing logics in psychiatric care in Sweden. *Scandinavian Journal of Management*, 30(3), 282–291.
- Balogun, J. (2003). From blaming the middle to harnessing its potential: Creating change intermediaries. *British Journal of Management*, 14, 69–83.
- Balogun, J., & Johnson, G. (2004). Organizational restructuring and middle management sensemaking. *Academy of Management Journal*, 47(4), 523–549.
- Battilana, J., & Dorado, S. (2010). Building sustainable hybrid organizations: The case of commercial microfinance organizations. *Academy of Management Journal*, 53(6), 1419–1440.
- Besharov, M. L., & Smith, W. K. (2014). Multiple institutional logics in organizations: Explaining their varied nature and implications. *Academy of Management Review*, 39(3), 364–381.
- Bryant, M., & Stensaker, I. (2011). The competing roles of middle management: Negotiated order in the context of change. *Journal of Change Management*, 11(3), 353–373.
- Currie, G., & Procter, S. J. (2005). The antecedents of middle managers' strategic contribution: The case of a professional bureaucracy. *Journal of Management Studies*, 42(7), 1325–1356.
- Exworthy, M., & Halford, S. (1999). Professionals and managers in a changing public sector: Conflict, compromise and collaboration? In M. Exworthy & S. Halford (Eds.), *Professionals and the new managerialism in the public sector* (pp. 1–17). Buckingham, UK: Open University Press.
- Floyd, S. W., & Wooldridge, B. (1997). Middle management's strategic influence and organizational performance. *Journal of Management Studies*, 34(3), 465–485.
- Freidson, E. (2001). *Professionalism: The third logic*. Cambridge, UK: Polity Press.
- Greenwood, R., Díaz, A. M., Li, S. X., & Lorente, J. C. (2010). The multiplicity of institutional logics and the heterogeneity of organizational responses. *Organization Science*, 21(2), 521–539.
- Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. (2011). Institutional complexity and organizational responses. *Academy of Management Annals*, 5(1), 317–371.
- Huy, Q. N. (2001). In praise of middle managers. *Harvard Business Review*, 79(September), 72–79.
- Huy, Q. N. (2002). Emotional balancing of organizational continuity and radical change: The contribution of middle managers. *Administrative Science Quarterly*, 47(1), 31–69.

- Jay, J. (2013). Navigating paradox as a mechanism of change and innovation in hybrid organizations. *Academy of Management Journal*, 56(1), 137–159.
- Johansen, S. T., Olsen, T. H., Solstad, E., & Torsteinsen, H. (2015). An insider view of the hybrid organisation: How managers respond to challenges of efficiency, legitimacy and meaning. *Journal of Management and Organization*, 21(6), 725–740.
- Kitchener, M. (2002). Mobilizing the logic of managerialism in professional fields: The case of academic health centre mergers. *Organization Studies*, 23(3), 391–420.
- Kristiansen, M., Obstfelder, A., & Lotherington, A. T. (2015). Nurses' sensemaking of contradicting logics: An underexposed aspect of organizational work in nursing homes. *Scandinavian Journal of Management*, 31(3), 330–337.
- Langlely, A., Golden-Biddle, K., Reay, T., Denis, J. L., Hébert, Y., Lamothe, L., & Gervais, J. (2012). Identity struggles in merging organizations: Renegotiating the sameness–difference dialectic. *Journal of Applied Behavioral Science*, 48(2), 135–167.
- Lindberg, K. (2014). Performing multiple logics in practice. *Scandinavian Journal of Management*, 30(4), 485–497.
- Llewellyn, S. (2001). 'Two-way windows': Clinicians as medical managers. *Organization Studies*, 22(4), 593–623.
- Lok, J. (2010). Institutional logics as identity projects. *Academy of Management Journal*, 53(6), 1305–1335.
- McPherson, C. M., & Sauder, M. (2013). Logics in action: Managing institutional complexity in a drug court. *Administrative Science Quarterly*, 58(2), 165–196.
- Meyer, C. B. (2006). Destructive dynamics of middle management intervention in postmerger processes. *Journal of Applied Behavioral Science*, 42(4), 397–419.
- Nicolini, D., Powell, J., Conville, P., & Marinez-Solano, L. (2008). Managing knowledge in the healthcare sector: A review. *International Journal of Management Reviews*, 10(3), 245–263.
- Pache, A. C., & Santos, F. (2013). Embedded in hybrid contexts: How individuals in organizations respond to competing institutional logics. In M. Lounsbury & E. Boxenbaum (Eds.), *Institutional logics in action, Part B. Research in the sociology of organizations*, 39B (pp. 3–35). Bingley, UK: Emerald.
- Pettersen, I. J., & Solstad, E. (2014). Managerialism and profession-based logic: The use of accounting information in changing hospitals. *Financial Accountability & Management*, 30(4), 363–382.
- Randall, J., & Procter, S. (2013). When institutional logics collide: Reinforcing dominance in a merged government department. *Journal of Change Management*, 13(2), 143–158.

- Reay, T., & Hinings, C. R. (2009). Managing the rivalry of competing institutional logics. *Organization Studies*, 30(6), 629–652.
- Selznick, P. (1957). *Leadership in administration*. New York, NY: Harper and Row.
- Sharma, G., & Good, D. (2013). The work of middle managers: Sensemaking and sensegiving for creating positive social change. *Journal of Applied Behavioral Science*, 49(1), 95–122.
- Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). *The institutional logics perspective. A new approach to culture, structure, and process*. Oxford, UK: Oxford University Press.
- Wooldridge, B., Schmid, T., & Floyd, S. W. (2008). The middle management perspective on strategy process: Contributions, synthesis, and future research. *Journal of Management*, 34(6), 1190–1221.

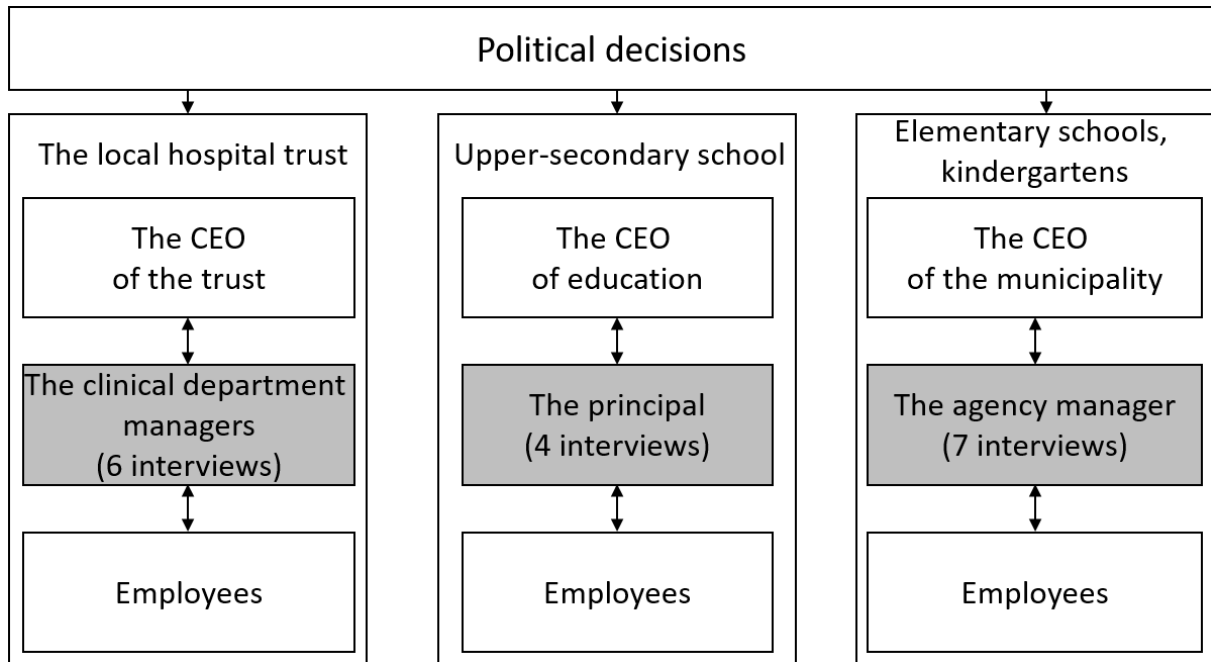


Figure 1. The middle manager.

	The new power balance between logics		Adherence to the reinforced managerial logic	Main responses
	Interviewees' words	Researchers' interpretation		
Hospital merger	'Unpleasant suggestions' 'Fighting' 'Defend' 'Look terrible' 'Negative' 'Abuse of power'	Conflict	Opposing	Ignorance Defiance
Upper secondary school mergers	'Obligated to implement' 'Information' 'Knowledge-sharing' 'Two-way process' 'Pragmatic attitude'	Acceptance	Loyalty: Make the best of it	Compliance Combination
Agency mergers	'That's a pity' 'That's just the way it is' 'Learn to live with it' 'I don't know what to do' 'They [employees] have to take responsibility'	Acceptance	Resignation: Have to put up with it	Compliance Compartmentalisation

Figure 2. Variation in responses across contexts.