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The absorbing and sharing of knowledge within consultant companies

A study of the upcoming challenges when applying the EU taxonomy

Master's thesis in Design and Construction Project Management

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Abstract

Consultant companies must remain competitive among competitors to maintain their position and survive in a market environment that has an ever-present change approach. Hence, consultant companies' services must be up to date, which requires constant absorbing and sharing of new knowledge within the whole organization. Furthermore, such a process entails changes to integrate the new knowledge within the exciting operational services which a consultant company offers. Change processes are complex and command a long time, in the case of a consultant company, that involves an additional challenge when the employees need to spend most of their time on billable projects to remain profitable, which limits the time for development and learning of new knowledge. This paper aims to explore challenges consultant companies encounter within a change process to absorb and share new knowledge. This is achieved through a case study, where the consultant company Ramboll aims to apply a new regulation to direct investments towards sustainable economic activities, called the EU taxonomy. Moreover, this paper aims to propose some recommendations on how to handle these challenges.

The interview findings from Ramboll's employees, combined with the theoretical framework revealed the presence of the exploration-exploitation dilemma, where the absorbing and sharing of knowledge becomes suffering because of the profitability. Further, it was discovered that the success of change processes, depends more on the commitment of the employee than on the company's absorptive capacity and that a lack of communication between divisions in Ramboll obstructs the learning of the EU taxonomy.

Keywords: Absorptive Capacity, Sharing of Knowledge, Change Processes, EU taxonomy

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1

Introduction

Change processes are complex processes that require a lot of effort from organizations and a long time before the change is integrated (Kotter, 1995). To commit a change may not be a process that companies choose to go through in the first place, but it is more about their survival in an ever-present business environment (Robyn & Cynthia, 2011; Todnem By, 2005; Kotter, 1995). Surprisingly, it is a fact that most change attempts fail; studies show that approximately 70 per cent of major organizational changes do not meet initial expectations (Oakland & Tanner, 2007; Todnem By, 2005). These failures can occur due to a variety of reasons, such as lack of vision, miscommunication of the vision or not planning for any short-term wins (Kotter, 1995). In addition, employees and their acceptance to the process are among the most difficult challenge, hence, most companies point out resistance as the main cause that forces the process slowly, or in the worst case, results in failure (Rajhans, 2009, Ford & Ford, 2010). Hence, it is important to have an organizational change strategy in order to avoid any potential pitfalls during the process, a strategy that includes employees from an earlier stage to take advantage of their experiences and consider their concerns before the change process comes into force. In this way, the company can expand the employees' motivation and work together towards a common goal. The organizational strategy should also take advantage of all the company's resources and assets, to be able to use it in a suitable way that suits the ongoing change process, since companies are frequently confronted with issues for which they are unprepared (Winter, 2003).

As mentioned before, change is an essential part to survival in an ever-present changing business environment. However, consultant companies, who have to offer business with the newest knowledge and research to stay competitive among its rivals, are more dependent of implementing change and development (Fosstenl kken et al., 2003). Clients expect consultants to be knowledge-intensive and presenting solutions that are up to date. Thus, consultant companies need to be customizable and continuously change their working methods to satisfy the clients. This is dependent on a companies ability to share knowledge within the company and absorb new external knowledge and generate it into competitive advantages, which are vital for the development of the company (Kostopoulos et al., 2011). Within a consultant company, this ability, called absorptive capacity, is applied in organizational processes to absorb, implement and create or reorganize services from new research or new regulations (Kostopoulos et al., 2011), as the EU taxonomy.

The EU taxonomy is a new regulation and a classification system with the purpose of directing investments towards sustainable economic activities. It constitutes a list of environmentally sustainable economic activities it will affect and will not only impact major companies within the EU but also minor companies (European Commission, 2021). However, the first edition of EU taxonomy does not affect all companies. For now, EU taxonomy targets financial institutions, as well as publicly quoted companies with more than 500 employees operated in nonfinancial industries, such as construction, education, art, etc (EU Technical Expert Group on Sustainable Finance (TEG), 2020). Companies covered by EU taxonomy will need to report their alignment with the EU Taxonomy in 2022. Hence, during 2022 companies within the scope of the EU taxonomy will need to undergo a change process to implement the EU taxonomy.

Although several authors state that absorbing and sharing of knowledge is an essential part of consultant companies (Fosstenlkken et al., 2003; Kostopoulos et al., 2011), the time consultants can spend on learning and sharing new knowledge is limited. In addition, the EU taxonomy is a rather new regulation, thus, the implementation of it in organizations becomes more complex when no guidelines exists.

2

The Case

2.1 EU taxonomy

In recent years there has been an increased interest in sustainable investments, as green obligations and bonds, especially among private investors. According to European Commission (n.d.(b)), the need of a common sustainable language is great to transversely compare the different sustainable activities, such as climate change mitigation and adaptation as well as the transition to a circular economy, etc. Therefore, a first edition of the European Union taxonomy for sustainable activities, henceforth named EU taxonomy, was released during 2021 (European Commission, n.d. (b)). EU taxonomy, according to Schütze et al. (2020) aims to standardize the criteria on what sustainable activities are. The EU taxonomy criteria are expected to cover activities which contribute up to 80 percent of Europe's total greenhouse gas emissions, to achieve a more transparent and comparable economic atmosphere that has sustainability among its top priority (Schütze et al., 2020).

With its compass, EU Taxonomy will provide companies, decision-makers, and investors guidelines to use their investments sustainably where they are needed, as well as protect them from greenwashing and a sea of different interpretations of sustainability. EU taxonomy will focus on industries with large emissions and climate impact, by identifying six different sustainable objects adapted to each industry on what the Taxonomy regulation requires for the various activities in the specific industry must meet (European Commission, n.d. (b)). The Taxonomy describes that an activity, to be considered sustainable, shall be defined by technical review criteria with measurement values and thresholds set out in delegated acts. However, the activity must not harm the other environmental objectives established by the EU taxonomy. In addition, the activity shall monitor the minimum safeguard to be considered as alignment with EU taxonomy. Minimum safeguards mean that activities must carry out the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (European Commission, n.d. (b)).

At present, the EU taxonomy is a complex regulation and comprehensive for many industries, even though, the first edition of the EU taxonomy does not affect all companies operating in the EU (TEG, 2020). A part of the EU taxonomy's complexity is the inclusion of different areas such as transport, energy, construction, real estate, etc. (European Commission, n.d. (a)). This complexity can cause difficulties to

understand the regulation, and this, in turn, will make the implementation harder. However, Ramboll (2021) claims that the EU taxonomy has business benefits for all companies, financial or non-financial, covered by EU taxonomy or not.

2.2 Ramboll Sweden AB

Ramboll Sweden AB is a consultant company, belonging to Ramboll Group A/S with the purpose to create sustainable solutions across the world (Ramboll Group A/S, n.d.). In Sweden, Ramboll operates within multiple industries such as transport, construction, energy, and management consulting (Ramboll Sweden AB, n.d.), which implies that Ramboll operates within several of the sectors covered by the EU taxonomy. Although Ramboll is covered by the EU taxonomy, reporting their alignment with the EU taxonomy does not imply that Ramboll's services have to include the EU taxonomy in their services. As mentioned, Ramboll has a great interest in being sustainable, which is confirmed by their business strategy of 2022, where they aim to be *“the partner of sustainable change”* and to let this be reflected in their external consultancy services and their own transition to a more sustainable company (Ramboll, n.d.).

Therefore, the implementation of the EU taxonomy within the organization provides an opportunity for an improved reputation and acknowledgment as a sustainable leader (Ramboll, 2021). Moreover, as mentioned, the regulation will direct investments towards sustainable economic activities, which means that the alignment with the EU Taxonomy will be vital for companies' access to financial capital (Ramboll, 2021). As a part of being a sustainable company, inclusion of the EU taxonomy is a requirement. Ramboll has started taxonomy related projects within some divisions, however, not every division has started to include the taxonomy within their services yet (personal communication C1, 2022-03-21). Therefore, Ramboll aims to apply the EU taxonomy within the whole organization to cover the gap between the different divisions in the matter of the EU taxonomy.

3

Purpose

Ramboll aims to be “*the partner of sustainable change*” according to their business strategy of 2022, to achieve that goal it is important to create an organizational change strategy, since organizational change is inextricably linked to organizational strategy, and vice versa (Todnem By, 2005). In addition, it is important that all employees understand the importance of the change, so that the whole organization operates in the same direction. Ramboll has a huge interest to align with the EU taxonomy since Ramboll (2021) claims that the EU taxonomy will benefit all companies no matter industry. To align with the EU taxonomy it is essential for companies to maintain a good sustainable reputation and have access to finance. Hence, to achieve the business strategy of 2022 and to apply the EU taxonomy within its working methods, Ramboll needs to perform a change process within its divisions. Change processes are difficult tasks, particularly in major organizations (Battilana & Casciaro, 2013). Moreover, to succeed with a change process it is highly recommended to have good change management, since the change process is a complex process that consists of many steps. According to Battilana and Casciaro (2013), in a large organization, the change process could be more complex since employees naturally oppose change initiatives.

Thus, it is interesting to examine and understand how a major company perform such a change process and which capacities an organization as Ramboll has to absorb and share new knowledges within its different divisions and employees. Furthermore, as the EU taxonomy can provide business opportunities for consultant companies, this study will examine the application of the EU taxonomy as a case study to understand how a consultant company could apply new services within the ongoing operational services of the company.

The study aims to answer the following questions:

- Which challenges will the consultant companies encounter within a change process to absorb and share new knowledge, as the EU taxonomy, within ongoing operational services?
- Furthermore, how can these challenges be handled?

3.1 Limitation

The study is limited to only examine the following characteristics of a change process; change agents, resistance and the steps of change processes. Moreover, the study will explore sharing of knowledge and absorptive capacities within a change process. The characteristics will be only be studied within the case, the appliance of the EU taxonomy within Ramboll. The impacts of the EU taxonomy change process are explored in general rather than in-depth examination of all criteria provided by the EU taxonomy.

4

Theoretical framework

The following chapter consists of organizational change theory regarding change processes, motivation, resistance, absorptive capacities and sharing of knowledge.

4.1 Change process

Nothing stays still without movement, people, jobs, development, challenges, and opportunities will always continue their processes of change, likely an ever-present activity (Todnem By, 2005; Kotter, 1995). The daily work of employees is based on working methods and routines and it is important to keep in mind that a continuous wave of change demands adaption of methods, which is a demanding task that takes time. Change processes are complex and consist of a series of steps and processes complementing each other where the commitment and understanding of the organization members are highly required (Kotter, 1995; Robyn & Cynthia, 2011). Hence, the sooner the members of the organization accept the change, the better results will be obtained through the change. It is essential to understand why changes are important in organizations. Often it is not about the benefits from making the change, but rather an important means for the organization to survive in a market environment that has an ever-present change approach (Robyn & Cynthia, 2011; Todnem By, 2005; Kotter, 1995; Westover, 2010).

When an organization makes changes, it is important to consider why the change is necessary (Kotter, 1995). As mentioned above, change processes are an element of survival for organizations, to succeed with those processes, employees must accept them and understand why. Rajhans (2009) states that a well-functioning relationship between the organization and the employees is a survival element no one should underestimate. Human resources can be one of the most difficult tasks an organization need to handle, therefore it should be handled with understanding and inclusion (Rajhans, 2009). Employee's involvement in change process is a critical part to motivate them to change, employees should be included in the decision-making process in early stage, that will enhance the employees feeling of appreciation and that they have the opportunities to influence their own work environment. Furthermore, involvement of employees will motivate them to act effectively and together to achieve the organizational goals (Ford & Ford, 2010; Rajhans, 2009; Gilley et al., 2009).

How an organization involves and motivates employees vary, but success depends foremost on leadership. The majority of change models explain leadership, communication, and motivation among the most important element in a successful change process, a leader guides and coaches the entire organization towards the goal. This means that the leader who acts as a change agent must be aware of the process, communicate it further and give employees space to influence (Gilley et al., 2009). The leaders' responsibility lays on how they create the suitable environment for the change process within the organization, as Pohanková (2010) explains that the three most basic pillars for a successful change process are:

- *Will*: the employees of the organization should be motivated to change.
- *Know*: the employees of the organization should get the basic and necessary knowledge about the change.
- *Can*: the employees of the organization should be provided with a change framework about the planned changes.

Involving of the employees in early stage benefit the change process, both with their inputs and they feel appreciated and motivated. This, in turn, benefits the change process itself, in such a way to improve the existing plan with new ideas and to get the employees to understand the change process deeply. Even if their ideas are not included in the final executive plan but still, they feel at least appreciated and get the opportunity to influence the change process and they were explained why their ideas were not relevant (Ford & Ford, 2010; Rajhans, 2009). Change management has always been improved and provided different models on how the management board of an organization should handle the change process, earlier change models were quite basic and included some steps such as preparing and engaging but some models turn to be more extensive, such as Kotter's Eight-Step Model which involves leadership skills, employee motivation and involvement rewarding etc. (Gilley et al., 2009).

4.1.1 Kotter's Eight-Step Model

Kotter (1995) presents a change process consisting of eight steps on how an organization should set up its change plan. Step one: *Establishing a Scene of Urgency*, which means that the organization needs to understand why the change must take place now. If employees do not understand the need for it, it is very difficult to involve and motivate them to change their routines and working methods. In this step, an organization should aim to get employees' attention and motivation for the change. Employees can not necessarily understand the organization's financial losses if the change is not accomplished, therefore it is the leaders' and managers' responsibility to create an environment of urgency to make employees realize that in the long-term benefits of the upcoming/ongoing change process (Kotter, 1995). Step two is, *Forming a Powerful Guiding Coalition*, organizations that fail in this step are those who have not realized the importance of a change management team that will lead the organization towards its goals of change. A guiding coalition as a changing team with good knowledge in leadership is the key in this step, this team

will guide others and show them the way for a successful change process.

Creating a Vision, as step three of Kotter's (1995) change model, means how the organization creates a future image about how the organization will look like when the process is completed. A common vision enables employees to collaborate and work towards a clear common direction. In this step the organization must have a creative plan on how to convey their visions to the entire organization, handing out some brochures with images, goals, and deadlines is not usable according to Kotter (1995). *Communicating the Vision*, as step four, is important as the vision itself because this step is about how the organization succeeds to get the employees to realize the benefits of change. Kotter (1995) believes that if the organization creates a vision but does not succeed in communicating it forward, it will result in less commitment of the employees in the change process. Therefore, the guiding coalition must convey it, not only in words but in a more powerful way, through deeds. Step five, *Empowering Others to Act on the Vision*, means that the organization must make it possible for employees to practice the vision and the change plan. It can be in form of training, relieving their work schedule to give them the time needed, engaging more employees in the change plan, etc. When employees see the sacrifice and effort by the organization, it will consolidate their belief in the change and then they become more committed and willing to change.

As mentioned earlier, change processes are extensive processes that take time and consist of several steps, which implies difficulties for employees to realize the advantages (Robyn & Cynthia, 2011). Even though the organization has created a clear vision and communicated it well, it is still required that the organization are *Planning for and Creating Short-Term Wins*, which is Kotter's sixth step. Kotter (1995) believes that within 12 to 24 months, employees should see a difference and results from the change process, results which partially fulfill the visions and promises. Kotter (1995) emphasizes that it takes five to ten years for a change process to be established through the organization, thus, short-term gains are necessary. Although, celebrating too early can be a big trap that causes negative consequences for the organization. Therefore, in step seven, *Consolidating Improvements and Producing Still More Change*, Kotter (1995) believes that the organization should follow the process carefully and always creatively develop the change plan to avoid the employees getting tired of it. Finally, *Institutionalizing New Approaches* is the eighth step when the change process takes place to stay, to provide new routines and new working methods. The change is succeeded when the new working methods are explained as "*the way we do things around here*" (Kotter, 1995, p. 67), hence, the change is normalized within the organization.

4.1.2 Change agents

A change agent is an important element in a change process, it can be one or several agents who could be a manager, an employee, or a hired external consultant (Battilana & Casciaro, 2013). However, it is even more important that the change agent is a person who will inspire, coach, and lead the organization through the change process to a successful result (Battilana & Casciaro, 2013; Lunenburg, 2010; Westover, 2010). Furthermore, Battilana and Casciaro (2013) and Lunenburg (2010) explain that such an assignment should be applied to people with a large network within the organization, someone who has informal good relations with other employees with a great influence. Change agents should be familiar with the organizational culture and in most cases, it is not preferred that managers act as change agents, but someone who knows and works with the daily working methods affected by the change process. Therefore, it can be disadvantageous to hire an external consultant who is an expert in the subject but lacks the important crucial elements such as networking and knowledge of the organization (Battilana & Casciaro, 2013; Lunenburg, 2010).

Change agents must use strategies and techniques that suit the certain organization and its culture, those strategies must be flexible and changeable because it is important to share employees' experience and their views on change processes (Lunenburg, 2010; Ford & Ford 2010; Robyn & Cynthia 2011). In this way change agents can develop the implementation plan with new ideas. Moreover, Lunenburg (2010) explains what techniques a change agent should have, inter alia, *Homophily*, as previously mentioned that the agent should have a good network and relationship with employees, but it is also about employees finding similarities between them and the agent. This increases the acceptance of the change agent and its change process. In addition, the agent must have *Empathy* for employees and understand them, organizations consist of different kinds of people which the agent must be able to handle (Lunenburg, 2010). Empathy helps through increased communication and understanding which leads to better cooperation between the agent and employees. Furthermore, the agent must have a clear structure on how and when different activities should be activated, a clear and well-informed change plan is the agent's responsibility which is a very important element of a successful process of change (Lunenburg, 2010). As Kotter (1995) describes that rewards are an important part of the change process, Lunenburg (2010) agrees that rewards are an important part of the agent's plan for a change. Likely important that the change agents should have the capacity to help others in the process and supports them, this requires that the agent should have good knowledge about the organization's resources and be able to use them. Another important technology is *Openness*, as previously mentioned, the agent must have a flexible change strategy to be able to plant new ideas from employees. Therefore the agent must be open to listening to the employees and receive their suggestions and complaints, in the same manner as the agent should inspire others to change, the agent should be open to being inspired by others (Lunenburg, 2010).

How the change agent should treat the resistance from employees differs. Battilana and Casciaro (2013) describe that this group can do more harm than good, which Westover (2010) also believes that change agents should have the skills of how to overcome resistance. While others like Ford & Ford (2010) and Robyn & Cynthia (2011) believe that it is not necessary to overcome the resistance but rather to use it and take advantage of it.

4.1.3 The challenges and opportunities with resistance

Realising changes can be difficult, although most organizations and studies agree on how important it is, still, the fact is many change processes fail (Ford & Ford, 2010; Oakland & Tanner, 2007; Todnem By, 2005). According to Ford and Ford (2010) more than 50 per cent of change attempts do not achieve their goals, although other authors states that the number of fail attempts is closer to 70 per cent (Oakland & Tanner, 2007; Todnem By, 2005). Further, Ford and Ford (2010) states that many failed attempts tend to point out the resistance as the main cause, blaming the members of the organization who forced the change processes to go slowly and result in failure. However, the resistance of change processes differs between organisations, the reason could be, according to Ford and Ford (2010) that there is no common definition of what resistance is. Ford and Ford (2010) claims that the ambiguity of resistance is caused by different interpretations of resistance by the managers. Thus, all actions such as silence, negative comments, push back, and other actions when the employees do not contribute to the change can be considered as resistance. In accordance with Ford and Ford (2010), Robyn and Cynthia (2011) believe that change agents and managers are the ones who define which activities are resistant and which are not. Thus, resistance becomes an open target, where managers blame their failures on.

Change is a prioritized task for all organizations, and a successful change process requires not only creative and effective methods but also commitment and inclusion of the employees, which is a crucial aspect as their resistance can be a major threat to the success of change (Ford & Ford 2010; Robyn & Cynthia 2011). The starting point to deal with resistance is to understand that resistance is a natural response of the employees who care about organizational development and their own. Ford and Ford (2010) describe resistance as an energy that is impossible to prevent from emerging, instead, managers should utilize the resistance to achieve their goals. Using strategies that focus on overcoming resistance in change processes is nothing any organization can gain from, but on the contrary, the organizations will miss out on new ideas and methods that can even improve the ongoing change plan and make the organization members realize their own gain (Ford & Ford 2010; Robyn & Cynthia 2011). This can be a difficult task; how do organizations take advantages of the resistance to make the change processes more efficiently and profitably?

Robyn and Cynthia (2011) describe two different ways of processing resistance, "*Demonizing* and *Celebrating resistance*". The two ways have opposite theories of what resistance is and how to handle it. *Demonizing the Resistance* is to use all managerial

power to overcome any attempts of resistance, at any cost. This approach considers resistance to be an evil force that negatively affects organizations when employees, who resist change, are selfish and they only care about their own objectives without considering organizational gain. While the second approach, *Celebrating the Resistance*, positively considers resistance and assumes that even negative opponents of change have positive embedded thoughts about the outcome of the changes, and managers must work on taking advantage of that instead of focusing on eliminating resistance (Ford & Ford 2010; Robyn & Cynthia 2011).

It is beneficial to use resistance as a driving force in change processes in organizations, where communication and early inclusion of employees are very important elements in the process. It is an element that drives new ideas about shifting the change towards higher goals and better results, but opponents need to understand why a change is taking place. When managers succeed to get them to understand, then that is the best way to include them in the process and use their energy, like Ford and Ford (2010, p. 29) quote "*When in doubt, bring the purpose out*". Although it has been proven that resistance can improve organizational change and that resistance contributes to new ideas, organizations must therefore use it to their advantage. Robyn and Cynthia (2011) agree with Ford and Ford (2010) about the benefits of celebrating resistance, but Robyn and Cynthia (2011) also highlight the risks to allow resistant subjects to take too much expression. With celebrating resistance comes the risk that the opponent uses the resistance only to stop the change. "*Resistance is what opposes power, not simply diametrically but transversally, opposing by going off in a different direction*" (Robyn & Cynthia 2011, p. 326). However, managers and change agents are the ones who deal with resistance, they know what could be considered as resistance, how and when to act in a way that contributes positively to the change process.

4.2 Absorptive capacity

External knowledge flows play a vital role in the development of companies (Kostopoulos et al., 2011), especially for companies who operates in rapidly changing surroundings, where they can integrate this knowledge to create competitive advantage (Eisenhardt & Martin, 2000). Studies show that external knowledge can improve the operation of the company with enhanced decision-making (Kostopoulos et al., 2011), green innovations (Gluch et al., 2009), and knowledge creation routines (Eisenhardt & Martin, 2000).

Further, Kostopoulos et al. (2011) state that the company's performance regarding innovation has a positive impact on the financial performance. In addition, companies that produce innovative products may be able to obtain early mover advantages, which affects profitability in the long term. Although, in order to obtain competitive advantages from the external knowledge, the company needs to apply the knowledge within its processes and operations. The ability to apply this external knowledge within such company processes is called absorptive capacity (Zahra & George, 2002;

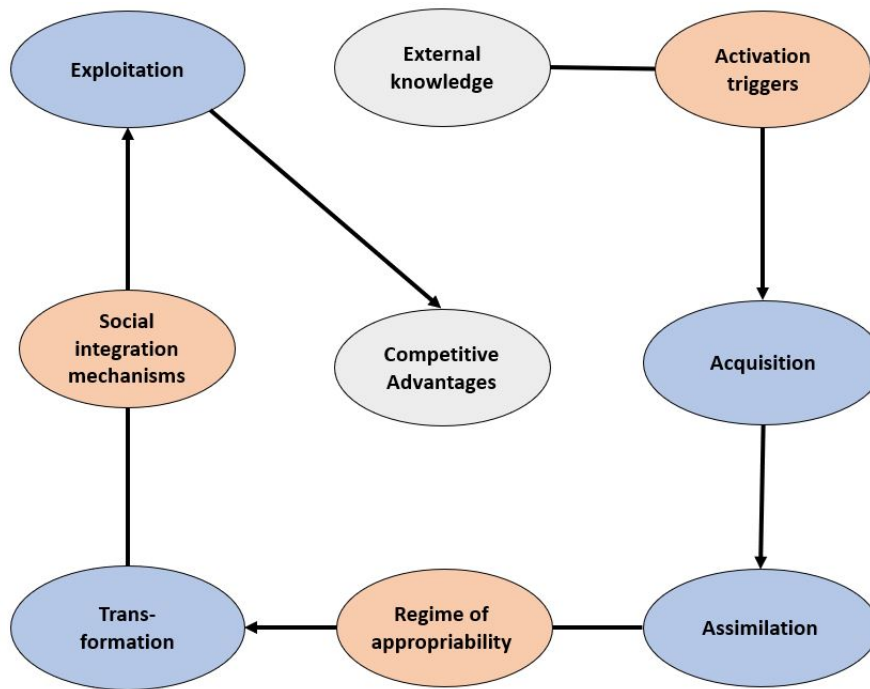


Figure 4.1: A model of absorptive capacity (Zahra & George, 2002).

Gluch et al., 2009; Easterby-Smith et al., 2008). The absorptive capacity of a company is based on four capabilities: *acquisition*, *assimilation*, *transformation*, and *exploitation of the knowledge* (Zahra & George, 2002), see figure 4.1. The figure shows how external knowledge, combined with activation triggers, social integration mechanisms, regimes of appropriability affects the absorptive capacity of a company and thus, impact the competitive advantages.

The acquisition is the ability of a company to recognize and gain important knowledge for its operations by external sources (Zahra & George, 2002). This knowledge is vital for developing in the construction industry (Gluch et al., 2009) and without realizing its value, the company may enter a competence trap and lose opportunities that the external knowledge could imply (Kostopoulos et al., 2011).

The assimilation refers to the company's ability to process and apply the external knowledge within the company (Zahra & George, 2002). Without this capability, the ideas and knowledge from the acquisition would be lost. This process may be comparable with Eisenhardt and Martin's (2000) example of strategic decision-making where options that shape the direction of the company have to be made. Further, Greenhalg et al. (2004) suggests that large and mature companies assimilate knowledge easier, especially if they are divided into separate units or divisions.

The transformation is the capacity of the company to develop processes that combine the existing knowledge with the new external knowledge (Zahra & George, 2002) so that the new knowledge can be used by the employees and thereby, might reveal new business opportunities for the company (Gluch et al., 2009). Further-

more, Eisenhardt and Martin (2000) state product development, which is similar to transformation, as one process within dynamic capabilities, in which internal and external competencies are used to create new products and services. Effective product development processes are according to Eisenhardt and Martin (2000) in need of diverse teams, where each member contributes with its own expertise.

The exploitation capacity refers to the company's ability to improve existing processes within the organization or generate new ones by using transformed knowledge (Zahra & George, 2002), with parallels to Eisenhardt and Martin's (2000) example of knowledge creation routines, which is an essential capability for companies that operate within high-technology industries.

Zahra and George (2002) do also reveal how *activation triggers*, events that have an impact on the environment of the company, can affect the utilization of external knowledge. Examples of typical activation triggers are mentioned by Gluch et al. (2009), as a shift in technology, organizational crises or, shifting governmental policies. Companies tend to explore external knowledge even further when such activation trigger seems to be a permanent change in the environment (Zahra & George, 2002) and according to Gluch et al. (2009), these activation triggers contribute more to the intake of external knowledge than previous experience and knowledge sources. Moreover, the exploitation capacity within the company does also benefit from the sharing of knowledge between members within the company, so-called *social integration mechanisms* (Zahra & George, 2002). These mechanisms accelerate the distribution of information and identify new movements. Further, they consists of both formal and informal mechanisms, where the formal mechanisms are more organized and often controlled by an appointed leader, whereas the informal mechanism are networks and social platforms (Zahra & George, 2002).

Ultimately, Zahra and George (2002) state one more component that affects the company's process of implementing external information, named *regime of appropriability*, which describes the dynamics of the industry that the company operates in. An industry with a low level of a regime of appropriability, implies a high level of knowledge spillage and companies have to engage and invest more in building their absorptive capacities. In addition, Eisenhardt and Martin (2000) states that the capabilities depend on the dynamics of the market. In a high-velocity market, the capabilities are more explorative, less detailed, and provide a more uncertain result compared to the moderately dynamic market.

4.3 Sharing of Knowledge

Knowledge sharing is a complex process, although, an obvious part of organizations that occur automatically among employees in the organization (Ipe, 2003). An organization has several levels of knowledge, the individual, the department or division and the organizational level of knowledge, whereas all levels are dependent on the first, the individual level of knowledge. Further, Ipe (2003) states that individual knowledge is generated by interactions with others, thus, if knowledge is not shared among employees within the organization, it will not have any impact on the organization. Henceforth, knowledge sharing generates individual knowledge, which in turn generate organizational learning. Without knowledge sharing among the employees, the organization risks losing knowledge when employees terminate their services. Thus, the effectiveness and extent of the knowledge sharing is mainly dependent of the individuals (Ipe, 2003).

Ipe (2003) highlights the following four factors that influence the sharing of knowledge; *nature of knowledge*, *motivation to share*, *opportunities to share* and *culture of work environment*. Firstly, the *nature of knowledge* defines if the knowledge is more easily understood or more complicated, and thus, the sharing of the knowledge is affected. In addition, the value of the knowledge within the company must also be taken into consideration (Ipe, 2003). Knowledge is valued differently depending on the context and thus, a higher valued knowledge is more desired. Secondly, *motivation to share* the knowledge is needed in order to get the employees be a part of the sharing. However, some knowledge is not divisible between employees due to the authority the knowledge entails. Further, relationships and trust increase the motivation to share knowledge (Ipe, 2003). Without trust, or within high-competitive surroundings, the employees avoid sharing knowledge. Another motivation to share is mentioned by Ipe (2003) as rewards, or even penalties if not sharing. Furthermore, the organization can facilitate the *opportunities to share* knowledge with networks, training programs or systems customized for sharing, although Ipe (2003) states that informal sharing are more effective. Lastly, the *culture of the work environment* has a big influence on the knowledge sharing in organizations. Hence, an organizational culture that encourages openness and involvement between the employees and facilitates the knowledge sharing is the target.

5

Methodology

The following chapter will present the selected methodology of the study and how the study was conducted. Further, the chapter will describe why the specific methods were chosen.

5.1 Research approach

As the study aims to examine which challenges consultant companies encounter within a change process to absorb and share knowledge, the thesis is based both on interviews and organizational theory. The EU taxonomy and the consultant company Ramboll was used as a case study, in order to study change processes within consultant companies. Thus, a qualitative method was appointed as the research method, to get access to the interviewees' interpretation of events and their social reality (Bell et al., 2019). In addition, the qualitative method enables more detailed answers and arguments, which is needed to comprehend the reality of the interviewees.

Further, the study was undertaken with an inductive approach, where the theory provides a best practice for organizational changes which continuously were compared to the empirical part. With the inductive approach, a relationship is shaped between the empirical data and the theory, whereas the outcomes of the empirical guide the theory (Bell et al., 2019). This means that the theory can change along the way, by the influence of the empirical data. Hence, an empirical study with an unexpected outcome can get an improved understanding.

The process of the study included a literature study, a pre-study, an interview study and series of internal seminars within Ramboll, and the final data analysis, see figure 5.1. The literature study extends throughout the whole study, because of the selected inductive approach.

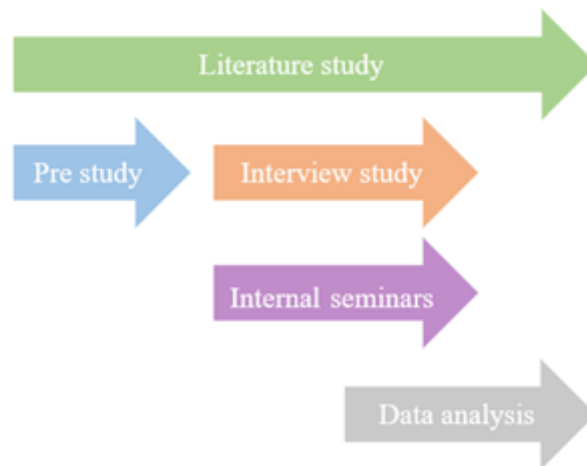


Figure 5.1: An illustration of the process of the thesis

5.2 Literature study

The objective of the literature study was to establish a theoretical framework to use when analyzing the empirical data. The literature study was ongoing from the start-up of the thesis to the completion of the analysis.

Firstly, a literature search containing information about the EU taxonomy was performed parallel to the pre-study to understand the context of the EU taxonomy. This first literature study consisted of published EU reports and the web page of EU.

Secondly, the main literature search was performed. The selected literature of this literature search consisted primarily of academic journal articles but does also contains some books. The literature search was carried out by using the databases Chalmers Library, Scopus, and Google Scholar. The keywords used were *EU taxonomy*, *consultants*, *change resistance*, *change processes*, *change agents*, *organizational change*, *institutional theory*, and *absorptive competencies*. Furthermore, some articles were found by recommendations from the supervisor and previous courses on Chalmers.

5.3 Pre-study

A pre-study within Ramboll was conducted. The aim of the pre-study was to obtain general knowledge about Ramboll's previous work to apply the EU taxonomy within the organization. Firstly, one seminar was conducted with Ramboll employees who already have applied the EU taxonomy in their working methods, together with some other Ramboll employees who started the first phase of applying the EU taxonomy.

Secondly, an interview with an expert on the EU taxonomy within Ramboll was conducted. This interview focused on how the expert worked with the EU taxonomy in present and which coming opportunities the taxonomy will bring within Ramboll. This interview was of an unstructured method, which is more informal, and the interview is more based on a subject than clear questions (Bell et al., 2019).

5.4 Interview study

To gather empirical data for the study, an interview study was carried out with employees within Ramboll to study the organization's absorptive capacity, change processes and sharing of knowledge. This will be studied by exploring the interviewee's experience of applying the EU taxonomy in their working methods so far, their thought on how Ramboll should implement the EU taxonomy further and how other changes has been implemented within Ramboll previously.

The interviews were semi-structured, which according to Bell et al. (2019) provides more detailed described answers by the interviewees. In addition, semi-structured interviews are more flexible and thus, the interview may deviate from the initial interview guide, see attachment A.1. The interviews were initiated with a brief description of the authors and the purpose of the study. The authors did also clarify that the answers would be anonymized, that the interviewees have the right to decline to answer and asked for permission to record the interview. Thenceforth, the interview consisted of the following topics; the experiences from the EU taxonomy and previously performed change processes, absorptive capacity and sharing of knowledge.

Due to the geographical spread of the selected interviewees, some interviews were conducted online, over Microsoft Teams while others were conducted face-to-face. Online interviews can imply challenges with the connection and the understanding of each other may be diminished (Bell et al., 2019). Thus, during the online interviews, web-cameras were used to get an enhanced understanding. Further, the interviews were recorded and transcribed in order to not miss out on any essential information. Additionally, the advantages of recording and transcribing are according to Bell et al. (2019), that it enables the authors to go through the answers another time, and hence, the results become more accurate.

5.4.1 Selection of interviewees

All interviewees are Ramboll employees, although, with different roles and geographical positions within the company. Further, experience of change processes and previous knowledge of the EU taxonomy were also evaluated in the selection of interviewees, see table 5.1. The interviewees were contacted through purposive sampling, to reach employees with knowledge about the EU taxonomy and/or change processes within the organization. When selecting the sampling, it was also beneficial if the employees had a long history within Ramboll. Moreover, the method *snowball sampling* was used to reach additional participants to the study by asking

Interviewee	Role	Experience of change management	Knowledge of the EU taxonomy	Time of the interview
C1	Manager		X	54 minutes
C2	Employee		X	57 minutes
C3	Manager		X	23 minutes
C4	Manager	X		54 minutes
C5	Employee	X		38 minutes
C6	Manager		X	28 minutes
C7	Employee		X	46 minutes
C8	Manager	X		47 minutes

Table 5.1: List of interviewees

interviewees to recommend other Ramboll employees for further interviews. *Snowball sampling* is a way of gathering more potential respondents by asking the interviewees to recommend others that could be interesting for the research (Bell et al., 2019). The method is typically used in research within large organizations, where potential respondents with the right qualifications can be hard to locate. In total, 12 employees within Ramboll were contacted, whereas 8 of these choose to participate in the study.

5.5 Internal seminars

In parallel with the interview study, an internal series of seminars were conducted within Ramboll. These were organized by Ramboll Sweden’s sustainability manager, in order to organize the implementation of the EU taxonomy and compare and thus, enhance the divisions work with the EU taxonomy. These seminars provided the authors of this study with potential candidates to interview, but also to get an overview of how the different divisions within Ramboll have applied the EU taxonomy within their work methods.

5.6 Ethical aspects

In studies with human respondents, it is vital to consider ethical aspects (Bell et al., 2019). According to Bell et al. (2019) there are four ethical principles to follow, whereas the first regarding avoidance of harm for the interviewees. The second principle states the importance of informed consent. The third ethical principle, according to Bell et al. (2019), is privacy protection, whereas the participants should be able to refuse to answer certain questions. Lastly, the fourth ethical principle regards preventing deception is about presenting the aim of the study to the interviewees in an honest way.

To guarantee no harm for the participants, they have been anonymized in the study, which prevents damaged reputation for the participants (Bell et al., 2019). This

implies that only the authors of this study get access to the interview data and their information. The principle of informed consent was treated by firstly informing the participants about the aim of the study. This enables the participants to make an informed decision to participate (Bell et al., 2019). Further, the informed consent was also treated by asking the participants for their approval to record the interviews or take notes. The third principle, protecting the privacy of the participants was processed by shaping the interview guide so that it excludes any questions that could be considered private. Additionally, the participants have the option to decline to answer the questions. To treat the fourth principle, the participants gained knowledge about the study at the point of contact.

5.7 Data analysis

Parallel to the gathering of empirical data, each interview was transcribed and from the transcripts frequently recurring themes were identified, in accordance with the data analysis approach *thematic analysis* (Bell et al., 2019). This approach is according to Bell et al. (2019) the most common analysis approach in qualitative research and focus on repetition in the empirical material. Thus, the identified themes were selected from the repetition in the transcripts, although, as Bell et al. (2019) states, if the repetition shall be labelled as a theme, it must be in the scope of the research question. The identified themes in the study were; absorbing new knowledge, sharing of knowledge and change processes.

The answers of each interview were then sorted into each identified theme, to simplify the processes of finding shared views, but also the differences between the interviewees. When all the interviews were sorted into the selected themes, the authors tried to emphasize those views that was shared by several of the interviewees in the interview findings.

As mentioned in 5.1. Research Approach, the literature study was ongoing throughout the whole process of the thesis. Hence, after the competition of the interview findings, some adjustments were made in the theoretical framework, where themes that were not recurring in the interview findings was deleted from the theory and other theories were added.

5.8 Reflection

The fact that both of the authors of this study have worked at Ramboll has simplified the process of understanding the organization of Ramboll and finding respondents for the interview. On the other side, this prior knowledge of the company might as well have a negative impact on the study because the authors own preconceptions and assumptions might be applied within the study.

Moreover, an increased number of interviews would enhance the reliability of the study. Due to the limitations of the study, 8 interviews were conducted, within

six different Ramboll divisions. However, it would have been desirable to conduct several interviews with every division within Ramboll to achieve a better reliability.

5.9 Contribution to sustainable development goals

The EU taxonomy is a part of the European Green Deal, an initiative developed by EU to transform the European Union into a society with net-zero greenhouse gas emissions and an sustainable economic growth (European Commission, 2019). The Green Deal is in turn based on the 2030 Agenda for sustainable development, which consist of 17 sustainable development goals formed by the United Nations (UN) (European Commission, 2019).

The EU taxonomy touches several of these sustainable development goals. The goals *7. Affordable and clean energy*, *9. Industry, innovation and infrastructure*, *11. Sustainable cities and communities* and *13. Climate action* is applicable since the EU taxonomy aims to contribute to an increase in sustainable investments within these areas. Furthermore, several of the other sustainable development goals are affected due to the minimum safeguards of the EU taxonomy. These minimum safeguards requires that the sustainable activities must follow the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (European Commission, n.d. (b)).

Thus, this study aims to examine the challenges that consultant companies encounter within a change process to absorb and share knowledge. By implementing and forming an organizational learning of the EU taxonomy in consultant companies and organizations contributes to the sustainable development goals.

6

Interview findings

The following chapter will present the interview findings from the Ramboll employees. The interviewees are referred as C1-C8, see table 3.1 for further characterization of the interviewees.

6.1 Absorbing new knowledge

According to C1, Ramboll needs to monitor their surroundings and keep up with the speed of change to be competitive on the market. Although, it is important that the implemented changes align with the requirement of customers (C4). Implementing changes that cannot be a part of a service, are no good business for a consultant company (C4). Ramboll are dependent on their customers' needs and requirements and when they do not prioritize sustainability, neither do Ramboll (C1). Therefore, C3 emphasizes that the implementation of new knowledge should be accomplished by testing the knowledge in projects together with a close relationship to the client. In this way, Ramboll can develop competence, but still only have billable hours. Although, C3 and C7 does also mention that there are possibilities to apply for funding by the Ramboll foundation.

Further, C4 states that Ramboll needs to focus on which changes to implement and do those full-hearted. However, both C5 and C7 emphasize that there is a lot of change processes going on within Ramboll except the EU taxonomy. Partly, there are these global changes within Ramboll Group, like changing of the invoicing system and mapping of files, but partly employees still adapting to the situation where they need to go back to the office after covid (C5). Implementing all these changes at the same time causes frustration among the employees and especially when they do not understand the reason behind it (C5).

There are several ways that Ramboll absorbs new knowledge. Firstly, Ramboll monitor new legislation in their surroundings, which both includes Swedish legislation and legislation on European level (C1). This monitoring is performed central within Ramboll and are thenceforth mailed to the relevant employees. Secondly, each division has own units for specific focus areas and are responsible for their own development (C2, C7). C2 mentions that when new knowledge arises within their division, they mobilize their team, and do market sprints. In that way they can coordinate the process and the objective with the new knowledge. A third way is by educating people. C6 mentions that their division organizes lunch seminars once

every two or three weeks, where they discuss and learn new technologies and their effect on the division. They do also have department days which they can spend on discussing new research.

Furthermore, C6 believes that the projects that they execute outside of Ramboll, gives an additional opportunity to take part of new research. Hence, the employees can gather new information when working in their projects and share that knowledge with others within Ramboll.

6.2 Sharing of knowledge

The sharing of knowledge between employees within Ramboll is a difficult task, especially between divisions (C5, C7, C8). A mentioned shortcoming is that there is no clear way of how new knowledge should be distributed within the organization (C7, C8) and the success of the distribution varies on the commitment of the individual who shares it (C7). Although there are several different tools for internal communication, they are not used as they should (C8). Knowledge is shared over Ramboll's internal social media site, internal website (C5), in focus groups (C2), in own created groups in teams, in OneDrive or over email (C7). Furthermore, all employees use these communication tools differently, hence, there is no continuity in the sharing of knowledge (C7, C8). C7 does also highlight that the only way to ensure that knowledge is to be shared with all the intended employees is by using mail, however, even with this approach the employees must actively select to take part of the knowledge. Another issue of sharing knowledge is the size of the organization (C2). Ramboll is a big company, with operation in countries scattered over the world. Hence, Ramboll has expert consultants within multiple areas, although, finding those experts are a challenging task (C2). To facilitate knowledge sharing, it must be easier to locate employees' competences and expert areas (C2, C7).

Despite no guidelines on sharing knowledge, C2 states that their sharing of knowledge within their division works well and they have a close collaboration with other districts within the same division. Further, C2 emphasizes that when some employees in their division learn something new, they are eager to share that knowledge with others. C1 does also mention the will of sharing new knowledge with others, and thus, when C1 finds something that may concern another division, C1 sends it to some people in that division so they can distribute the knowledge further.

6.3 Change processes

Most interviewees agree on the importance of applying the EU taxonomy, it is an important knowledge needed within Ramboll, as well as the fact consultant companies have to offer services which are up to date (C1, C2, C3, C4, C7, C8). In contrast, it differs how the various interviewees believe how Ramboll should act to apply the EU taxonomy. C1, C2, and C3 state that EU taxonomy's knowledge should be disseminated within the organization, that everyone should have a basic knowledge about it, in a way that all Ramboll's employees should be able to answer the basic questions about EU taxonomy. While C4 and C7 suppose that Ramboll should wait and see how the market reacts to the EU taxonomy and depends on that, Ramboll could determine how urgent it is to make a change and educate employees in the field on the EU taxonomy. C7 believes that it could be unnecessary costs and do not generate any services if Ramboll acts quickly without knowledge on which extent the EU taxonomy is requested by the clients. C4 agrees with C7 in this matter, C4 means that Ramboll should do a market analysis and estimate the client's interested in the EU taxonomy, then, Ramboll can decide to what extent they should work with the EU taxonomy. However, C4 suppose that the key people in Ramboll and project managers who have a strong client-relationship should know the basics of the EU taxonomy, in such a way that they can answer clients' questions, but still, C4 think that the EU taxonomy matter should be solved based on the market need of it. C6 does not really on the same track as the others, C6 see the matter of EU taxonomy differently and believes that the Swedish market will not be greatly affected by the EU taxonomy as most Swedish companies often work based on their own finances. According to the most interviewees, each division decide on their own how they deal with the implementations of new system and knowledge. C8 is critical to that and suppose that Ramboll should systemize the way they work with the implementing of new technologies and knowledge. C4 agree and compares the matter of the EU taxonomy with the *International Environmental Management Standard (ISO 14001)*, C4 means that the decision to implement the ISO 14001 within Ramboll come from *top management*.

6.3.1 Change agents

As stated by both C7 and C8, the most crucial aspect to succeed with change processes within Ramboll, is by having them implemented by the right persons. C8, as mentioned before, believes that Ramboll should systemize how they work with change processes, C8 means that Ramboll should have a central implementation team, in such a way that will facilitate how the organization implements and absorb new implementations. C4 explain that internal change agent method is used within each division, when they need to implement a new technic or develop an exciting working method, they educate one or several employees in that matter, and later they will act as change agents and have the responsibility to further educate the whole team. The methods used within Ramboll with the internal change agents among the different division do not benefit the entire Ramboll, such a method creates gaps between divisions (C8). Hence, it is important to find those employees who

are interested in development and are motivated enough to carry out the change, but they still need huge help from the organization (C8). Furthermore, in case Ramboll has a central implementation team and contact persons in each division, as internal change agent, that will increase the communication between the various divisions (C8). Communication is a big part of the implementation of new working methods, and it is important to communicate changes in advance according to C8, it helps when employees are prepared for the upcoming change process. C1 agrees and explain that the communication regarding the EU taxonomy is carried out mainly by Webinars where the attendance is voluntary.

6.3.2 The challenges and opportunities with resistance

To motivate employees, Ramboll's different divisions have their own responsibility on how they deal with new knowledge, new technologies, and the implementations according to the most of interviewees. In the EU taxonomy case, the different divisions can decide separately how much they want to work with the EU taxonomy, this is because Ramboll centrally does not have a decision that forces the entire organization to apply the new regulation within their work methods (C1, C2, and C3). When a division realizes the need for a change or the need to implement new technology, firstly, they try to find people who seem to have an interest in learning the new technology, depending on how urgent it is, the training is held internally or externally (C4 and C6). Furthermore, C8 believes that change processes should be systematized in a way that Ramboll as an organization has the same structure, how it should go, and how to motivate employees to learn new things. A part of motivating the employee is to give them the time needed to learn new technologies and implement change processes (C8, C1, and C7). Billing is an issue in consultant companies that complicate and challenge any development or change process (C1, C2, and C4). The employees need to have a high number of billable hours, nearly full time, which entails that they do not have the time to learn new knowledge (C5, C7, C8). This is confirmed by C4 and C7, whom also state that part of the challenge is the additional cost of education and the uncertainty of the income of the new knowledge.

When Ramboll succeeds in motivating employees why this particular change should take place, no one will resist, according to C4. But that is not an easy task for a large international organization like Ramboll, C8 explains that work methods within Ramboll differ from country to country. C1 agrees that most employees are comfortable with what and how they do the work, it takes time to get people to change their routines, people do not want to change, Ramboll should not underestimate that matter (C8 and C1). Furthermore, C1 and C8 emphasize that people in Sweden have a special way of working, employees have a great deal of freedom in how to design their working methods, and it can benefit the organization when people are free to choose the way they want to get the job done.

C8 states that the focus should be on the whole organization, Ramboll cannot

rechange new systems and technologies provided globally to fit the Swedish way of working, the Swedish working methods must adapt to the new technologies, not the other way around (C1 and C8). People want things very tailored to their ways, resistance arises when Ramboll want to implement a new system that does not suit the employee's' way of working (C1). Ramboll should have new systems that suit all employees in all countries, Ramboll cannot nationalize each new system or new technology in a way to suit each country separately, it does not work that way, Ramboll has to generalize its working methods to achieve a better level of global cooperation, this will benefit the change and implantation processes (C1 and C8). By contrast, C6 thinks that changes cannot be generalized throughout the whole organization of Ramboll, because the rules and the working methods differ between the countries. Furthermore, C6 states that to only compare Sweden and Denmark, which is the home country of Ramboll. The laws and the market situation are different even though these two countries are neighbouring countries. When the market is different, C6 means that the need to implement new technology or make a change is different, C6 states that markets requisites are the basically drive force to change processes within the organization.

7

Discussion

The following chapter uses the theoretical framework to analyze the findings from the interview study. The chapter are divided into three sections, absorbing new knowledge, sharing of knowledge and change processes.

7.1 Absorbing new knowledge

As Eisenhardt and Martin (2000) state, companies whom operate in changing surroundings needs external knowledge flows to achieve competitive advantages. These competitive advantages are achieved through absorptive capacities (Zahra & George, 2002). In the matter of the consultant industry, the external knowledge flows are even more important because the clients expect consultants to have knowledge about new research and to apply it in their daily work (Fosstenlkken et al., 2003). Thus, Ramboll, a consultant company who operates in multiple industries are therefore dependent on their external knowledge flows.

Zahra and George (2002) allocate absorptive capacity into four capabilities, acquisition, assimilation, transformation and exploitation. According to C6, the acquisition of new knowledge is through employees who works in projects with project members outside of Ramboll, where knowledge is shared. Hence, the acquisition of knowledge within the company depends on each employee and their engagement in taking part of knowledges that is distributed in projects. In addition, C1 mentions the monitoring of legislation as one part of acquisition. By continuously sending out information to the employees regarding new laws, the employees can take part of it. However, the monitoring of legislation is dependent of each employee engagement of it, similarly to the acquisitive knowledge through projects.

The acquisition is affected of activation triggers, which implies that the knowledge is more likely to be processed and applied if there are some strong triggers (Zahra & George, 2002). Regarding the case of EU taxonomy, the fact that the EU taxonomy is a regulation that is current from 2022 and that companies already in 2022 have to report their alignment with the taxonomy causes an activation trigger in the change process of the EU taxonomy and according to Kotter (1995) a scene of urgency. In addition, Ramboll has a strategy that are closely connected to sustainability which causes even more triggers to absorb knowledge about the EU taxonomy. Although, as Zahra and George (2002) mention, organizations explore external knowledge further if the activation trigger led to a permanent change. The interviews agree on

that the EU taxonomy is a regulation that will be permanent, however, the scope of it and thus, the impact is still unclear.

The next capability mentioned by Zahra and George (2002), the assimilation of the external knowledge within Ramboll is partly carried through within focus groups and partly through employees' own initiatives (C2, C7). As Greenhalg et al. (2004) state that the assimilations in large, mature companies who have separated units are easier, Ramboll should have an advantage in this capability. But similar as the acquisition, the assimilation in the company is very dependent on the individual engagement (C7). According to the interviews, there is a lot of information and knowledge available to absorb, however, the issue is finding the right knowledge to absorb and spend the time to do it. Hence, it can be assumed that the industry Ramboll operates in have a great knowledge turnover and thus, a low level of regime of appropriability (Zahra & George, 2002).

Further, the transformation of knowledge within Ramboll is preferably accomplished within projects with close clients (C3). It refers to the company's capacity to develop processes that combines new and old knowledge (Zahra & George, 2002), which in Ramboll unites the absorbing of knowledge with the process of shaping new business opportunities (C3). However, the interviewees expresses that there is also a possibility to use founding from Ramboll in the transformation process.

The final step is exploitation, where the knowledge is implemented within processes in the organization (Zahra & George, 2002). To achieve competitive advantages, social integration mechanisms are needed for the exploitation of knowledge within the organization. These mechanisms are divided into formal and informal mechanisms (Zahra & George, 2002) and the interviewees shows that both these mechanisms are used by Ramboll. The used formal mechanisms are Ramboll's internal website, whereas examples of the informal ones are teams groups, networks and social media. Although, despite the many social integration mechanisms within Ramboll, the interviews shows that the mechanisms are not used as the way they were intended. This complicates the communication within Ramboll and thus, causes a challenge to communicate the vision within change processes (Kotter, 1995).

When it comes to the matter of the EU taxonomy, primarily informal social integration mechanisms, but even formal have been applied. Information about the EU taxonomy has been distributed within groups or via email and some webinars has been organized to distribute the knowledge further (C1, C2).

The gathered information regarding the absorptive capacity of Ramboll enabled the creation of the EU taxonomy specific absorptive capacity model, see figure 7.1

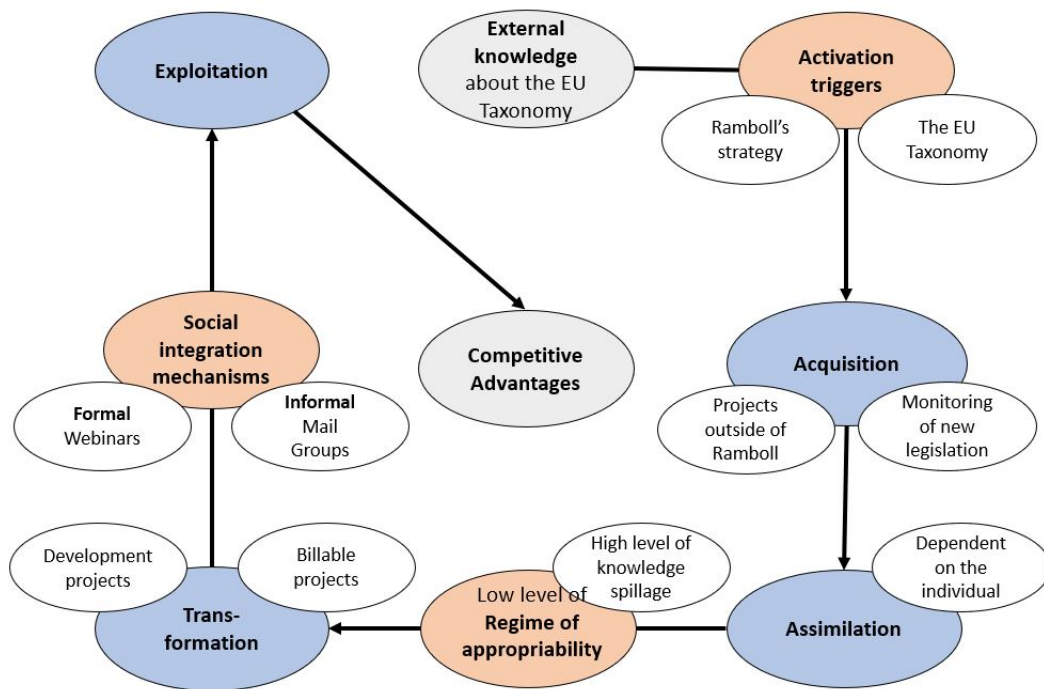


Figure 7.1: A modified absorptive capacity model specified to the EU taxonomy.

7.2 Sharing of knowledge

To achieve learning within an organization, individual knowledge sharing is essential because it forms the basis for learning (Ipe, 2003). Further, Ipe (2003) emphasizes the importance of interactions across borders to achieve organizational learning. The interviewees illustrated contradicted images of the sharing across borders, division and departments within Ramboll. While C5, C7 and C8 believe that knowledge sharing is a difficult task and consider it difficult to share knowledge, C1 and C2 argue that the sharing works well within their division. However, all interviewees agree on that the knowledge sharing between divisions are not working, which makes it hard to achieve any organizational learning. It can then be assumed that the learning is different across divisions and within some division they achieve a level of learning within the group, however, not organizational learning. As mentioned by C7, it is the individual engagement that determine the outcome of the sharing and thus, the learning, which agrees with Ipe's (2003) perspective.

In the matter of the EU Taxonomy, it is a complex regulation, that according to the interviews is hard to understand. The EU taxonomy impact divisions and departments in different ways which complicates the sharing between division/departments. Thus, according to Ipe (2003) the nature of the knowledge becomes a challenge to overcome in order to share knowledge about the EU taxonomy. However, the interviewees value the taxonomy greatly and Ramboll as an organization has high sustainability objectives, which might increase the values of learning the EU taxonomy. As mentioned by several of the interviewees, individuals are eager to

share their knowledge with other employees, however, the expectation of producing 100 per cent billable time in projects limits the sharing of knowledge. Henceforth, it can be stated that the employees have the motivation to share knowledge with each other, however, the conditions to success are not given.

According to Ipe (2003) it is important that the employees are given opportunities to share, which corresponds with Ramboll's many formal sharing tools, like Microsoft Team's groups, website, social media etc. (C2, C5, C7). However, the interviewees mention that even with all these tools, they feel that it is hard to get in touch with the right people across divisions and markets and C8 emphasizes that the tools are not used in the way they were intended. Ipe (2003) underlines that these formal opportunities to share are needed in an organization, although, the most successful way to share knowledge is by using informal communication. C7 agrees with successfulness of using informal tools and communication (Ipe, 2003), but argues that even with informal communication, success is not obvious. For succeeding with the sharing of knowledge, it is important that the recipient is ready to take part of that knowledge.

All these above-mentioned factors are affected by the culture of work environment (Ipe, 2003). The author highlights that a culture that encourage openness and involvement is beneficial for the sharing of knowledge. According to the interviews, this culture can be observed within Ramboll, however, as previously mentioned it is the lack of time that limits the sharing of knowledge.

7.3 Change processes

Change processes are demanding processes, according to C8 who agrees with Robyn and Cynthia (2011), and Kotter (1995) that organizations must be patient within change processes due to it takes time to get people to change, it takes time for people to learn something new and make it to new routines. Organizations must constantly change their processes and services in order to survive in today's market with an ever-present change approach (Todnem By, 2005; Westover, 2010; Kotter, 1995; Robyn & Cynthia, 2011). According to Robyn and Cynthia (2011), change processes require a lot of resources, and it consist of many steps, therefore it is highly recommended when doing a change process to have a good commitment and understanding of the complexity of the process. For a consultant company such as Ramboll, it could be a more complex task with change processes, it is expected that consultant companies have high knowledge services, moreover, consultant companies must constantly implement new external knowledge (Fosstenl kken et al., 2013; Kostopoulos et al., 2011). C1 and C2 agree and claim that the EU taxonomy is growing and will affect more companies and industries, therefore it is important and high relevant in time to start working with it today. However, EU taxonomy is one of many other new processes and working methods that employees need to learn and adapt to within Ramboll according to C1.

Another part of the complexity of a change process according to Robyn and Cynthia

(2011), and Kotter (1995) is the fact that employees need to understand why they should do it. Within Ramboll, most interviewees understand that the EU taxonomy is an important regulation, and it is beneficial to apply it into the working methods within Ramboll. However, they do not agree at all on how and when Ramboll should do it, some of the interviewees, such as C4, C6, and C7 state that Ramboll should wait and analyses how the market reacts to EU taxonomy before they act. In the contrast, others such as C1, C2, and C3 believe that it will be relevant for most companies and industries. These results from the interviews indicate that Ramboll lacks a decision on whether the organization should work with EU taxonomy or not. According to the interviewees, it is up to each division to decide, based on their customer needs and if they have the time needed to learn about the EU taxonomy. Furthermore, it is clear from the interviews, as mentioned before, that C1, C2 and C3 have another opinion about the EU taxonomy, they believe that EU taxonomy should be common knowledge within Ramboll, and they state that most employees should learn the basics of EU taxonomy and be able to handle it. While others C6, C4 and C7 suppose that EU taxonomy is expert knowledge, and it is enough to have some employees to handle it and EU taxonomy is not common knowledge. The vision of the EU taxonomy is even undefined within Ramboll, which makes the implantation work even more difficult. Kotter (1995) explains in Kotter's *Eight-Step Model* that *Creating a Vision* and *Communicating the Vision* are among the most important steps in a change process that make the entire organization act together toward common goals. Creating a vision means that the organization should get the employees to understand why how and what to do, in case of a change, the organization should have clear plans and clearly explains what the benefits are of the new technology. As well as communicating this vision to everyone, at least to the key persons in the organization, and they, in turn, will communicate further to the entire organization. Further, the organization should *Empowering Others to Act on the Vision* according to Kotter (1995), when employees realize that the organization working hard to involve them, that will motivate them to be a part of the change process and they will benefit from the process with their experiences. Hence, Ford and Ford (2010), and Rajhans (2009) agree and add that the inclusion of employees in the process even from an early stage and letting them be part of the decision-making are a crucial parts of a successful change process, both believe that employees can have input and ideas that benefit the change process, even if the organization would not take into account all input from employees, but they will still feel appreciated and responsive.

In contrast, Robyn and Cynthia (2011) who also emphasize the importance of including employees in the process also point out the risk of giving employees too much space in decision-making, they believe that it can risk the whole change process if employees are not willing to change and can influence the decision. Robyn and Cynthia (2011) believe that the organization should treat the inclusion of employees in a planned and careful way, in a way that requires good leadership that can lead the organization towards a successful change process. Gilly et al. (2009) as well state that leadership is needed to lead the change process and determined in which extension the employees are involved. C8 agrees with the previous state-

ments of both Gilly et al. (2009) and Robyn and Cynthia (2011) and explain that Ramboll cannot let such decisions regarding implantations entirely up to employees, change processes within Ramboll should be systematized and structured in a way that there is central decision-making about it, while including of employees is an important element, C8 is critical to how Ramboll let each division decides for themselves how they will deal with the changes. Kotter (1995) emphasizes the importance of an organized change process such as C8 and Robyn & Cynthia (2011). In Kotter's *Eight-Steps Modell* explains how an organization should proceed, the first step in the Eight-Steps Modell is *Establishing a Scene of Urgency*, this act aims to motivate employees and make them understand that the change should take place now. Kotter (1995) believes that it is a harder task to get employees to change their routines and working methods if they do not understand the need for the change. According to interviewed employees at Ramboll, C1, C2, C3, and C6 that there is no central decision from the management at Ramboll that EU taxonomy should be applied to Ramboll's working methods and services. This is showed in table 5.1 were 3 out of 8 interviewees have not heard of the EU taxonomy regulation until their participation in the interviews for this study. Even though C4 who is one of the employees who believes that market analysis should be introduced first before Ramboll can decide on EU taxonomy matter, states that such decisions should come from the top management of Ramboll when they realize that it is necessary to make such a comprehensive change. C4 compares the EU taxonomy with *International Environmental Management Standard (ISO 14001)*, C4 means that the decision to implement the *ISO 14001* within Ramboll comes from Ramboll's management. C4 states that despite some resistance, the implementation went well because it affected the entire organization, and Ramboll make sure to have the resources needed to help the employees throughout the process.

7.3.1 Change agents

Kotter (1995) emphasizes in the *Eight-Step Model* how important it is to have a *Powerful Guiding Coalition* to lead the change process, such a group is not excited at Ramboll as the various divisions can control the process on their own. According to all interviewees, it looks very different how far different divisions get into the EU taxonomy, some divisions are at the forefront while some others have not even started the process of working with EU taxonomy. C8 believes in an organization like Ramboll, just a few persons cannot lead a change process by themselves separately, because the process contains many steps, besides, C8 state that it is very hard to get people to change their work routines and motivating to do that is a big challenge. To do this in the best way, C8 suggests that Ramboll should have a central implementation team with the right skills and competence that work with change issues within the entire organization, and act as central change agents. Furthermore, to help them reach all divisions and business areas in Ramboll, they need a contact person in each division who in turn will be the change agent for their own division. C8 explains that working in that way will facilitate change processes and having a contact person in each division will help the central implementation team to adapt the new changes to the unique services that each Ramboll's division offers.

Thus, change agents are an important part of the change process, it is a crucial factor to get people's response to the process, and change agents will guide other employees throughout the process according to Battilana and Casciaro (2013). In addition, change agents should have a good network within the organization and that they are familiar with the organization's culture in such a way that they understand and know the organization has working methods and how they work. Battilana and Casciaro (2013), and Lunenburg (2010) explain that internal change agents are more beneficial for an organization than external who are experts in their field but lack the knowledge of the organization. According to Lunenburg (2010), when change agents have a good relationship with employees in such a way that employees can find similarities between themselves and change agents is a useful technique, called *Homophily*, it makes change agents more accepted and this, in turn, means that the change process driven by change agents become more accepted. Therefore, C8 means by having a central implementation team within Ramboll is important and more favourable than hiring external change agents. According to C4, this method is used in their division, when they want to implement a new technology or a new working method, one or more employees are sent to training and then act as change agents and teach the others in the division. Moreover, C2, C5, and C8 confirm that such methods are used within Ramboll, where one or more persons from each division act as change agents, but the shortcoming in this used method of Ramboll is that each division act separately. Having people from the same division who act as change agents helps it for a successful result.

Lunenburg (2010) also emphasizes that change agents must have a well-planned change plan, it can have a big impact on whether change agents succeed or not, the plan must also be communicated well to all involved employees. Kotter (1995) agrees with this and believes that a change plan is an important element, where employees are well-informed about how the process will go, because of it is very important to get employees understand why the change is necessary. An example presented by Ford and Ford (2010) is when a change agent wants to introduce a system change in a hospital, the change includes implementing of two new functions. The change agent prepared an action plan with four points, each point affects a specific department, this plan has been presented to all top management teams and has been informed in detail why the change is necessary and how the implantation should go. The change agent expectation was that the top management team will pass further all information to their employees in purpose to inform all employees about the implementation before it gets start. It turned out that the information did not reach anyone at all, which the change agent discovered when meeting the various employees to start the implementation. Most of the employees had a lot of questions on why and how the change will take place, some of them claimed that these new functions are not necessary at all and will affect the exciting systems negatively. Thus, the change agent realized then that starting with the implementing plan directly is not an option, instead a communication plan is needed in this situation to give all necessary information to employees and to get them understand how the new systems will benefit their own work methods (Ford & Ford 2010).

The previous example explains the importance of communication in advance to prepare the organization for the upcoming change, C8 agrees that communication also is a big part of the implementation of new working methods. C8 state that when Ramboll wants to change or implement a new system, it is better to communicate it in advance. It helps when employees are prepared for what will happen and how. According to C8, when an implantation plan is expected to start, it turned out that very few employees have heard about the upcoming plan, which is similar in the EU taxonomy case tight now within Ramboll. That costs time and energy, as change agents must re-inform why and how the change should take place, they must answer all questions, concerns, and other things that change agents could have avoided if these discussions had taken place before. Regarding the EU taxonomy, the communication around it takes place mainly via Webinars, C1 believes that Webinars help to increase communication among employees about EU taxonomy and to get an idea of how the different divisions currently work with EU taxonomy, however, these webinars are voluntary.

7.3.2 The challenges and opportunities with resistance

Many of the change processes fail and most cases point out resistance among the main causes according to Ford and Ford (2010) who also state that there is no clear definition of what resistance is which makes it difficult to deal with. Robyn and Cynthia (2011) agree with the aforementioned statement and believe that in a change process change agents are the ones who can define resistance in each change process and consequently, they have to treat resistance and/or overcome it. All interviewees pointed out a common problem that consulting companies face when it comes to changing work or developing their current services and knowledge, the billing requirements. As an employee at Ramboll, it is expected to work on paid hours by the customer, closer to full-time, which leaves no time for personal development or change work. In this matter, change agents must have a great understanding of that, so-called *Empathy*, which according to Lunenburg (2010) is a crucial characteristic of change agents to be able to understand and accept how others' conditions are, organisations consist of different kinds of people, and change agents should consider that. C1 agrees with and believes that Ramboll cannot force people to change, people need to get motivated and willing to change. Therefore, C1 state that the voluntary attendance of the EU taxonomy webinars is not beneficial but necessary, employees have ongoing projects and assignments to do, while they are also expected to learn about EU taxonomy. Furthermore, C4 and C7 are worried about the financial loss of training employees in a subject that Ramboll is not sure if they can make a business of, which also is a challenge that consulting companies have to consider.

C4 believes that if Ramboll succeeds in motivating employees for a specific change, this should be the right people who understand the employees' everyday life at work, no one will resist a change in that case. This could be linked to the fact that change agents or organizations, in general, should include employees in the process at an early stage and that the change plan is well-informed. Ford and Ford (2010) believe

that employees' inclusion would reduce resistance and improve the change process, they believe that employees who do the daily work have a better understanding of how it works and their ideas and input on the change process are valuable and useful for the change agents. When employees feel appreciated by the organization and their ideas and concerns are accommodated in the change process, their resistance will be reduced, even if their ideas and inputs are not used but they will feel that they become responsive (Ford & Ford, 2010). Therefore, as previously mentioned, C8 claims that it is valuable to use a central implementation team with contact persons in the various divisions in such a way that the implementation of new technologies can be adapted to their working methods and specific customers. On the other hand, C8 emphasizes that each division should not have the full responsibility for the change process, employees should be included but the decision should be taken from the central implementation team.

Robyn and Cynthia (2011) explain two different ways to deal with resistance in a change process *Demonizing and Celebrating resistance*, which way the change agents decide to deal depends on different situations. Robyn and Cynthia (2011) are aware of the benefits of using resistance in a good way to improve the change process. However, they do not agree with Ford and Ford (2010) who believe that *celebrating resistance* is the way to go always. They explain that there is a risk of resistance having too much power and influence, giving too much freedom to employees can be used incorrectly and counteract the change process. Both C1 and C8 agree and explain that Swedes have a special way of working and that their resistance to change is based on the Swedish work culture. In Sweden, the employees, in general, get a great deal of freedom in how they perform their tasks, the Swedish model focuses more on results than how the work is done, according to C1 and C8. Furthermore, Swedes want to do everything in their own way, which does not work in an international organization like Ramboll, C1 and C8 state that Ramboll as an organization strives for globalization, then it is impossible to nationalize each change to be adapted to each country. Therefore, a general system or general framework for how implementation and development work should be done will benefit cooperation within Ramboll, both nationally and internationally.

8

Conclusion

In Ramboll, a dilemma exists where the employees need to learn new capabilities to be competitive as a consultant, but still spending an adequate amount of time on billable projects in order for Ramboll to be profitable. This dilemma can be seen in both the absorbing of knowledge and the sharing of knowledge. The employees are enthusiastic to learn new things and to share them with their colleagues, however, they do not always feel the support from the top management to do so, because of the profitability. In contradiction, the management are eager for their employees to learn new things, although, it is important that the outcome of the learning must be profitable and generate business opportunities. These contradictions between the perspectives of the employees and the management causes uncertainties and thus, less spent time on learning new capabilities or knowledge. This dilemma, which can be recognized as the exploration-exploitation dilemma, was distinguished in all interviews and can thus, be a significant issue in other consultant companies.

Furthermore, the organization of Ramboll is divided into several, practically independent divisions, where every division has their own system on how to implement new knowledge and technologies. To implement such knowledge within the whole organization, it is important that Ramboll has a common system for implementation that is applied within all divisions. In present, the application of knowledge is significantly dependent on the employees. Hence, it is up to the commitment of the employees to apply new knowledge within Ramboll. The need of employee's commitment to apply new knowledge can be seen in the matter of the EU taxonomy, whereas despite it is a regulation and that it is closely connected to the strategy of Ramboll numerous employees does not know the meaning of the EU taxonomy. By instead having a shared system, Ramboll can ensure that the whole organization is noticed of the change and that no division fails with the change. In turn, Ramboll can guarantee to remain competitive and presenting solutions that are up to date.

The independence of the divisions does also deteriorates the communication between divisions. Due to this limitation, some divisions are ahead of the change process of the EU taxonomy, while other has not yet begun. However, with a better communication across the organization, divisions can learn from each other and hence, achieve an organizational learning of the EU taxonomy.

In conclusion, the exploration-exploitation dilemma, the independent systems among the divisions and communication issues are the three most significant challenges of absorbing and sharing knowledge within a consultant company.

8.1 Recommendations

Within large consultant companies, it has been stated that change process could be a big challenge, due to that they operate in many different fields and the fact that they usually work on a high level of billable hours paid by the clients. But some solutions could help those companies to preform change processes to effectively absorb and share new knowledge:

- It is recommended to have a central implementation team operating against the entire organization. Further, each division within Ramboll must have its own implementation manager that works towards the central team. The central team's main responsibility is to absorb and produce interesting implementations of new systems, knowledge, and technologies that they believe Ramboll needs, based on their market analysis. However, the division-based implementation managers in each division will ensure that these implementations are adapted to their own services and customers.
- In the matter of the EU taxonomy, a central decision within Ramboll should be made by the top management of Ramboll, whether the organization should work with it or not. A common well-informed vision of applying the EU taxonomy within Ramboll's divisions will also increase the employees' acceptance of commitment to a change process. This in turn will make it easier for those divisions that have come a long way in the EU taxonomy to share their knowledge when they realize that other divisions also want to apply EU taxonomy within their working methods. Moreover, the common vision to apply the EU taxonomy will act as activation triggers motivate the employees to act together.
- Within consultant companies, employees who work with implementations and development need laid bare time to be able to do this work, they should be given partial dispensation from the high level of billable hours, and their divisions should set aside internal time for them. This in turn will give them opportunities to work on personal and organizational development.

8.2 Suggestions for further research

A previous mentioned problem when implementing changes within Ramboll is that the employees need to have a high level of billable hours while implementing the change, which causes lack of time for the implementation. Therefore, it would be interesting to study other consultant companies, to see if they experience a similar problem. This would be applicable for both major companies like Ramboll, but also minor consultant companies, to see if the problem variates with the size of the consultant company.

Furthermore, a more in-dept study with several performed implementations within Ramboll would generate a more enhanced understanding of their change processes, absorptive capacity and their way of sharing knowledge. A mentioned example by one interviewee is to analyze how Ramboll implemented the ISO environmental management system or the ISO quality management system.

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A

Appendix

A.1 Interview guide

Name:
Date:
Time:
Place:

The information from this interview will be anonymized and only used for this master thesis. You have the right not to answer certain questions, to interrupt the interview at any time, to regret certain information you have provided or to request that it not be included in the study.

The interview will be recorded and transcribed, however, these files will be deleted after the completion of the master thesis.

Introduction

- Can you describe your role and task at Ramboll?

Absorbing new knowledge

- How does Ramboll absorb new knowledge?
- How do Ramboll sort among new knowledge and research to determine what is relevant?
- How is new knowledge implemented in Ramboll?
- How is knowledge distributed among employees and across divisions within Ramboll?
- Is there anyone responsible for change processes within Ramboll?

EU Taxonomy

- What do you know about the EU taxonomy?
- Is there anyone responsible for the implementation of the EU taxonomy within Ramboll?
- How have your division worked with the implementation of the EU taxonomy?
- How do you think the EU Taxonomy will affect the work in Ramboll?
- How can divisions benefit from other divisions' work within the EU taxonomy?

A. Appendix

- What measures does Ramboll need to take to be able to integrate the EU taxonomy?
- What challenges do you think there are with the implementation of the EU taxonomy?
- Do you have any suggestion of employees within Ramboll that could be relevant to our study?



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