

**ORGANIZATIONAL CHANGE: PROCESSES, CONTEXTS AND
PERSPECTIVES**

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in partial fulfillment for the degree of Ph. D. in Management

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Abstract

The thesis presents a case study of a planned change initiative at a pharmaceutical company. The change involved the introduction of a matrix structure. Grounded theory was used to guide the research. More than sixty in-depth interviews were carried out over a period of eighteen months. The data from these interviews were supplemented by quantitative data. The research explores how the change initiative developed over time, the perspective of different levels within the organization on the change initiative, and the relationship between individual, group and organizational change processes. By adopting a processual-contextual and multilevel approach, the research brings together analysis of the processes, contexts and perspectives related to this change. The research determined that change processes at different levels are interlinked, and demonstrates that change phenomena at one level affect phenomena at other levels.

The research demonstrated that any organizational change may also be affected by other changes that are taking place within the organization – what this research terms the *change context* and *change offshoots*. The research describes a theoretical framework of the planned change process and also a typology of types of organizational change that takes account of the existence of multiple levels within an organization. It also proposes a tool – a *change context map* – to aid change management practitioners.

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1 Introduction

A pile of all the documents produced during the last fifty years by people directly involved in organizational change might almost be dwarfed by a pile of all the literature which has been produced about organizational change. There has never been more interest in organizational change and researchers have responded by producing a variety of perspectives on change. Despite this, however, many theorists agree that the process of change is not completely understood (Van de Ven and Poole, 1995; Armenakis and Bedeian, 1999). As Pettigrew (1985: 1) states:

“Observe other men consciously attempting to move large and small systems in different directions, or attempt it yourself, and one sees what a difficult and complicated human process change is”.

Recent research on change has more modest goals than producing generic recipes for change (which rarely lead to successful change (Beer et al., 1990)), and there has been a trend towards research which takes account of the situated nature of organizational action (Weick and Quinn, 1999). The present study follows this trend and is intended to increase our understanding of the paths of change within an organization, rather than produce a set of guidelines for change.

Through an investigation of what happens during a planned change initiative, this thesis provides insight into the factors that influence the dynamics, progress and outcome of the change process. This thesis illustrates to practitioners the factors which shape and influence organizational change and should help them to manage complicated transitions.

This thesis also increases awareness of the need to continually assess the change process and make appropriate adjustments. This thesis provides researchers with evidence that the complex nature of organizations and organizational change necessitates an acknowledgement of the unpredictability of change processes when they are designing research into this phenomenon. It also shows that to appreciate fully planned change, one needs to study such initiatives over time and at different levels of the organization.

1.1 Purpose of the Research, Research Questions and Research Methods

This research investigates a planned change initiative at PCo, the Canadian subsidiary of a multi-national pharmaceutical company¹ that has had a history of success until recently, when the business environment in which it operates deteriorated. Against this background, there have been several change initiatives, of which one of the most significant involves a change in the organization's structure; this was the creation of a matrix structure. This change initiative was called the *Bauplan* change.

This study takes as its premise that change is best understood as a process that takes place within a social and organizational context (see, for example, Pettigrew, 1985, 1987, 1997; Dawson, 1994, 2003; Burnes, 1996; Czarniawska and Sevón, 1996; Collins, 1998; Preece et al., 1999; Pettigrew et al., 2001; Helms Mills, 2003; Balogun and Johnson, 2005; Collins and Rainwater, 2005). This conceptualization is introduced in this section, and is described in more detail in Chapter 2. Research which is based on this understanding is

¹ The organization asked for confidentiality. It is referred to in the thesis as *PCo*. Furthermore, any information that could lead to identification of the organization being studied (e.g. the code name of the change initiative under study) has been eliminated or changed to honour this agreement.

generally referred to as 'contextual' and 'processual'. (The research in this thesis is described as processual-contextual, to emphasise that it takes account of both context and process.)

A process is

“a continuous, interdependent, sequence of actions and events which is being used to explain the origins, continuance and outcome of some phenomena” (Pettigrew, 1985: 36).

The “phenomenon” that is being explained here is the actual planned change which lies at the heart of the process. Preece et al. (1999) refer to this as the 'content' of the process, which could be cultural change, technical change or, as in the case being studied in this research, a change in the structure of the organization. Applying Pettigrew's definition of process to organizational change makes clear that change is a complex affair that happens over time. The “actions and events” refer to the 'how' the change process develops – consultation, persuasion, communication programmes, decisions made in meetings and so on. Change is a sustained process (Dawson, 1994; Burnes, 1996) which is rarely neat and tidy (Collins, 1998).

The complexity and unpredictability of change processes are caused by the contexts in which the change is taking place. As described by Pettigrew (1985), the 'outer' context of change is the social, economic and political environment outside the organization, and the 'inner' context consists of dimensions within the organization, like culture(s), politics, and structure. It should be noted that the outer context affects individuals, not only organizations. For an individual, the inner context includes the formal groups (i.e.

hierarchical and functional) and informal groups of which he or she is a member. The outer and inner contexts affect the content of the change, and how the change process unfolds and evolves. They play a role in the outcome of the change, and in how the change is experienced by the organization's members and groups.

Consideration of multiple levels – individuals, groups and organizations – is required when researching the outer and inner contexts of change, because as House et al. (1995) point out, organizational change is linked to group and individual change, but these are not the same phenomenon. Groups and individuals go through their own change processes (Whelan-Berry et al., 2003), which need to be considered when researching organizational change.

The purpose of this study is to use an approach which is based on the understanding of change described above to investigate a planned organizational change. The goal of the thesis is to develop a theoretical framework of the planned change process. To achieve this, the thesis addresses the following three specific research questions:

- How are views of a change affected by one's place in the organization and by the stage a change initiative has reached?
- How are individuals' responses and actions regarding the change affected by their view?
- What does analysis of individual and group change processes contribute to our understanding of organizational change processes?

The starting point of these research questions is personal observation. I have been working in organizations for more than a few years, and have experienced at first hand

many instances of organizational change. Personal experience has provided at least some evidence that what tends to happen during organizational change is that people's reaction to a change in organization structure, for example, depends in part on where they are in the organization. If they are junior, their opinion about such a change may be "Who cares?", if they are middle managers, their opinion may be "What?! Again!!"; if they are senior managers, they may say "This is really important for the whole company and is a great idea!". The research questions are intended to lead towards a more empirical and theoretical understanding of these observations.

Pettigrew (1985, 1997; Pettigrew et al., 2001) has summarised the fundamental requirements for research on organizational change based on the processual-contextual approach:

- Description of the processes under study, which means investigating them over time,
- Description of the contexts and levels of analysis. This involves investigating change at the level of the individual, group and organization, while taking into account the inner and outer contexts in which the change is set,
- Linking the processes with the contexts and levels of analysis, and
- Linking the process of a change to the change outcome.

This study is ecumenical in that it uses insights from several approaches to explore the contexts and processes of change. It explores the processual dynamics of change and what happens in an organization during periods of change.

The methodology suggested by Pettigrew's requirements is a longitudinal, qualitative case study that uses a grounded theory approach. Grounded theory is an appropriate methodology for the study of change processes because it demands that the researcher consider how the sequences of action and interaction that are related to a phenomenon evolve over time (Strauss and Corbin, 1998). Grounded theory methodology is also aware of the importance of levels; Strauss and Corbin (ibid.) emphasise the need to consider micro and macro conditions during analysis and theory building (see Chapter 3 for further discussion of the methodology).

As Glaser and Strauss (1967) suggest, the investigator using a grounded theory approach may develop an initial framework which is then re-evaluated in the light of the data found in the study. The following figure presents a model that served as a basis for the initial fieldwork. It is based on the assumption that the views held with respect to a planned organizational change are different for the various hierarchical levels. The model also reflects the notion that views change over time.

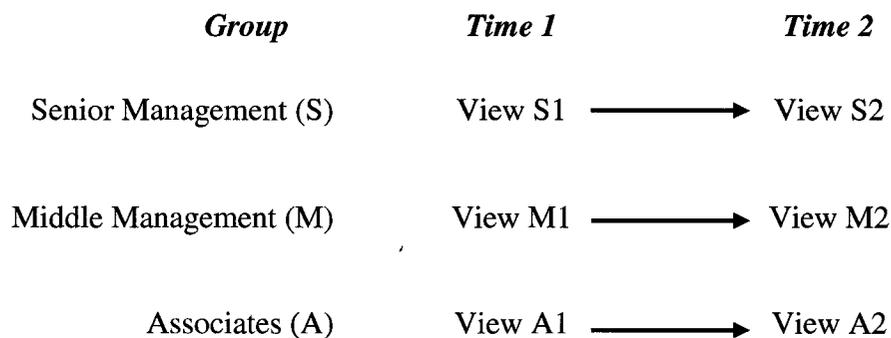


Figure 1: Preliminary model

Part of the research effort was to understand why there are different views according to hierarchical level and why the views change over time. This model does not show how contextual factors, like the organization's business environment, performance, culture or history, affect the views of the organization's members. It was, however, a useful first step in understanding the complexities of planned change, while a more complete model of the change process is presented in Chapter 3, with a revised version in Chapter 8.

1.2 Significance of the Research

Despite the fact that a processual and contextual approach to the study of change is, by necessity, a multilevel approach, so far there has been little effort to specifically bring the processual and multilevel analysis approaches together in a study of change. Many of the authors of methodological works on multilevel analysis are seemingly unaware of much of the contextualist work that has been done, while very few of the processual authors discuss work on the methodology of multilevel analysis. This research contributes to multilevel research in organizational behaviour, which was originally concentrated in just a few topic areas, mainly climate and leadership (Klein et al., 1994). A multilevel approach to organizational change is particularly appropriate (House et al., 1995), and among the areas where there is little research is the interaction between group level change processes and organizational level change processes (Whelan-Berry et al., 2003), an area which is integral to a processual-contextual approach.

In comparison to the complete body of literature on organizational change, there is relatively little empirical research that investigates the processes of change, and only a

small part of this literature takes formally into account the existence of hierarchical and functional groups within organizations. Interaction between different hierarchical levels has received more attention than lateral interaction in the change arena, yet work done by Balogun and Johnson (2005) suggests that peers may have a more significant impact on middle managers' conceptualisation of change than senior management. This thesis seeks to address this gap in our knowledge through taking a specifically multilevel approach to the study of change.

This study investigates over time the responses of *all* members of the organization to change processes that are initiated by senior management, for as House et al. (1995: 107) state:

“The response of lower level units of analysis to such changes as ... redesign of organizational forms ... is presently more speculated upon than researched”.

The 'lived experience' of managers involved in change has so far attracted little attention (Buchanan et al., 1999), because the role of senior managers in planned, top down organizational change is often studied at the expense of middle managers (Huy, 2001; Balogun and Johnson, 2005). This point applies even more to those lower down the hierarchy, especially in non-factory environments, yet Alvesson and Willmott (1992: 454) emphasise the importance of letting the members of organizations be heard:

“Letting people in organizations speak for themselves ... is a vital means of moderating 'totalizing' accounts of management and organization”.

This thesis is intended to be a contribution to the literature in the following ways:

- The majority of literature on change looks at issues only from the point of view of senior management, but this research was interested in how a change initiative is perceived by people at several levels of an organization. Even seen in isolation, the role of middle management in change initiatives has so far received relatively little attention, while the role of non-management groups has received even less. The importance for organizational change and the complexity of the relationships between the different hierarchical levels are consistently underemphasised in the organizational change literature.
- The processual-contextual approach has the advantage of capturing the non-linear and non-rational aspects of change processes. However, even though it implicitly deals with multiple levels, it does not do so explicitly. This research examined the change process at individual, group and organizational levels. It considered how the change process at each level was affected by the change processes taking place at the other levels. In addition, while much of the processual-contextual research analyses very well what happens during the change process, this tends to be at the group or organizational level, as the individual is largely missing from this literature. This thesis showed the importance of the individual in organizational change processes, and the importance of organizational processes for the individual.
- Processual-contextual research often does not produce outcomes that are useful for practitioners. It shows how unexpected outcomes arise during planned change programs, but not what can be done about them. This research followed a change initiative in some detail, and led to a tool and framework for an analysis that will be useful to management and others for their change-related activities in organizations.
- The research presents a taxonomy for the different types of change that take place in organizations, and relates this to individual, group and organizational level.

Another theoretical contribution is a framework that is intended to help researchers study the paths taken by a planned organizational change.

This thesis is organised as follows: Chapter 2 comprises an extensive review of the relevant literature, which discusses the construct of change, as well as the various models of change and different approaches to carrying out research on organizational change. The literature on individuals' reactions to change is also discussed. The results of the literature review inform the research methodology which is presented in Chapter 3. In addition to discussing the theoretical framework that was used at the beginning of the research process, Chapter 3 also addresses the methodological issues of a processual-contextual, multilevel approach. The final part of this chapter describes the way the methodology was actually used in the research.

The findings of the research are presented in Chapters 4, 5, 6 and 7. Chapter 4 describes the outer and inner contexts of the change that was under study, and shows how what took place in the past influenced the way the change initiative developed. Chapter 5 describes the content of the *Bauplan* change, while Chapter 6 addresses its intended and unexpected outcomes, and provides an explanation for these developments by focussing on change processes at different levels. In doing so, the chapter emphasises the importance and benefits of taking a multilevel approach. Chapter 7 deals with other changes that were taking place in the organization. The need to include these changes during the discussion of the process of planned change became apparent during data gathering and analysis, when it emerged that changes that are not directly part of the planned change are influential in the way it progresses.

Chapter 8 discusses the theoretical and practical implications of the research. A theoretical framework for the study of change is presented in this chapter, as well as a typology of changes. Suggestions for future research include proposals for working on two propositions relating to the theoretical framework that emerged from the data.

2 Literature Review

This chapter presents literature dealing with change. Its purpose is to evaluate this literature in relation to the research being proposed and to situate the research being undertaken within the existing body of organizational change literature. Very briefly, the research questions deal with individual and group conceptualizations of a change initiative, how and why these influence behaviour, and how and why they affect the change process. As discussed in Chapter 3, the research approach being taken is that of grounded theory, which requires that the researcher have a conceptual framework obtained through a literature review before embarking on the research (Goulding, 2002; Suddaby, 2006). The length of the literature review is a reflection of the complexity of organizational change.

The literature review discusses the construct of change and approaches to the management and study of change, with the intention of setting and justifying the parameters of the research approach and developing the theoretical orientations needed to present and analyze the material. This section, therefore, does not provide an overview of the entire body of the change literature; given its size, this would be impossible, and undesirable. Instead, the review pays particular attention to those approaches to the study of change that seemed likely to shed light on the research questions and help to understand the primary data of this research effort.

This review uses strategies suggested by Hart (1998) to guide the selection of literature that is covered. Therefore, influential core items have been selected through citation

analysis of the literature and the use of bibliographic reference databases. These works are then complemented by less well-known writings to illustrate particular points or introduce alternative views.

The literature review begins with an examination of the circumstances that have produced the change literature. The construct of organizational change is then discussed and a framework for organizing the literature is proposed. This is followed by a more detailed review of the various approaches to organizational change and its management and a discussion of the literature on the way people experience change. The final part of this chapter summarises how the review of the literature shaped the research approach of this investigation of organizational change.

2.1 The Organizational Change Literature

In most discussions of the literature around change and change management, the social, political and ideological circumstances in which the literature was developed are presented as uncontested and objectively given (Cooke, 1999). The literature review undertaken for this thesis takes an alternative view and is based on the premise that the change literature cannot be understood in isolation, because approaches to change are strongly affected by their socio-historical context (Dunphy, 1996).

2.1.1 Prehistory

Among the concepts discussed by the philosophers of ancient Greece was the idea of change. Two schools of thought with respect to change existed among pre-Socratic thinkers, and the differences between them were significant (Russell, 1979). Parmenides (c. 515-445 BC) used an argument based on language and thought processes to claim that change was not possible: "[Reality] is uncreated and indestructible; for it is complete, immovable, and without end".² He stressed that reality is permanent and unchangeable, and change is illusory (Wagner, 1995). Heraclitus (c. 544-483 BC), who was well known to Plato and Aristotle for his belief in universal change and his doctrine that everything is in a state of flux, took an opposing view: "You cannot step twice into the same river; for fresh waters are ever flowing in upon you". He argued that there is a continuous process of transformation, so things are in a constant state of becoming, and therefore the world changes and is changeable (Chia, 1999).

There is no doubt about which of these two arguments is the more influential today, as exemplified by Hammer and Champy (1993: 23): "Change is constant [and] the pace of change has accelerated", and Kanter et al.'s (1992), contention that stability is simply unnoticed change. Sturdy and Grey (2003) point out that Heraclitus is to writers on organizational change as Sun-Tzu is to writers on strategy. For example, Kanter et al. (1992: 9) have the quotation "Nothing endures but change", and Beer and Nohria (2000: 476) write: "As Heraclitus noted 2,500 years ago: 'All is flux, nothing stays still.' Sadly, this is as true today as it was then".

² Quotations are from Russell (1979).

2.1.2 Change Today

Beer and Nohria's comment reflects the current orthodoxy that we live in an era of profound change in most areas of our existence. A recent search of the online journals of the academic publishers Taylor and Francis revealed that the phrase "unprecedented change" has been used in reference to life in rural communities, Italian politics, healthcare, libraries, information technology and education. The sphere of business is not immune from such views. It is not surprising then that implicit in many management texts, articles on business in newspapers and magazines, and management training courses is the view that the world is changing more quickly than ever (Grey, 2003), and the point is made explicitly equally often. To give but three examples:

- "We are living at a time when the competitive environment has a steep and rapid learning curve. It's also a time of unprecedented change." (McKenna, 2002: 217)
- "Today, however, companies are in a process of retooling and developing new strategies which will assist them to be competitive at a time of unprecedented change in product and labour markets and technology." (Albert, 1997: 64)
- "All parts of organizations are going through unprecedented change as a result of the volatile business environment, including such well-known items as exploding technology, globalization, and new work processes." (Shimko and Swift, 2000: 616)

A lack of change – or, expressed alternatively, stability and continuity – is today regarded as a problem from a managerial point of view (Cameron and Quinn, 1999; Sturdy and Grey, 2003), while change becomes an ideal. A Parmenidean approach suggests that thought should be given to maintaining what is stable (Wagner, 1995) but today's Heraclitean discourse of management now includes the imperativeness of change (Helms Mills, 2003). The pervasiveness of the idea that this is a particularly volatile era means

that “organizational change may well be the most oft-repeated and widely embraced term in all of corporate America” (Beer and Nohria, 2000: cover).

There is an enormous amount of academic literature and an enormous amount of practitioner literature on the topic of change, where the most popular books sell in millions (over six million copies of *In Search of Excellence*; two million copies of *Reengineering the Corporation*), which indicates the widespread acceptance of the need for change. This orthodoxy – or fetish (Grey, 2003) – has roots in the social developments of the last forty years.

The post-war era was one of relative stability until the 1960s, when there was social upheaval (protests against the Vietnam war, the student revolts of May 1968, the women's movement), technological upheaval (the development of computers and transistors, the space race), and economic upheaval (the oil embargo of 1973, the “Japanese juggernaut” built on high quality products and high productivity (Daft, 2004)). The scale of the resulting changes may or may not be fundamentally different to anything that had happened before, but they were important, and they created an impression that major change was happening and needed to be addressed.

The growing importance and economic power of Germany and Japan, together with the (relative) decline in the US and British³ economies seemed to indicate that there was a need to overhaul radically the traditional American and British ways of doing business.

³ The US and UK are mentioned by name because this literature review concentrates on works that are written in, or available in, English.

To illustrate this: Kanter constantly appeals to American nationalism (e.g. Kanter, 1989; Kanter et al., 1992) and great past (Kanter et al., 1992). She is not alone in this; Hammer and Champy (1993) also lament that one hundred years of American industrial leadership is threatened, Ouchi (1981) discusses the very survival of “Business *americanus*”, while Vogel (1979: ix) contends that “it is a matter of urgent national interest for Americans to confront Japanese successes more directly and consider the issues they raise”.

The emergence of Thatcherism and Reaganism, which called for a new enterprise culture and a much-reduced role for the state, was also a significant factor in creating a climate where change was seen as a *sine qua non* of future prosperity. The attrition rate of companies is huge; only 16 of the largest 100 US companies at the beginning of the 1900s still survive (Cameron and Quinn, 1999), a fact which certainly implies that change is crucial to survival (although it is very rarely argued that unnecessary change caused failure).

These factors led to the development of an industry based around the management of change (Micklethwait and Wooldridge, 1996; Griffith, 2002; Grey, 2003). The organizational change industry (or “the American academic-consultancy complex” (Grey and Mitev, 1995: 6)) has its ‘gurus’, ‘experts’ and ‘specialists’ – the new organic intellectuals who decide what is ‘normal’ (in a Foucauldian power/knowledge sense). Clark and Salaman (1998) contend that gurus define the very role of management and its associated tasks, and Watson's (1994) interesting account of managerial life shows that managers are very aware of gurus' ideas and approaches, and that these are influential in

managers' actions, being part of the way in which managers make sense of the world. The work of the gurus and other theorists helps to form and maintain the social discourse of change that plays an important role for managers' subjectivity.⁴

While Abrahamson (1996) argues that there is a difference between aesthetic fashions and management fashions – the former need only appear pleasing to the eye, while the latter must appear to be rational and progressive – there is indeed a fashion aspect to the development and marketing of many of the different programmes that have been proposed for dealing with change.⁵ It should be noted, though, that managers do not follow gurus only for psycho-social reasons, but also out of a desire to learn better techniques to help them in their day-to-day work (Abrahamson, 1996).

The *haute couture* houses of management fashion, according to Abrahamson, are consulting firms, management gurus, mass-media business publications and business schools. The relationships between these fashion setters are intricate but clear. Mickelthwait and Wooldridge (1996) show how Tom Peters began his professional life in a business school, worked for a consulting firm, published *In Search of Excellence* and then set up his own consulting empire, and they demonstrate that the fortunes of the consulting firm CSC Index – whose methodology is reengineering – are related to the publishing success of its founders, Hammer and Champy (Hansen et al., 1999).

⁴ Subjectivity has been defined by Grugulis and Knights (2001: 22) as “A person’s ability to make decisions in the context of social constraints”.

⁵ For example: Theory Z (Ouchi, 1981), Business Process Reengineering (Hammer and Champy, 1993), Total Quality Management (Crosby, 1996), the Balanced Scorecard (Kaplan and Norton, 1996) and Six Sigma (Mikel, 1988).

The monetary value of the books sold, courses given and consulting services bought⁶ means that a huge market exists for goods and services related to change. This part of the culture industry behaves in the same way as any other market, so needs and wants must be created and satisfied, and sales must be increased by finding new customers and by repeat selling to existing customers: this involves the development of new approaches and the writing of yet more books about how to make change happen.

2.2 Conceptualising Change

The literature on organizational change forms part of a larger body of work on organizations. First, this section of the literature review discusses the relationship between the literature on organizational change and this broader body of literature. The purpose of doing this is to draw out some of the assumptions in the organizational change literature, which are not always made explicit. This follows Hart (1998), who argues that a literature review needs to identify the assumptions that underpin the works under discussion, in addition to evaluating the arguments and findings of particular books and articles. Following this, the construct of change is presented.

2.2.1 Situating the Literature

This part of the literature review discusses paradigms in organization theory to show how the assumptions underlying work in the various paradigms lead to different understandings of 'organizational change' and how this influences the kinds of questions

⁶ The normal flow of a guru idea is Harvard Business Review article, book, then consulting. So critical is the success of the book to the guru that there have been allegations of manipulation of best-seller lists (Stern, 1995).

being raised. Authors do not always make explicit their own understanding of the phrase 'organizational change', even though, as Marshak (2002) suggests, current terminology makes it difficult to address adequately issues related to organizational change precisely because terms are imprecise and ambiguous. Clarity in terminology is important, because a significant challenge in a discussion of organizational change and its literature is to identify the object of study (Morgan and Sturdy, 2000).

Burrell and Morgan's (1979) influential interpretative framework for academic work on organizations allows assumptions to be examined. They follow the seminal work of Kuhn (1970), who shows that paradigms in science each have their own particular core ideas, conventions, assumptions, methodologies and language. They identify four paradigms – radical humanism, radical structuralism, interpretative and functionalist. Each of these constructs the social world in different ways, and so provide for the possibility of understanding the nature of organizations and organizational change in different ways. There have been contributions to the literature on change from within each of the paradigms, but as will be shown later in the literature review, the contributions from some paradigms are particularly valuable for this research.

Most theory and research on organizations has been built on work done within the **functionalist paradigm** whose fundamental characteristics, as discussed by Burrell and Morgan (1979), are that it is realist, positivist and determinist and so aims to provide rational explanations that can be put to practical use. Organizations are viewed as concrete, empirical artefacts that are open to scientific analysis. The **interpretative**

paradigm seeks to explain within the frame of reference of the participant, rather than of an observer. Unlike the functionalist paradigm, it pays particular attention to the creation of organization as a process. It proposes that any reality that exists external to the consciousness of an individual is in essence a network of assumptions and shared meanings. The value of this approach is that it raises the fundamental question of the ontological status of organizations.

The paradigm of **radical humanism** is similar to the interpretative paradigm in being anti-positivist and paying attention to the experience of individuals, but differs by taking a view of society as being full of limitations which should be overthrown. It emphasises radical change by providing a critique of the status quo and examining the forms of power which maintain it. The **radical structuralist** paradigm also is concerned by radical change, and often deals with the themes of structural conflict and domination. Like members of the functionalist paradigm, radical structuralist scholars describe a realist social world; unlike them, they argue that change is built into the very fabric of social structures and brought about through various types of social, political and economic crises.

It is possible to identify two general conceptualizations of 'organizational change' that arise from these four paradigms. First, there is a conceptualization that comes from the functionalist and structuralist paradigms. This conceptualization emphasises that change is:

“an empirical observation of difference in form, quality, or state over time in an organizational entity. The entity may be an individual's job, a work group, an

organizational strategy, a program, a product, or the overall organization” (Van de Ven and Poole, 1995: 512).

This approach freezes an entity at two specific moments and compares the organization at time 1 to the organization at time 2. There is an assumption that an organization is a concrete object that can be measured and studied using rational scientific methods.

The other paradigms are more concerned with process. Mackenzie (2000) argues that the functionalist approach treats 'management', 'structure' and 'organization' as nouns, while within the interpretative paradigm they are treated as verbs, because emphasis is placed on process. A typical understanding of change in these paradigms is that of Francis and Sinclair (2003: 689), who describe organizational change “as an ongoing process of social construction that comprises spiral patterns of discursive change and restructuring of collective meanings”.

Non-functionalist theorists also emphasise that organization itself is a process, and that organizations are built on social processes. Silverman (1970: 127) was one of the first to question the functionalist understanding of organizations, which, he argues, are constructed out of “meanings which define social reality”. This point is also made by Weick (1979), whose work is discussed further in Section 2.10. Watson (1994: 32) also emphasises the social nature of organizations: “organizations are sets of ongoing human relationships”. For this reason, organizations may be seen not only as sites for the production of goods and services, but also as a place where people construct their identity (Knights, 2002).

There are, then, two different conceptualizations of 'organizational change'. First, change is viewed in organization theory from two perspectives – as a difference in state, and as a process. Second, organizations are also viewed from two perspectives – as empirical objects, and as sets of relationships. Accordingly, one approach in the change literature emphasises that organizational change is a difference in state of empirical objects and mainly tackles the questions “Why should an organization change?” and “How should an organization change?” The literature that takes this approach may be termed *prescriptive* in that it provides guidelines for change. A second approach assumes that change is a process inside a set of relationships and is most interested in the questions “Why does an organization change?” and “How does an organization change?” This body of literature may be termed *descriptive* because it is interested in showing how change happens. Doyle et al. (2000: S59) neatly summarise the difference:

“the literature focuses mainly on theory building on the one hand, and on the development of prescriptive change implementation checklists on the other”.

2.2.2 The Construct 'Change'

This section presents the different ways in which the literature models and theorises organizational change, with the aim of developing an understanding of organizational change that could be used later in the research project to help identify what kind(s) of change were happening at the organization under study. The researcher needs a convenient way of distinguishing between the different models and theories in order to be able to discuss them, yet this is not a straightforward task because the “sheer sprawl of the change literature is a challenge to investigators” (Weick and Quinn, 1999: 364). It is

therefore helpful to follow Poole (2004), who argues that a broader understanding of change may emerge by piecing together partial views of this phenomenon.

Aspects of change that are central to any understanding of the construct 'organizational change' include the pace of the change, the extent of the change, and whether or not the change was deliberately conceived and implemented.

- Tempo of change: Weick and Quinn (1999) point out that much recent literature has identified the tempo of change as a meaningful partition. They differentiate between *continuous change*, that involves the continuing updating of work processes and social practices and *episodic change*, which is “an occasional interruption or divergence from equilibrium” (ibid.: 366).
- Scale of change: This concept has been used by many theorists dealing with different aspects of change. Nadler and Tushman (1989), Marshak (2002) and Amis et al. (2004) are among the authors who differentiate between large-scale and small-scale change. Greenwood and Hinings (1996) refer to these types of change as *incremental* and *radical* respectively. Incremental change involves parts or segments of an organization, while radical change addresses organizational wholes (Nadler and Tushman, 1989).
- Planned and emergent change: Most of the literature deals with planned change, where a deliberate decision is made by management to change something and where it is assumed that the results of the change can be anticipated. This may be contrasted with emergent change, where outcomes of change are unexpected and the consequences of change are unanticipated.

There is a special category of unplanned change, which is when the organization has to react to an extraordinary event. Examples of such events are the Johnson & Johnson Tylenol scare of 1982, the Exxon Valdez oil spill of 1989, and, of course, the events of 11 September 2001 (Mainiero, 2002). By their very nature, such events are rare, and normally dealt with in the literature on crisis management.

Clearly, the lines of demarcation are not set in stone – there are areas of transition between the types of change (Poole, 2004). As Weick and Quinn (1999: 377) point out, continuous change “could be viewed as a series of fast mini-episodes of change”, so there must be a point where continuous change becomes episodic change (and vice-versa). Unfortunately, no scholars have been able to define exactly where that point lies, because such a definition is largely a matter of perspective (Poole, 2004). Therefore, describing any particular change as an example of continuous or episodic change is, to some extent, a question of judgement.

This review follows Marshak (2002) in describing *continuous incremental change* as adaptation on an on-going basis and *episodic incremental change* as operational adjustments to some aspect of strategy, processes etc.⁷ *Radical continuous change* is where on-going change leads to changes in the whole organization, while *episodic radical change* is the result of periodic rearrangements of the whole organization.

⁷ Support for proposing two types of incremental change is provided by Tyre and Orlikowski's (1994) study of technology adaptation, where they show that incremental changes do not always occur gradually.

Reviews of the change literature usually use only one aspect of change as a basis for categorization of the literature. However, a more complete picture can be obtained by combining the aspects of change, and this results in the following table (Table 1):

	Pace	Continuous		Episodic	
	Scale	Incremental	Radical	Incremental	Radical
Planned change with anticipated results <i>Prescriptive literature</i> ⁸		Continuous adaptations (Fine-tuning; updating work practices)	Continuous re-alignment of system (e.g. TQM; Learning organization)	Periodic adjustments (e.g. Organization Development)	Periodic revolutionary change (e.g. Business Process Reengineering)
Emergent change <i>Descriptive literature</i> ⁹	Outcomes of change are largely unexpected and unintended				

Table 1: Types of organizational change

As each of these forms of change affects the individual, the group and the organization, the *level of change* also needs to be considered.

Finally, another way to understand change is to consider it in terms of the motors, or general theories, that bring about change. Van de Ven and Poole's (1995) paper presents four ideal types of theory drawn from a wide range of disciplines which address the question of why organizations change:

- **Life-cycle:** immanent within any organization are the logics or processes that lead it to change from the present state to more advanced ones in a series of evolutionary stages.

⁸ Typical – but not mandatory – approach.

⁹ Typical – but not mandatory – approach.

- Teleological: the organization develops purposefully towards an envisioned goal or end-state; there is not a pre-ordained sequence of events as in life-cycle theories because the desired goal can be defined and socially constructed.
- Dialectical: conflicts between opposing forces (representing thesis and antithesis) may create a synthesis which represents a new state.
- Evolutionary: at the level of organizational populations, change occurs through variation, selection, retention or random chance.

The motors of change identified by Van de Ven and Poole have a relationship to the pace and scale of change. Life-cycle and evolutionary motors tend to lead to continuous and incremental change, while dialectical and teleological motors lead to episodic and radical change. Some accounts of change are based exclusively on one of these models (single-motor theories) but more are dual-motor or tri-motor. There is value in Van de Ven and Poole's work because it permits analysis of the often unarticulated theories of these accounts of change, and can be used to demonstrate that multi-perspective explanations provide a more comprehensive understanding of organizational change.

The next section discusses the various aspects of and approaches to change in more detail. All the types of changes presented could be happening in a single organization at the same time. The interest in understanding these different types is that what is taking place in an organization forms part of the context of change, an appreciation of which is vital for the approach that this research takes.

2.3 Planned Change

The basic model of planned change is that managers initiate and implement changes in order to respond to perceived opportunities to improve organizational performance or achieve better fit with the environment (Porras and Silvers, 1991; Orlikowski, 1996). The outcomes of such change initiatives are presumed to be knowable in advance and also controllable (Orlikowski, 1996).

Implicit in most planned change models is a belief that an organization exists in different states at different times and that planned change can move the organization (or parts of it) from one state to the next (Burnes, 1996). Porras and Silvers (1991: 52) define planned change as:

“(a) a change intervention that alters (b) key organizational target variables that then impact (c) individual organizational members and their on-the-job behaviors resulting in changes in (d) organizational outcomes”.

Planned change models assume that managers are the primary source of organizational change (Tsoukas and Chia, 2002) and generally articulate problems of organization solely from the standpoint of managers (Knights and McCabe, 2002) – particularly senior managers (Balogun, 2006). Planned change models are popular with managers because there are always central, leading, and therefore legitimising, roles for managers in the proposed solutions; they allow the identity of the manager to be constituted as that of a heroic, transformational leader (Clark and Salaman, 1998). Most planned change models can be placed in the category of *prescriptive literature* – they are dealing with the

question of how an organization should change. As Orlikowski (1996) points out, planned change models dominate the literature.

There is a common assumption that planned change is synonymous with episodic change. For example, Weick and Quinn (1999) and Marshak (2002) describe continuous change as *unplanned* change. However, it is important to note that there is always an element of planning in both continuous and episodic change, for as Tsoukas and Chia (2002) argue, human agency is always involved in change. Chae and Hill (2000) state that there are various degrees of planning formality; it can therefore be argued that continuous change is a form of planned change, just as episodic change is a form of planned change. In both types of change, the change agents believe that they can anticipate the outcome of their actions. Mangham (1979) makes the case that planned change is *voluntary* change.

The next two sections review relevant research on planned continuous and episodic change. In both cases, the section presents the characteristics of these kinds of change, and the change interventions associated with the type of change are described. Criticisms related to a particular kind of change are made where the change is discussed. Section 2.6 has a more general critique of the literature on planned change.

2.4 Continuous Change

What has been previously defined in this review as continuous incremental change has rarely been addressed as a specific form of change because as Dunphy and Stace (1988) and Poole (2004) point out, there is an overlap of meaning in the literature between

continuous and incremental change. Traditionally, continuous organizational change has focussed on parts or segments of an organization (Orlikowski, 1996; Weick and Quinn, 1999). At the same time, scholars have been arguing that incremental change also deals only with parts of an organization (e.g. Greiner (1972) and Nadler and Tushman (1989)). As a result, in much of the literature, 'continuous change' and 'incremental change' are synonyms¹⁰. In other words, the pace of change and scale of change are not identified as two separate properties of change.

However, this review recognises that not all incremental changes are the result of continuous change; nor can it be assumed that continuous change will lead only to incremental change. Rather, this review is based on ideas presented by Orlikowski (1996) and Marshak (2002), who note that another aspect of continuous change has recently emerged which focuses on whole organizations and can lead to significant change. In the terms used by this review, this is *continuous radical change*. Consequently, the review below of continuous change is divided into two sections. The first concentrates on continuous incremental change, and the second focuses on continuous radical change.

¹⁰ A wide variety of terms have been used. Some of the terms emphasise tempo: evolutionary change (Greiner, 1972; Greenwood and Hinings, 1996) and continuous change (Weick and Quinn, 1999). Other terms emphasise the scale of the change: incremental change (Dunphy and Stace, 1988), first-order change (Levy, 1986), frame-bending change (Nadler and Tushman, 1989) and small-C change (Kanter et al., 1992).

2.4.1 Continuous Incremental Change

Weick and Quinn's (1999) identification of two core properties of continuous change – it is small-scale and ongoing – is used here as a basis for highlighting the relationship between continuous and incremental change.

2.4.1.1 Scale

Weick and Quinn (ibid.) point out that continuous change is local and small-scale. This can be seen in Orlikowski's (1996: 65) definition of continuous change:

“Accommodations to and experiments with everyday contingencies, breakdowns, exceptions, opportunities, and unintended consequences”.

Weick and Quinn (1999: 378) refer to these as “fast mini-episodes of change”. This point is illustrated by Feldman's (2000) description of how routines like hiring or budgeting are continuously adapted to deal with new situations, while Barley's (1986) discussion of technology adoption reveals how hospital workers frequently change their work habits as they get used to new technology.

Brown and Eisenhardt (1997) contend that continuous change means that employees are able to improvise within current projects to be able to produce a better product, more quickly, or to react to new competitive products. The metaphor of improvisation – where change is introduced during the performance – is also used by Orlikowski (1996) and Czarniawska and Joerges (1996) to capture the nature of continuous change. Moorman

and Miner (1998) usefully point out that the closer the design of an activity is to its implementation, the more improvisational the activity is.¹¹

It is perhaps the small-scale aspect of continuous change that leads to its generally being identified with incremental change, because the essence of any given incremental change is that it is – in itself – a small change (Tushman and Romanelli, 1985; Greenwood and Hinings, 1996). This view of change assumes that there is no major upheaval at the organizational level because incremental change involves only “modest adjustments” (Greiner, 1972: 40) or fine-tuning (Greenwood and Hinings, 1996) and the 'core' of the organization is untouched (Levy, 1986). Incremental change is said to be the predominant form of change when organizations are in a state of equilibrium (or convergent periods), which are times of relative tranquillity (Tushman and Romanelli, 1985).

2.4.1.2 Pace

The second characteristic of continuous incremental change identified by Weick and Quinn (1999) is that it is ongoing and promotes adaptability. Frequent small changes mean that continuous incremental change is an ongoing phenomenon. As Orlikowski (1996: 66) puts it: “There is no beginning or end point in this change process” – as soon as a new variation (e.g. of an existing routine) arises, it in turn becomes subject to incremental change. Continuous change therefore contributes to making an organization adaptable in that it can respond to changing conditions. Indeed, the ability to change

¹¹ Note that even improvisation involves a degree of planning.

continuously has been described as a critical success factor by Brown and Eisenhardt (1997).

Adaptive change ensures continuing fit with the environment, and it occurs when management collects and uses information gathered from the environment to make limited changes over a long period of time (Dunphy and Stace, 1988). Nadler and Tushman (1989) and Dunphy and Stace (1988) argue that incremental change has the aim of ensuring that the organization remains in congruence with its environment by adapting to it.

2.4.2 Continuous Radical Change

There is disagreement in the literature about whether or not incremental change can lead to the kind of organizational transformation which is the goal of radical change. There is also disagreement about the relationship between continuous and radical change. The previously noted tendency to identify continuous change with incremental change makes it necessary to address these two issues separately in the section below.

2.4.2.1 Incremental change and organizational transformation

Up to the late 1970s/early 1980s, when incremental models of change dominated in the literature, there was a belief that this smaller scale of change could lead to significant organizational change. For instance, Hedberg et al. (1976) argued that organizations should not try to make large, highly risky transitions. Instead, they suggested that the incremental changes made in the different parts of the organization lead to a

“self-designing organization [...] where these proliferating processes [of change] collide, contest, and interact with one another to generate wisdom” (ibid.: 63).

Quinn (1982) similarly claims that incremental changes in strategy transform organizations over time. Interestingly, these authors are making the same argument about change as an emergent phenomenon as the scholars who use the processual-contextual approach described below in Section 2.7. They are, however, conceptualising it differently.

On the other hand, researchers such as Gersick (1991: 34) contend that “fundamental change cannot be accomplished piecemeal, slowly, gradually, or comfortably”. Rather, she suggests that significant change needs to be implemented as quickly as possible in order to overcome inertia and resistance. Dunphy and Stace (1993) also argue that incremental change is not a suitable way of achieving significant change in turbulent times. Other writers from the mid-1980s (e.g. Tushman and Romanelli, 1985; Tichy and Devanna, 1986; Nadler and Tushman, 1989; Hammer and Champy, 1990) came to similar conclusions. This critique of incremental change led to an emphasis in the literature on episodic radical change, as discussed in Section 2.5.2.

2.4.2.2 Continuous change and radical change

There is general agreement among those authors who focus on continuous change (and identify this with small scale change) that it can lead to organizational transformation. Thus Orlikowski (1996) and Pettigrew et al. (2001) support the notion that small changes can, over time, create significant, substantial change, or as Weick and Quinn (1999: 378)

put it: “Small changes do not stay small”. The analysis by Colville et al. (1993) of change at a large British government agency demonstrates that experiments in culture change – which by their very nature were small scale – were a vehicle for bringing about fundamental change. Brown and Eisenhardt's (1997) work is a good example of what Burnes (2004) calls a “continuous transformation model” or Marshak (2002) calls “morphing”, where organizations use the ability to change continuously in order to achieve the large scale changes needed to adapt to rapidly changing environmental challenges.

To summarise, then, the literature does suggest that continuous radical change is possible, and “radical incrementalism, or revolution through evolution” are not contradictions in terms (Colville et al., 1993: 562).

2.4.3 Continuous Change: Theory

The metaphors used when discussing continuous change – *adaptation*, *adaptability* and *environment* – have biological connotations that point towards theories of change related to two of Van de Ven and Poole's (1995) motors of change: evolution and life cycle. The literature on population ecology (e.g. Hannan and Freeman (1977)) argues that there is a Darwinian process of evolution, where organizations that fail to adapt to the environment are doomed to extinction. The variations in organizational life that are introduced by continuous change can affect survival because they allow organizations to adapt, and while population ecology downplays the importance of strategic direction in making

fundamental change possible (Tushman and Romanelli, 1985), managers can ensure that useful variations are retained (Dooley, 1997).

Chaos theory, first popularised by Gleick (1987), provides insight into how “order can arise from complexity through the process of self-organization” (Dooley, 1997: 76), a point which was previously made by Hedberg et al. (1976). Work done using chaos theory has started to shed some light on how and why small changes can lead to radical change. For example, Weick and Quinn (1999) note that it is when small changes happen at the edge of chaos that they can be decisive, and Brown and Eisenhardt (1997) argue that continuous change helps organizations to stay on the border between chaos and stasis.¹²

Organizational culture is seen to play an important role in continuous change. 'Culture' is generally understood in organizational literature as something that ties people together. Allaire and Firsirotu (1984: 221) define this understanding of culture:

“[culture is] the fabric of meaning in terms of which human beings interpret their experience and guide their action. It is an ordered source of shared and public symbols and meanings which give shape, direction and particularity to human experience”.

Meyerson and Martin's (1987) seminal discussion of organizational and culture change is a very useful basis for analysing the role of culture in organizational change. They identify three paradigms within the field, each with a different relationship to

¹² Chaos theory has developed further into complexity theory, which proposes that systems like organizations are non-linear, meaning that change is fluid and emergent (Styhre, 2002).

organizational change. In Paradigm 1¹³, culture is seen as an organization-wide, monolithic phenomenon that can be managed to produce revolutionary change. Paradigm 3¹⁴ emphasises the ambiguous nature of culture, and that culture change emerges through complex interactions and is thus relatively uncontrollable.

The proponents of a culture approach that emphasises continuous organizational change are working within Paradigm 2, which pays attention to differentiation and diversity. Theorists who work in this paradigm reject the view that organizations have a single, monolithic culture, and argue that subcultures exist within the organization. They also accept that the external world influences organizational culture. In this perspective, local small changes are emphasised, which may or may not be planned or controlled by senior management. This perspective is more likely to be taken by people working in what Burrell and Morgan (1979) call the non-functionalist paradigms.

Some scholars have suggested that managing organizational culture can make organizations adaptable. Peters and Waterman (1982), for example, pay a great deal of attention to the need to be able to deal with ambiguity and paradox because the world is (at least partly) unknowable, and so flexibility is essential. According to this point of view, tight direct control is no longer appropriate, and instead, empowered employees use the shared values and culture of the organization to make their own decisions. Allowing employees to make decisions improves flexibility, and means that the organization is more able to adapt to the changing environment.

¹³ Paradigm 1 is discussed further in Section 2.5.2.2.

¹⁴ Paradigm 3 is discussed further in Section 2.7.2.2.

2.4.4 Continuous Change: Practice

Some prescriptive literature deals with continuous change, because as Burnes (2004: 16) puts it, “For organizations, as for natural systems, the key to survival is to develop rules which are capable of keeping an organization operating on the edge of chaos”. Therefore, the challenge for managers is to find a way of making continuous change possible. Two initiatives whose objective is to foster continuous change are Organizational Learning and Total Quality Management (TQM).

2.4.4.1 Organizational Learning

There is a close link between organizational learning and organizational change (Hendry, 1996); “An entity learns if, through its processing of information, the range of potential behaviors is changed” (Huber, 1991: 89). A distinction has been made in this literature between lower-level learning and higher-level learning. The former involves “adjustments in part of what the organization does”, while the latter is “learning that affects the entire organization ... central norms, frames of reference and assumptions are changed” (Fiol and Lyles, 1985: 810). It should be noted that there is believed to be a close relationship between an organization's culture and its capacity to be a learning organization (Schein 1996).

Senge (1990) and other authors have described methods through which an organization can become a learning organization. The process of becoming a learning organization is described by Senge (*ibid.*: 64) not as the result of a single, major change initiative, but rather as the result of a series of “small well-focussed actions [which] can sometimes

produce significant, enduring results”. Becoming a learning organization involves change at three different levels: individual, group and organizational.

2.4.4.2 Total Quality Management

TQM involves organizational learning (Dooley, 1997) and a culture change (Abraham et al., 1997). The characteristics of TQM are: customer focus, an orientation on process, teamwork, and a concern with continuous improvement (Knights and McCabe, 1999). This last characteristic makes TQM an example of continuous change. The advocates of TQM argue that the satisfaction of external customer requirements is the goal of organizational activity, and that TQM is the way to satisfy these requirements with quality offerings (Mohrman et al., 1995). In order to reach this goal, then, senior management introduces TQM, which provides a framework so the continuous improvement activities of TQM lead to radical change (Hill and Wilkinson, 1995).

Meyerson and Martin (1987) point out that enacting change from the paradigm 2 perspective is possible, but difficult, because locally based changes are loosely coupled to each other, making organization-wide repercussions difficult to predict. However, they do not recognise that framing locally based change inside a larger change initiative may make possible the kind of adaptive change encouraged by TQM and organizational learning.

2.5 Episodic Change

Episodic change represents “an occasional interruption or divergence from equilibrium” (Weick and Quinn, 1999: 366). It can lead to radical and incremental change, although arguably, individual episodes of episodic incremental change are of larger scale than those of continuous incremental change. The degree of planning which goes into episodic incremental change is greater than the planning of continuous incremental change, not least because episodic change is often initiated by outsiders at higher levels in the organization (Mintzberg and Westley, 1992). Perhaps the most significant difference between continuous and episodic change is that the former emphasises the alteration of what exists, while the latter emphasises its replacement (Weick and Quinn, 1999).

Kurt Lewin developed one of the first models of organizational change (Lewin, 1947), and his model deals specifically with replacement. The 3-Step model of change is:

Step 1: Unfreezing. Unfreezing is a necessary step to overcome the inertia that triggers the need for planned change. Lewin's force-field analysis argues that two sets of forces exist in opposition: forces for change and forces for maintaining the status quo. There are *driving* and *restraining* external forces, and change can be brought about by increasing the pro-change forces or weakening the anti-change forces or doing both.

Step 2: Moving. Lewin states that all available options (i.e. directions to move in) should be evaluated on a trial and error basis in an iterative cycle of research, action, more research, more action etc.

Step 3: Refreezing. A new equilibrium is eventually reached, so efforts need to be made to ensure the internalisation of the now operative desired behaviours in order to maintain the new state. It is here that group dynamics are important, because group norms must have been transformed to the new desired ones in order for individual behaviours to remain transformed.

The models of episodic change described below all have a strong connection to Lewin's work, as Hendry (1996: 624) points out:

“Scratch any account of creating and managing change and the idea that change is a three-stage process which necessarily begins with a process of unfreezing will not be far below the surface. Indeed it has been said that the whole theory of change is reducible to this idea of Lewin's”.

Lewin's model is still widely taught in business schools (Dawson, 1994), not only because it is simple to understand, but also because its assumptions are still widely shared. Marshak (1993) states that there are six such assumptions: linearity (change moves forward through time), progression (movement towards a more desired state)¹⁵, destination orientation (change is towards a specific goal), need for unbalancing (before there can be movement, there must first be disequilibrium), separation between change planners/managers and the people in the system to be changed, and unusualness (the normal state of the entity to be changed is semi-stationary or static).

An episodic change must be triggered. The triggers are examples of contingency factors. For example, Woodward (1965) proposed that the most significant contingent factor was

¹⁵ This is a feature of the teleological motor of change (Van de Ven and Poole, 1995).

technology; there is “a particular form of organization most appropriate to each technical situation” (quoted in Thompson and McHugh, 1990: 97). Thus, when new technology is introduced into the organization, changes have to be made.

Specific external triggers for change include:

- Technological obsolescence or the need to introduce new technology,
- Political or social events, or legislative changes (e.g. employment equity), and
- Competitive actions.

Internal triggers for change include:

- A change in the size of the organization – merger, redundancies, selling off or acquiring divisions,
- Change in leadership (e.g. the appointment of a new CEO),
- Change in tasks of an organization, and
- Change in “success” of the organization (e.g. poor financial performance).

The scale of episodic change can be either incremental or radical. These types of episodic change are reviewed in the sections below.

2.5.1 Episodic Incremental Change

The first systematic efforts to implement incremental¹⁶ change were carried out within the mainly American tradition of Organization Development (OD), which was greatly influenced by the work of Lewin. French and Bell (1978) state that the most important characteristics of OD are that it:

- is planned,

¹⁶ As discussed above, the characteristics of incremental change are that it deals with parts of an organization, and involves only modest adjustments.

- uses consultants as change agents,
- follows an action-research model,
- assumes that groups are the most significant units for change efforts,
- assumes that organizational culture and processes are leverage points for change, and
- uses the tools of behavioural science.

Earlier and later definitions of OD (e.g. Beckhard, 1969; Burke, 1994) contain similar elements, suggesting that effective change happens gradually, with a series of incremental adjustments (Dunphy and Stace, 1988). OD's underlying methodology is action research as proposed by Lewin (1947): data are collected, analysed and appropriate action taken (Burke, 1994). In addition, like Lewin, OD pays great attention to group issues. French et al.'s reader (1989) usefully provides a discussion of some of the tools of behavioural science that are used in OD, which include a variety of team building exercises, gestalt approaches and role negotiation.

Many theorists have developed elaborated versions of Lewin's model – seven and eight-phase models were produced (Burnes, 1996) and models of change that arose out of OD include Weisbord's six box model (1976) and Nadler and Tushman's congruence model (1977). Indeed Bullock and Batten (1985) review over 30 such change models. Perhaps the *nec plus ultra* of OD models is that of Burke and Litwin (1992). The Burke-Litwin “transformational-transactional model of organizational performance and change” consists of twelve boxes showing what are held to be the most important variables, with arrows between them to show the interrelationships.

2.5.2 Episodic Radical Change

Episodic radical change¹⁷ involves major strategic and structural change, where all aspects of an organization's functioning are reassessed. It must therefore involve significant activity domains: organizational culture, strategy, structure, power distributions and control systems (Romanelli and Tushman, 1994). Kanter et al. (1992: 173) describe it as change "so great that it must be considered a fresh start rather than an extension of what preceded it" and it must "systematically alter the overall pattern of organizational activity" (Romanelli and Tushman, 1994: 1146).

Episodic radical change starts to be considered as an option when the organization is no longer adapting well to its environment (Tushman and Romanelli, 1985) and is suffering from inertia (Gersick, 1991). The factors causing inertia may be internal or external (Hannan and Freeman, 1984), and examples include blind spots caused by successful performance (Christensen, 1997), inflexible organizational structures (Tushman and O'Reilly, 1997) and weak organizational cultures (e.g. Peters and Waterman, 1982).

Episodic radical change is the subject of the great majority of the literature on organizational change, particularly the literature that was labelled above as *prescriptive* literature. Following some introductory comments about the nature of prescriptive literature, three¹⁸ main approaches dealing with episodic radical change are discussed.

¹⁷ It is variously described as revolutionary (Greiner, 1972), transformational (Dunphy and Stace, 1988), capital-C change (Kanter et al., 1992), second order (Meyer et al., 1993), frame-breaking (Nadler and Tushman, 1989) or radical change (Tushman and Romanelli, 1985).

¹⁸ The autobiographies and biographies of CEOs deal with change from a "this is how I did it" perspective, and they sometimes offer advice for managing change. These works are often neglected in reviews of the change literature, yet they surely influence their readers, so occasional reference is made to them here.

These streams of literature have developed in the last 25 years: they deal with cultural change, leadership and the restructuring of organizational processes and activities (Morgan and Sturdy, 2000). There are overlaps between these streams – they are not silos.

2.5.2.1 Prescriptive Literature on Episodic Radical Change

Using Van de Ven and Poole's (1995) terms, dialectical and teleological motors of change underlie much of the literature on episodic change. These motors of change involve human agency – managers have to do something for the change to occur. For example, with dialectical models of change, managers have to deal with opposing forces like trades unions to achieve change, and with teleological models, managers (especially senior managers) play a vital role in determining the end goal to which the organization must be driven through a sequence of changes.

The role of managers in theories of change based on life-cycle and evolutionary models is less active, not least because “the evolutionary approach emphasizes that few people know exactly what they are doing or why” (Aldrich, 1999: 74). Such models are rarely found in the prescriptive literature, and when elements of the evolutionary model are included, these are complemented by other models. So, for example, Ouchi (1981) is using the evolutionary model when he suggests that American-style organizations are the result of natural selection processes that favour this form, and that new style (i.e. Type Z) organizations will act as a source of variation that will enable adaptation and survival of the population. Next, though, he includes elements of the teleological motor, because he

goes on to argue that managers need to select the correct variations to improve the survival chances of the organization.

The prescriptive literature that is based on dialectical and teleological motors assumes that change is manageable. Authors who produce such literature (e.g. Ouchi, 1981; Peters and Waterman, 1982; Hammer and Champy, 1993; McKenna, 2002) describe how to identify problems and solve them by changing some or all aspects of the organization and hence move the organization from state A to state B. There is a significant bias in favour of action compared to talk and contemplation (Marshak, 1998). Very importantly, change is shown as being manageable. The titles of prescriptive books on change provide insight into what managers are supposed to do in regard to change: master, control, manage or ride its whirlwind (Helms Mills, 2003).

Prescriptive literature offers generalizable solutions for dealing with the threatening and challenging aspects of change. Its proposed solutions tend to suggest planned radical change, rather than adaptive and emergent change. Many solutions have been proposed, and a study done twenty years ago by Huczynski (1987) identified over 350 methods of achieving change. Prescriptions for successful change usually take the form of *n-step* guides (Collins, 1998), where change is conceived as a sequence of relatively discrete phases, with predictable and manageable outcomes. The authors of these guides (e.g. Kotter, 1996; Lawler et al., 2006) assume that outcomes can be aligned with the goals set by managers because they take a rational, functionalist view of organizations (Knights and McCabe, 1999).

2.5.2.2 Organizational Culture and Change

Theory: 'Organizational culture' is a relatively recent concept, made possible by the widespread analogy of organizations to small scale societies (Allaire and Firsirotu, 1984). Schein (1985) describes a 3-level model that proposes that organizational culture consists of basic assumptions, values and artefacts. Artefacts (which may be intangible, such as the way in which status is demonstrated) are observable, but not necessarily capable of being deciphered by an observer. Values are based on the sense (or belief) of an individual of what things "ought" to be like. Inside a group, new values usually begin in the form of assertion from the leader. Once this assertion is perceived by the group members to be valid, there is a process of cognitive transformation when the value becomes a belief and then an assumption. An assumption is taken for granted and unchallenged.

Schein's 'basic assumptions' correspond to the concept of 'deep structures' discussed by Gersick (1991). Culture is part of the *deep structure* of the organization, where deep structure is "the set of fundamental "choices" a system has made of (1) the basic parts into which its units will be organized and (2) the basic activity patterns that will maintain its existence" (Gersick, *ibid.*: 14). The basic activity patterns mentioned by Gersick guide the behaviour of the organization's members; therefore, radical change must deal with the organization's deep structure, because it acts as a constraint to change. Consequently, radical change involves changing the organization's culture.

For prescriptive writers on organizational culture and change, organizational culture is seen as a 'dependent variable' that can be managed, and as something an organization *has*,

rather than as something an organization *is* (Smircich, 1983).¹⁹ In Meyerson and Martin's (1987) terms, these scholars are working in Paradigm 1, which views culture as an integrating mechanism that ties potentially diverse groups together through, for example, common values, a shared language or a set of agreed-upon behaviours. Meyerson and Martin (ibid.) show that common to Paradigm 1 work is the idea that culture is an organization-wide phenomenon, and can be managed to respond to organizational needs, as described next.

Practice: Episodic radical change involves some transformation of 'deep structure' and 'basic assumptions'. As is implicit with episodic change, culture change involves replacement: an undesirable existing organizational culture needs to be replaced with an ideal future corporate culture (Badham et al., 2003). It should not be inferred that the existing culture has always been undesirable. The existing culture may have contributed to an organization's previous success, but it is no longer the appropriate culture for a new environment (Tushman and Romanelli, 1985).

Two types of ideal culture have been identified. In one perspective, the concept is that successful organizations have cultures which allow them to anticipate and adapt to change²⁰, while the other perspective is based on the argument is that strong cultures generate strong performance (Kotter and Heskett, 1992; Morgan and Sturdy, 2000).

¹⁹ Smircich (ibid.) points out that the view of culture as a variable is consistent with Burrell and Morgan's (1979) functionalist paradigm.

²⁰ This aspect of the culture change approach is described above in Section 2.4.3.

Thus Ouchi (1981) proposes the replacement of the existing culture in Type A (i.e. American) organizations, whose main traits of pure individualism and conflict originally led to success. Now, these traits are preventing success and should be replaced with a culture based on the characteristics of ideal organizations of Type Z: trust, candour and collectivism. Perhaps the most influential work in this field is *In Search of Excellence* (Peters and Waterman, 1982). Its argument is “simple, yet plausible” (Collins, 1998: 42): what 'excellent' companies have in common is a strong culture that has eight key attributes.²¹ An effective organization is one where this culture leads to a committed, empowered, motivated workforce. Kanter (1983) comes to similar conclusions: successful companies have non-bureaucratic “integrative cultures” (ibid.: 27), while non-innovative companies, on the other hand, have segmentalist cultures, where there are uncrossable boundaries between functions and levels of hierarchy, and people focus on parts of problems and opportunities, not 'the big picture'.

These authors provide a series of measures that managers should follow in order to strengthen their organization's culture. So Ouchi (1981) prescribes thirteen steps, Peters and Waterman (1982) describe seven areas which must be changed to support the appropriate strong culture, and Kanter (1983) describes the steps for removing bureaucratic cultures and replacing them with innovative ones. Across the prescriptive literature there is a focus on leaders as the creators of culture (Meyerson and Martin, 1987). A good example of this is Kotter and Heskett's observation (1992: 6; italics

²¹ These are: a bias for action; closeness to the customer; autonomy and entrepreneurship; a recognition that employees are the most important asset; hands-on leaders; a focus on what they do better than competitors; simple form and lean staff; freedom and autonomy for staff along with a demand for loyalty and commitment.

added) that “[corporate culture] usually means values and practices that are shared across all groups in a firm, *at least within senior management*”.

The proponents of strong cultures began to realise some of its dangers (Morgan and Sturdy, 2000), such as that a strong culture could, in fact, stifle innovativeness. It is possible to trace an evolution in the thoughts of Peters and Kanter towards the other perspective on culture change, where there is a greater emphasis of the need for adaptability as discussed in Section 2.4.3 (Peters and Austin, 1985, Peters, 1989; Kanter, 1989). Kanter et al. (1992: 10) criticise Lewin for not having paid enough attention to adaptability:

“Lewin's model was a simple one ... this quaintly linear and static conception ... the organization as an ice cube – is so wildly inappropriate that it is difficult to see why it has not only survived but prospered”.

Managers who need to decide what kind of culture they should implement can find support for adaptable cultures, rather than strong cultures, in Kotter and Heskett (1992). These authors carried out a quantitative study of the performance (measured as profitability) over a period of eleven years of 207 organizations in 22 industries. Kotter and Heskett (ibid.) conclude that strong culture does not lead to strong performance in itself, and they find that strategically appropriate cultures only lead to good performance if they contain norms and values that allow an organization to adapt.

Critique: Generally, culture models of change used in the prescriptive literature have an undertheorised model of culture which does not fully grasp the many dimensions of

organizational culture, and brushes over the consequences of changing culture (Schein, 1985). Scholars have found that culture change programmes produce confused and mixed responses among middle managers (Turnbull, 2001), resigned behavioural compliance (Ogbonna and Harris, 1998), cynicism (Watson, 1994) and an exaggerated individualism (Ezzy, 2001). Overall, the recipients of culture change programmes usually do not internalise the proposed values, but tend to enact new values for reasons of instrumental compliance (Willmott, 1993).

The Paradigm 1 model (Meyerson and Martin, 1987) of enacting organizational change has other limitations. The Paradigm 1 approach to culture in organizations largely ignores the fact that members of organizations are simultaneously members of other social institutions which may have a more powerful influence on values and beliefs than the work organization (Linstead and Grafton-Small, 1992; Kotter and Heskett, 1992; Brubakk and Wilkinson, 1995). These authors point out that organizations have multiple cultures, often associated with geographic location and functional grouping²², and that within an organization there also exist subcultures.²³

2.5.2.3 Leadership and Change

Theory: The culture approach to organizational change cannot produce results very quickly (Kotter, 1990), so theorists began to look for faster ways of bringing about change, and started to pay attention to leadership. Among the key anticipated benefits of

²² Evidence of this provided by Helms Mills' study of Nova Scotia Power (2003), for example.

²³ The existence of subcultures is accepted by scholars working in Meyerson and Martin's (1987) Paradigm 2 (discussed above in Section 2.4.3).

leader-led change are rapidity and the promise of “extraordinary ... organizational outcomes” (Eisenbach et al., 1999: 80).

Child (1972) was one of the first to discuss senior management's role in organizational change. Where previous work had emphasised the importance of environmental, size and technological variables in defining an organization's structure, Child showed that power-holders inside organizations decide upon courses of strategic action and cause them to be implemented. As noted above, there is overlap between the different approaches to episodic radical change, and the culture approach to change always emphasises the role of top management in determining what the organization's culture should be, and in acting as role models for its values (Schein, 1985; Brubakk and Wilkinson, 1995).

The difference between the culture and leadership approaches to change is that theorists began to distinguish between management and leadership. Kotter (1990: 104) defines the difference as “management is about coping with complexity ... Leadership, by contrast, is about coping with change.” The transformational leadership literature of the 1980s (e.g. Bass, 1985; Tichy and Devanna, 1986) began to portray a charismatic, heroic leader who acts as champion of change to bring about transformation. Bass (1985) discriminates between transactional and transformational leadership. The former occurs when the leader motivates a subordinate's performance through rewards, while the latter takes place when the leader motivates subordinates to follow the leader's vision and place their own interests below those of the organization.

The role of the transformational leader as change master is made explicit in Tichy and Devanna's (1986) study. They show that transformational leaders recognise a need for change, create a vision and then institutionalise the change. The idea that a leader is necessary to bring about fundamental change can be found in the approach of Nadler and Tushman (1989) to organizational framebending (which is their term for major organizational change). They suggest (*ibid.*: 200) that successful change needs a “magic leader” who is able to envision what the future should be like, energise employees to want to move in that direction and enable the processes and structures that will allow them to do so.

In the leadership literature, change leaders are glamorised and contrasted with change managers who are not open to new ideas or able to deal with uncertainty (Caldwell, 2003).²⁴ Kotter and Heskett (1992) argue that as companies become successful and expand, they hire managers, not leaders, and that eventually new leadership needs to be appointed to recognise problems, clarify the vision and reorganize. This is a similar argument to that of the theory of punctuated equilibrium (Tushman and Romanelli, 1985; Romanelli and Tushman, 1994).

Tushman and Romanelli (1985) describe organizations as sets of interdependencies (and political systems) that converge when there is equilibrium, which then makes them less open to the environment and therefore less able to adapt. Pressure for change from internal and external forces then increases until a revolutionary change is implemented, which leads to reorientation (shifts in strategy), or re-creation (a shift in core values and

²⁴ This is also true of the culture literature, e.g. Kanter (1983).

beliefs), which in turn leads to another phase of convergence. During times of relative tranquillity (convergent periods), middle managers “interpolate structures and systems” (i.e. are responsible for the incremental change that is typical of equilibrium), but “it is executive leadership which initiates, shapes and directs strategic reorientations” (ibid.: 173).

Practice: The suggested use of the artefacts of organizational culture to bring about change illustrates again that the culture approach is closely related to the leadership approach. These leaders are the champions of change (Caldwell, 2003) and they use elements of culture – symbols and images – and visions of the future to influence those below them in the organizational hierarchy. Kotter and Heskett (1992: 92) summarise this point of view:

“Leadership from one or two people at the very top of an organization seems to be an absolute essential ingredient when major cultural change occurs.”

Pfeffer (1992: 341) proposes a seven-step method of using power²⁵ to achieve a goal, because in order to get things done “you need power – more power than those whose opposition you must overcome”. However, he too advocates the management of culture as the preferred mechanism for bringing about change. He argues that power is best exercised through “the subtle use of language, symbols, ceremonies and settings that make people feel good about what they are doing” (ibid.: 279).

²⁵ Power is defined as “the potential ability to influence behavior, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do” (ibid.: 30).

Critique: The limitations of the emphasis on leadership are that it ignores power relationships *within* organizations and that there are simply too few supermen or superwomen to go round (Morgan and Sturdy, 2000). Descriptions of the difficulties in implementing change experienced at Chrysler (Iacocca, 1984) and by the different CEOs of IBM (Carroll, 1993) point out the trouble that even the most charismatic leaders have in the management of change. The CEO of ICI had immense trouble in causing his organization to even realise that change was necessary (Pettigrew, 1985), so it can be argued that the leadership approach to change overestimates its own possibilities.

2.5.2.4 Restructuring and Change

Theory: The economic performance of the US economy showed few signs of improvement in the early 1990s, which could be interpreted to reflect badly on the culture and leadership approaches to change. Beer et al. (1990) state that the change programmes of the 1980s were markedly unsuccessful. The poor record of change programmes led to the development of a stream of change literature that proposed a harder-edged approach to organizational change. There was a greater emphasis on making it clear to managers what their organizations should be doing, and a range of pre-packaged solutions were developed, one of which is presented here as an exemplar.

Of the pre-packaged approaches which became popular – the list includes TQM, 6-Sigma, JIT, Balanced Scorecard – a particularly fashionable one was Business Process Reengineering. The overall goals of these initiatives are to make organizations more

flexible, responsive to internal and external customers (du Gay and Salaman, 1992), cost effective and efficient (Knights and McCabe, 1998).

Some critical theorists argue that the intention of these programmes is to cause work intensification (e.g. Grey and Mitev, 1995) and increase managerial control through new forms of surveillance (e.g. Sewell and Wilkinson, 1992). Authors who favour the restructuring of processes and structures posit efficiency as a core value. Thus there is in this stream a meta-message that the goal of change is to increase efficiency, and, almost as a by-product, increase profit – although the relationship between these two is rarely analysed (Jackson and Carter, 1998). The authors interested in restructuring emphasise the need to identify the most efficient way of organising in order to be able to meet organizational goals, and then advocate closing the gap between the actual and desired states by implementing one of a variety of pre-packaged solutions, which necessarily involve organizational change.

Practice: Reengineering the Corporation (Hammer and Champy, 1993) sold nearly two million copies in the two years following publication (Champy, 1995). The book's authors claim that the fundamental goal of change is to “organize work around *process*” (ibid.: 28, italics in original). This involves “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, cost, quality, and speed” (ibid.: 32), in other words, Business Process reengineering (BPR). The issue of culture takes less than half a page of discussion, where reengineers are warned not to neglect people's values and

beliefs. The emphasis on is on measuring performance. The change is a two-stage process; first, people are “unstuck” from their present position (by the case for action) and second, they are attracted to a new position by the magnet of the vision. Lewin's model is not far from the surface here.

Critique: The case of BPR demonstrates that the impression that there is almost a change programme of the week has a basis in reality (Abrahamson, 1996). A search of the ProQuest database revealed only 288 articles on BPR in 2004, as compared to 1,200 articles between January 1994 and February 1995 (Helms Mills, 2003). Benders and van Veen (2001) report similar findings. Likewise, Helms Mills (2003) reports that 80 percent of Canadian companies were involved in TQM in the early 1990s, but by 1997 the use of TQM in Canadian companies had fallen to 64 percent.

A review of the literature indicates that there is rapid change over in pre-packaged solutions because they frequently do not work. At least two-thirds of TQM programmes fail to produce the expected results according to Choi and Behling (1997), while Grey and Mitev (1995) report a failure rate of up to 90 per cent. Seventy per cent of reengineering efforts fail (Stewart, 1993), and the survival rate of Peters and Waterman's (1985) 'excellent' companies was very low (Mickelthwait and Wooldridge, 1996).

The reasons given for failure by many prescriptive authors is that these initiatives are just not implemented 'properly' (Case, 1999). According to the champions of BPR, success is determined by the quality of managers: “The results are in: Re-engineering works – up to

a point. The obstacle is management.” (Champy, 1995: 1). However, there is evidence to suggest that the main reason for failure is that managers simply find that pre-packaged suggestions are too difficult to translate into practice and implement in the environments in which they find themselves (Garvin, 1993; Buchanan et al., 1999).

2.6 Concluding Comments on Planned Change Literature

Four types of planned organizational change have been identified and discussed, and the literature directed to academics and practitioners has been considered. This typology of changes helps us to understand and explicate the change(s) that are taking place at the research site. The review of the literature has also pointed towards the different mechanisms through which change is enacted. The relationships between organizational change and culture change, and between organizational change and leadership have been described. As the literature review has indicated, these constructs need to be considered in any study on organizational change.

The literature on planned change, particularly that directed at practitioners (the prescriptive literature), has several weaknesses. First, middle managers, supervisors and non-supervisory staff generally receive little attention. This is because they are not viewed as being in a position to initiate substantial change (Brubakk and Wilkinson, 1995), except when they are described as unreceptive to change because it jeopardises their position (e.g. Kanter, 1983). Indeed, while the culture and leadership literature relies on commitment from lower levels to organizational goals, it frequently describes middle

management as a barrier preventing the full exploitation of workers' creativity (Thomas and Dunkerley, 1999).

Another problem with this literature is that the effects of change are ignored, while success is measured in terms of share price. For example, Kanter (1989: 41) describes Kodak's change efforts as successful – “The results of these changes were positive. By 1987, Kodak's return on equity had rebounded to 19 percent”, but she does not comment on the fate of the eleven thousand people who lost their jobs during the change process, or suggest that there may have been other alternatives to mass lay-offs.²⁶

There are methodological problems within this literature. Peters and Waterman (1982), for example, can be criticised on methodological grounds. The sample of companies chosen for the book is unsystematic, and furthermore, the information on the chosen companies comes from senior management rather than a more representative selection of all employees. These criticisms hold for many of the prescriptive books in the bestseller lists.

Another difficulty with the research in the literature is that the authors study 'winners' and posit one solution as the best, while ignoring other determinants of success, like environmental factors. It is not, however, reasonable to assume that 'losers' did not have the same desired structural features. Hannan and Freeman (1989) point out that that this is the result of sampling on the dependent variable (or sample selection bias).

²⁶ See Evans et al. (1996) for a discussion of alternatives.

Finally, the literature assumes that organizational change is the only determinant of survival. This is not always the case. For example, in certain cases, political ties are more important to survival than efficiency (Hannan and Freeman, 1989). In other cases, an organizational change itself might have contributed to failure.

Pettigrew (1985) suggests that theories of change that deal with change as a linear phenomenon are divorced from the reality of change. He maintains that their approach is too mechanistic and simplistic (see also Dawson, 1994, 2003; Collins, 1998). The literature that is produced in the functionalist paradigm assumes change outcomes are predictable and manageable – there is an assumption of controllability. Experience, in the form of the high failure rates of planned change initiatives, has shown that this is not the case (Sturdy and Grey, 2003).

Change efforts, then, rarely produce the predicted outcomes or the anticipated benefits. They are usually partial successes and partial failures because the process of change turns out to be much more complex than implied by many approaches to planned change (Balogun, 2006). Burnes (1996) argues that managers are faced with such a complex and difficult milieu that *ad hoc* reaction is not a sign of a lack of vision or competence, but rather a recognition of the unpredictability and uncertainty of the environment. The realities faced by managers are more complex than can be captured by a single metaphor (Morgan, 1996). This suggests that any approach to organizational change should consider the continuous and developing nature of change, or what has been referred to in

the literature as the *process* of change. This is one of the central themes of the change literature discussed in the next section.

2.7 Emergent Change

This section deals with the work of those academics who are concerned with the question of how change happens and how it leads to unintended consequences. These theorists propose that organizational change is a processual and non-linear phenomenon, and argue that the outcomes of change are not predictable, but rather *emerge* out of the uncertainty of change processes.

Emergent change is *involuntary* change (Mangham, 1979), being the “the realization of a new pattern of organizing in the absence of explicit, a priori intentions” (Orlikowski, 1996: 65). That is, the outcome of a change initiative cannot be foreseen at the beginning of the initiative, because contextual factors influence the change process and lead to unintended consequences. The very nature of emergent change means that it only becomes evident retrospectively (Chia, 1999).²⁷

The emergent nature of change that is emphasised in this literature does not mean that this body of work denies the existence of the types of change discussed in the previous section. What this literature *does* argue, however, is that the outcomes of incremental and radical change initiatives are unpredictable at the outset, and that the process of change is more complex than allowed for in the other literature.

²⁷ This involves sensemaking (see Section 2.10.2).

The literature that views change as an emergent phenomenon is considered *descriptive* (rather than *prescriptive*) in nature because it seeks to depict and understand how change emerges over time. Descriptive studies view change as a process. Research into change as a process requires that organizations be seen

“both as quasi-stable structures (i.e., sets of institutionalised categories) and as sites of human action in which, through the ongoing agency of organizational members, organization emerges” (Tsoukas and Chia, 2002: 580).

This process-based literature, then, marks a move away from the rationalist approaches to change of Burrell and Morgan’s (1979) functionalist paradigm.

This section of the review discusses the literature that addresses the processual nature of change. First, processes are discussed, and then the work that uses process as a basis for analysis of organizational change is presented.

2.7.1 The Process Approach

For Mackenzie (2000), the process approach, which forms a large part of the descriptive literature on organizational change, represents a different methodological paradigm for the organization sciences, compared to an approach centred on variables.²⁸ Mackenzie (ibid.: 110) defines a process as “a time-dependent sequence of events governed by a process framework”. Processes have the advantage that they are “closer to actual behavior than their encapsulation as variables” (ibid.: 110), and they bring social actors onto the stage (Pettigrew et al., 2001). They are therefore capable of being used to

²⁸ For example, as noted above, the prescriptive literature views organizational culture as a variable (Smircich, 1983).

provide rich analyses and improved theories. Process-based studies can provide the links between individual actions and a more coherent whole (Garvin, 1998).

This approach was first seen in the strategic choice field, which was the same as the organizational change field in understanding its topic as being analytically and rationally planned and executed. However, theorists like Mintzberg (1978) were able to demonstrate that strategy creation is a process, where an organization's strategy is not simply the result of the decisions made by senior managers (i.e. intended strategy), but emerges from the ways in which a broad number of groups are involved in strategy-related processes which then result in a realised strategy.

Processes are dynamic and longitudinal (Garvin, 1998), and they evolve, so an inevitable feature of process theories is a consideration of time (Monge, 1990). The processual approach therefore distinguishes itself from other approaches through a recognition that modernist social science has paid too little attention to time (Avital, 2000). Time is not only a resource, but also possesses social meaning (Hassard, 1990). Just as all organization members have different views of change outcomes, it should not be assumed that all participants in a process experience its duration in the same way (Chia, 1999; Amis et al., 2004).

The central questions addressed by a processual researcher are about how something happens (Mackenzie, 2000). This approach focuses on becoming, not on being, and on

actors and systems in motion, not at rest. For researchers into change, this means in practice dealing with two issues:

“(1) What are the antecedents or consequences of changes in organizational forms or administrative practices? (2) How does an organizational change emerge, develop, grow, or terminate over time?” (Van de Ven and Huber, 1990: 213).

The next section describes a method that has been proposed for answering these challenging questions. This is the processual-contextual approach, which shows what influences the ‘how’ and the ‘why’ of change, and what constrains and facilitates change processes (Buchanan and Boddy, 1992).

2.7.2 Processes, Contexts and the Nature and Study of Change

Pettigrew was the one of the first organizational studies academics to see change as a non-linear phenomenon and so he “represents the primary source of reference” (Collins, 1998: 67) for the processual-contextual approach. Pettigrew's (1985) extensive study of change at Imperial Chemical Industries (ICI) is discussed here in some detail because of its influence on later writers. Before Pettigrew, a major study on the emergent nature of change was Gouldner's (1954) investigation of a change in plant management. Here can be seen many of the themes that concern Pettigrew, such as change as a process, the political aspects of change and the influence of internal and external factors on change. Regrettably, recent writing on change rarely refers to Gouldner's work.

2.7.2.1 Frameworks for Understanding Change and Changing

Pettigrew's (1985) study is of *changing*; as he notes of previous work,

“Research on change continues to this day to focus on change episodes, and more likely on *a* change episode, rather than the processual dynamics of changing” (ibid.: 10, emphasis in original).

He suggests that when there are change initiatives, the end-state is not knowable and the situations in which the organization finds itself are not predictable. This therefore necessitates a new approach to the study of change.

Throughout his writing career, Pettigrew (for example, 1985, 1987, 1997; Pettigrew et al. 2001) criticises most studies of organizational change as ahistorical, acontextual and aprocessual. To remedy these deficiencies, he proposes (1985) an analysis that deals with four interconnected issues:

- multiple contexts and levels of analysis,
- description of the processes under study,
- a theory (or theories) of change, and
- a way of linking contextual (vertical) variables with the processes that are being studied (horizontal variables).

A simplified diagram (Figure 2) is helpful to conceptualise Pettigrew's approach (adapted from Pettigrew, 1985: 37):

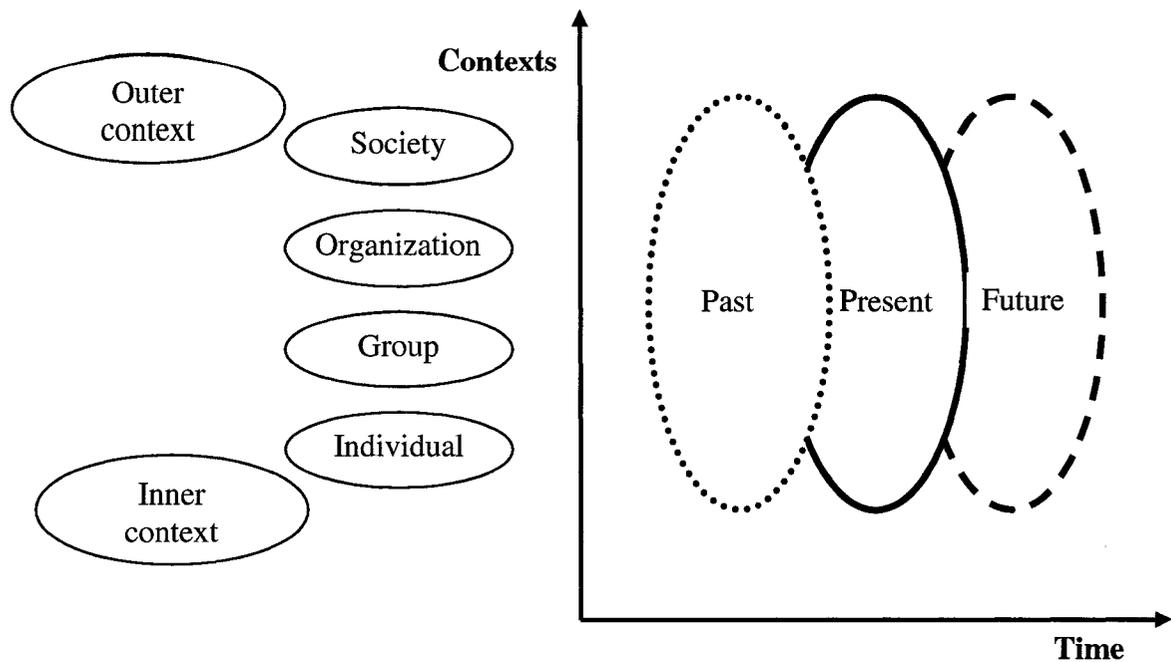


Figure 2. Pettigrew's (1985) framework for change

In order to take account of the multiple contexts and levels of analysis, the analysis must investigate change at the level of the individual, group, organization and wider society. The study needs to connect these vertical levels empirically and theoretically. Then, to describe the process under study, the researcher needs to take account of the fact that processes happen over time. Pettigrew (*ibid.*: 36) defines a process as “a continuous, interdependent, sequence of actions and events which is being used to explain the origins, continuance and outcome of some phenomena”.

Pettigrew advocates a model of human behaviour that lies between determinism and free will, along the lines of the structuration theory of Giddens (1979). He rejects, on the one hand, theories such as those of population ecology where the scope for human action is

almost non-existent, and, on the other hand, “great man” leadership theories where individuals have the ability to act as they wish.

Pettigrew differentiates between inner context and outer context. As Collins (1998) points out, Pettigrew understands the external context as being wider in scope than the business environment of the organization – context is provided by the social, political, cultural and economic aspects of society. Examples of inner (vertical) contextual factors are such features as an organization's culture, structure and political environments within which and through which the change would proceed. Pettigrew emphasises the influence of internal politics and conflicts on the direction and outcomes of change. Horizontal factors relate to time, and may include future expectations, present events and historical accounts.

Key to the processual-contextual analysis of change is establishing relationships between context, process and outcome. Context and process are related to each other – the events in the external context may trigger and legitimise change, while the internal context (e.g. (perceived) organizational history) will constrain change and will certainly affect the processes of introduction and implementation of a planned change and its results. For example, as Pettigrew (1985) argues, issues like internal organizational change cannot be explained simply by referring to external events because of the significance of managerial perception, choice and action during the change process. So while change-related decisions may superficially be justified on rational terms, meaning that formal

organizational procedures are important, a great deal depends on what happens behind the scenes.

Later work (e.g. Pettigrew, 1997; Pettigrew et al., 2001) refined and added to the four issues described above. This work suggests that reaction to change should not be ignored. In addition, there is a slightly different emphasis on the relationship between change process and outcome. His earlier work paid more attention to the outcome of a particular change, but in this later work, the influence of the change on organizational performance was said to be also worthy of investigation. Pettigrew et al. (2001) also point out the need to pay careful attention to time-related issues, like the sequencing of change initiatives and the speed at which they are carried out. The idea that the pace of change varies is also part of the theory of punctuated equilibrium, and is discussed further by Amis et al. (2004).

Pettigrew's description of the phases of change has some similarities with more prescriptive and Lewinian models, but with one vital difference: he insists that these phases cannot be reduced to a mechanical linear sequence. His phases are:

- Problem sensing and development of concern about the present situation
- Acknowledgement, definition and understanding of the problem
- Planning and action
- Stabilisation

Amis et al. (2004) provide support for this position in an exemplary longitudinal research study, which demonstrates that linearity exists at best only in uncontroversial and unimportant change situations.

Dawson (1994, 2003) proposes a more detailed framework for a processual-contextual approach to change. His framework involves three time frames:

- Conception of the need to change (i.e. what caused and influenced the conception of the need to change). Possible factors are competitive pressures, a proactive desire to meet perceived future needs, imitation, and management fashion.
- The process of organizational transition, up to and including implementation (i.e. moving from idea to implementation through the taking of decisions and the performance of the resulting tasks and activities). Individuals and groups both inside and outside the organization may be involved.
- The operation of new work practices and procedures, i.e. the emergence of new organizational arrangements following change implementation and their institutionalisation.

Dawson then argues that three groups of determinants of change must be incorporated into the framework:

- the substance of change,
- the context of change, and
- the politics of change.

The substance of change refers to the type and scale of the change, and represents the *content* of the change. Examples of the type of change are the introduction of new technology or new management techniques. Although Dawson does not explicitly define the scale of change, he indicates that this is related to whether or not the change will be implemented in all or part of an organization (cf. the discussion above of incremental and radical change).

The context of change depends on external and internal factors, both past and present, as well as expectations about the future. External factors include social expectations and competitors' actions. The significant internal factors are human resources, administrative structures, technology, product or service, history and culture. A change in one of these factors usually affects the others. The politics of change are influenced by individuals and groups as they try to promote or defend their interests. For example, there may be conflict and negotiation between and within internal or external groups and/or individuals during the change process. The following diagram (Figure 3) is based on Dawson (1994). For simplicity, it does not show how the politics, context and substance of the change might vary over time – this is captured in a diagram in Dawson (2003: 49).

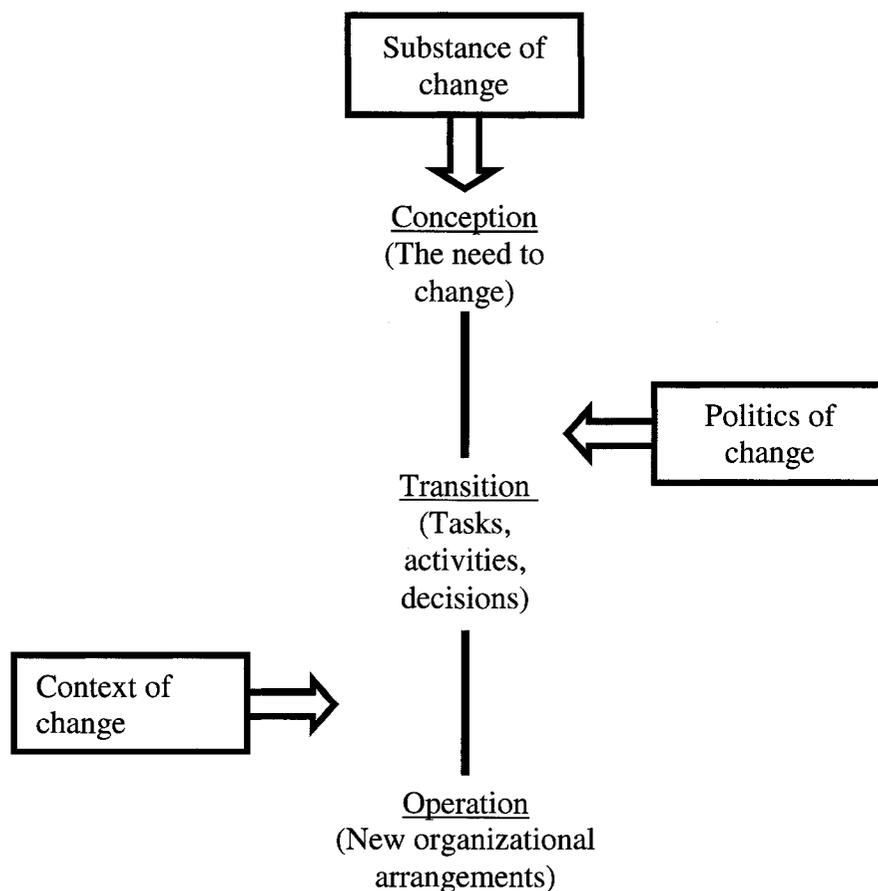


Figure 3. Dawson's (1994) framework for change

Dawson's approach includes much of what Pettigrew (1985) suggests: change as a process, inner and outer contextual factors, and so on. However, Dawson's framework restricts the roles of the politics and context of change to particular times in the change process; Pettigrew would suggest that they apply at all stages of the change process.

2.7.2.2 Processual-Contextual Accounts of Change

An increasing number of studies that take a processual approach to change started to appear in the mid 1980s, and they generally use Pettigrew's (1985) approach as a basis. Child and Smith (1987) conducted a study of strategic change at the chocolate maker Cadbury, and their analytical framework is built on the relationship between the content of the change (i.e. the new strategy), the process of change and the context of change. Like Pettigrew, they describe the “messy” nature of change, which means that even the beginning and end points of a change initiative cannot be clearly identified. Their analysis demonstrates the value of incorporating factors from the external context in change analysis, for they are able to show that some aspects of the business sector of which Cadbury was part were influential in determining the content of the change.

Child and Smith's (1987) study also shows that the nature of an organization's culture is an important internal contextual factor in the change process. Founded by Quakers, there was an ethos at Cadbury's of caring for employees, which meant that some change initiatives – like mass redundancy – would only be done as a last resort. The firm's culture also meant there was a general belief that change should be incremental, in order to avoid creating a rupture with Cadbury's history. This study is also valuable for

showing how managers reconstruct contextual factors in order to make the decision to change appear legitimate. Child and Smith (*ibid.*: 590) describe a lengthy process of “recognition” which involves the reframing of the relevant contextual conditions.²⁹

Clarke et al.'s (1988) study of change within British Telecom (BT) is also concerned with analysing the complex nature of change, in this case major technological change. Clark et al. describe how key groups are influential during the process of change, and that this leads to the actual eventual outcome being different from the intended one. Management choice plays an important role in their analysis, and they describe the ways in which managers attempt to influence contextual factors to their advantage.

Clark et al. are able to demonstrate that historical events have an impact during a change process. In BT's case, the engineering department had played a major role in previous changes and clearly wished to continue to play a major role. However, this department was heavily invested – both in monetary and psychological terms – in one particular form of technology, which was no longer suitable. This history caused the members of this department to try to impede the process of introducing new technology.

The value of processual accounts in permitting a differentiated description of change can be seen in other examples. First, they are able to show how determinants of change do not have equal explanatory power during the complete process of change: Dawson (1994) describes how external factors influenced the choice of technology early in a change process at British Rail, but that employee reactions became increasingly important during

²⁹ See also the discussion of sensemaking in Section 0.

the implementation of the chosen technology. Second, they are also able to show how the nature of a change process can itself change: Pettigrew (1985) demonstrates that change processes in the Agricultural Division of ICI started in the middle of the organization and that senior management only became involved later, at which point they started to guide and direct the change.

There is an increasing amount of processual-contextual work in the field of change. For example, this approach has been used by Brubakk and Wilkinson (1995) for a study of financial services; it is advocated by Daniels et al. (2001) as an appropriate methodology for studying teleworking; and Dawson and Gunson (2002) present a case study of a bakery company that faced changes caused by shifting customer demands. A special research forum published in the *Academy of Management Journal* in 2001 contained ten articles which had been sent in response to a call for papers with a processual focus. These papers investigated organizational change processes such as leadership and change (Denis et al., 2001), tightness of fit and reactions to environmental change (Siggelkow, 2001) and firm evolution (Noda and Collis, 2001). In a more recent paper, Balogun and Johnson (2005) use sensemaking (see Section 2.10) to investigate the social processes of interaction between middle managers as they try to make sense of change initiatives.

In a study of several change initiatives in the Netherlands, de Man (1988) pays particular attention to how changes in the global economy had an impact on the Dutch industrial relations system, which in turn influenced in a fundamental way the projects in the study.

Here can be seen the importance of considering different levels when investigating the contexts of change.

Organizational culture is shown in the processual-contextual literature to be something that emerges and cannot be managed to the extent that the culture change theorists discussed in Section 2.5.2.2 believe. In Paradigm 3 (Meyerson and Martin, 1987), culture is the means through which individuals adapt to their environment. Paradigm 3 researchers see confusion, not clarity, in organizations, which is similar to the point of view of processual-contextual researchers.

2.7.2.3 The Processual-Contextual Approach and Managing Change

One of the desired outcomes of this research project is to produce guidance for managers on managing change. This section considers how the processual-contextual literature contributes to this goal. For Dawson (1994: 25), the very richness and complexity of the processual-contextual approach is simultaneously a weakness, because its research findings have “tended to mask, mystify and create barriers of interpretation to the non-academic practitioner”. Buchanan and Boddy (1992: 66) make a similar point: “[the contextual approach] offers attractive tools for analysis and understanding, [but] offers little in the way of practical tools for action”.

The literature discussed in the previous section does indeed offer very little that can be used directly by practitioners, not least because it mainly targets academics (Collins, 1998). Dawson's (1994; 2003) approach is specifically intended to generate suggestions for

managerial action, and his findings are addressed following a discussion of Pettigrew's contribution from the point of view of usability for practitioners.

Pettigrew (1985; 1987) argues that there is scope for individuals to act as change agents, but that the scope is limited by broader social contexts, inner contextual factors and the organization's history, its present situation and the direction in which it wants to move. Demonstrating this point, he describes the struggles of the various CEOs of ICI to bring about change, and shows that what they achieved is linked to the history of the organizational unit they were trying to change. He does show how individual OD consultants were influential in creating a climate for change and in bringing about change. The change agent's role in the complexity of change processes at ICI is shown to be both reactive and proactive – reactive in responding to whatever arises from the context of the change, and proactive in using contextual factors to promote change. He accepts that visionary leadership and symbolic action are important for creating change.

At the heart of Pettigrew's approach is an argument that successful change requires management of three aspects (Morgan and Sturdy, 2000):

- Manage the context – managers must be able to shape culture and other inner context factors to suit the change process. Managers can use issues in the external context to add weight to their arguments.
- Manage the change process – the need for change must be recognised, and the introduction and implementation of the change must be consistent with the organization's culture. Incremental changes are preferable to pre-packaged solutions.

- Manage the change itself – the content of the change needs to be meaningful within a consistent and motivating vision for the organization.

His suggestions for intervention in the organization's political and cultural spheres are, in fact, not very different from what the OD literature suggests in its “move” phase.

Dawson (1994) studies five different change initiatives, and is able to derive some practical guidelines from his work. The two main points are that managers should be aware that change is a dynamic, long-term process, and that there is unlikely to be continual improvement from the beginning to end of the change process because of wavering commitment, opposition and uncertainty. To help managers, he produces a seventeen-item list of guidelines for managing change. Nelson (2005) uses Dawson's model and is also able to generate some practical guidance for managers, thereby showing the value of the model.

2.8 Concluding Comments on Emergent Change Literature

This section has discussed literature which looks at organizational change within a broader setting than does most of the literature on planned change. In other words, a change initiative is seen to be one element of organizational life and, as such, it is open to influences from various sources. It is for this reason that the researchers whose work has been discussed in this section emphasise the contextual nature of change. Some of these contexts are within the organization, like its history, politics and culture, and some are outside – this literature describes how the individual, group and organization are open to wider societal and economic influences. The researcher taking a processual-contextual

approach looks at the interplay between the various elements of change and generates insights from their interrelationships and sees how they contribute to the whole (Child and Smith, 1977).

Criticism of the processual-contextual approach addresses two broad issues: its practical value and theoretical approach. First, there are those who argue that processual-contextual work produces good analysis, but little that is useful for managers (e.g. Buchanan and Boddy, 1992). The previous section discussed this criticism and argued that claims that the processual-contextual approach lacks value for managers are overstated. The issue that this approach produces little in terms of usable information for practitioners has started to be addressed (e.g. Dawson, 2003).

Second, there has been criticism of the theoretical underpinnings of the processual-contextual approach. In the main, this criticism has come from organizational scholars who do not work in Burrell and Morgan's (1979) functionalist paradigm. For example, Knights and McCabe (2002) claim that the processual approach pays too little attention to questions of identity³⁰. They argue that the creation of a self-identity is a central preoccupation of any individual, but particularly in the workplace, where ongoing struggles mean that identity is especially challenged. Knights and McCabe (ibid.) suggest that processual accounts of change would be stronger if they addressed how attempts by individuals to maintain a stable identity influence their behaviour. The discussion of

³⁰ According to Bullock and Trombley (1999), identity has traditionally been seen as the relatively stable and enduring sense that a person has of himself or herself. More recent sociological and psychological theory makes reference to an individual's experience, in a variety of contexts, of different identities: gender identity, sexual identity, ethnic identity, class identity and so on.

resistance in Section 2.9 shows, however, that identity-related themes need not be ignored in studies of change.

While the processual-contextual approach specifically refers to the external context of change as being more than simply the business environment, in practice reference is rarely made to factors that are not business-related. Thus while Pettigrew (1985: 45) mentions the way dominant groups are protected by the “existing bias of the structures and cultures of an organization”, Willmott (1997) and Levy et al. (2003) argue that, in practice, Pettigrew neglects the historically distinctive politico-economic processes that take place at a broader societal level and that have shaped the strategic management at ICI. Levy et al. (ibid.) mention the evolving class structures of contemporary British society as a phenomenon that would need to be considered. Similarly, Knights and McCabe (2002) argue that a processual-contextual account of change should consider inequalities within organizations that are the result of inequalities in society. Caldwell (2006) suggests that Pettigrew’s understanding of context is insufficiently developed, and is incapable of being broken down into specific conceptual meanings.

There have also been suggestions that processual-contextual work is often too uncritical. Morgan and Sturdy (2000) raised concerns that Pettigrew himself takes a managerialist view, tending not to question the political process of development of strategy. The same comment could apply to Dawson (1994, 2003). A perceived lack of a critical approach is not, however, integral to processual-contextual accounts. Clarke et al. (1988), for example, view management strategy as more problematic than does Pettigrew, while

Orlikowski (1996) makes clear that management's interests are not necessarily aligned with those of staff.

A post-modernist critique of the processual-contextual approach to change is discussed by Collins and Rainwater (2005). These authors point out that work done using this approach may lead to the production of a single-voiced description of the change process, where the author/observer appears to have privileged insight. They contend that some arguments and perspectives are muffled by this approach as a consequence. However, as Thompson and Smith (2001) argue, there are no reasonable alternative ways to present research.

While the authors of processual-contextual studies draw attention to the need to analyse such vertical factors of change as the relationship between individual and groups, their studies generally pay the most attention to methodological issues related to horizontal factors, i.e. related to time. They rarely contain a rigorous discussion of methodology relating to multiple levels of analysis. For this reason, the next chapter considers this topic in some detail.

2.9 Experiencing Change

Common to the literature on planned and emergent change is an understanding that changes affect people. Pettigrew et al. (2001) suggest that reaction to change is one of the themes that a processual-contextual approach should investigate. Consequently, how organization members react to change is a concern of this research project. This section

presents some of the literature that deals with ways in which people experience change. Following some comments on methodological approaches to this issue, one specific reaction to change – resistance – is discussed. This particular reaction has been widely identified as one of the most important aspects of change (e.g. Kotter and Schlesinger, 1979; Denham et al., 1997; Armenakis and Harris, 2002).

Much of the literature on reactions to change considers how people experience change at a single moment in the change process, not over time. This limitation is similar to that already observed with respect to the literature on change. Ideally, though, the experience of change should be studied in context and as part of the change process (George and Jones, 2001). Stuart (1995) adopts a processual approach to describe the “change journeys” of managers, beginning with the original response to a change initiative. Stuart argues that managers begin a change journey, which can start even before the official announcement of a planned change, because managers get the feeling that changes are on the agenda. George and Jones (2001) propose a model of an individual's change process. Their model shows that an individual passes through a sequence of seven steps from the initial realisation that there is a discrepancy or inconsistency with pre-existing schemas (i.e. when the individual learns of a change, or perceives that there has been a change) to an actual change in their own schemas.

Other models of transitions which can be used to investigate the experience of change include Kubler-Ross' (1973) well known study of the grieving process, which identifies five stages: denial, anger, bargaining, depression and acceptance. Lewin's (1947) three-

stage model could be applied, and in fact, Elrod and Tippett (2002) list fifteen other similar models. Whichever of these models one chooses, their premise is that the primary trigger (the organizational change) is processed by the individual or group – in their own particular personal and work and social and societal contexts – in ways which lead to individual level and group level changes in behaviour and attitudes.

The literature on individuals' and groups' reactions to change typically draws on work done on individual psychology. Many reactions, such as cynicism (e.g. Doyle et al., 2000), commitment levels (e.g. Newell and Dopson, 1996) and stress (e.g. Stuart, 1995; Vakola and Nikolaou, 2005), are discussed in the literature. A review of this literature indicates that most of the emotions discussed are negative. Others note, however, that change is a valuable learning experience (Doyle et al., 2000), and that managing change can be exhilarating and challenging (Buchanan et al., 1999).

The changed behaviour may be positive from the point of view of the organization and the individual (e.g. an increased level of creativity). Often, though, the organization's management deems the behaviours of employees involved in change processes to be undesirable. The existence of negative reactions to change can help explain why unintended consequences are seen in many planned change initiatives. Resistance to change is a significant expression of a negative reaction.

2.9.1 Resistance

Resistance is a response to a change initiative. As Piderit (2000: 784) puts it, resistance has been traditionally defined as “a restraining force moving in the direction of maintaining the status quo”. The choice of the term 'resistance' is interesting; it evokes a mechanistic universe, where chaos is feared (Marshak, 2002), and the term implies that anyone who is not supportive of a change is trying to stop progress. This is certainly the understanding of the prescriptive literature, where resistance receives considerable attention. Much literature on planned change presents managers' change initiatives as rational, so consequently any opposition to them is irrational and must be overcome. This is nowhere more apparent than in one of the first investigations of resistance to change (Coch and French, 1948). These authors describe “rational” changes in production techniques as having led to “undesirable effects” like grievances about piece rates, low efficiency, restriction of output and aggressive behaviour towards management.

Implicit within Lewin's (1947) model is that there will be opposition to change, and his strategies for overcoming this are reducing resistance and/or increasing the forces opposing those who resist change. These form the basis of the prescriptive solutions for resistance. An example of such a solution is Kotter and Schlesinger's (1979) checklist of ways of dealing with resistance, where the first four suggestions are intended to reduce resistance, and the fifth suggestion involves increasing the forces opposing the resisters to change:

- involve potential resisters before any change,
- be supportive,
- negotiate and offer incentives,

- manipulate information in order to co-opt resisters, and
- coerce.

Pfeffer (1994) insists that a champion of change is essential to overcoming internal resistance, and the literature (particularly that stream which emphasises leadership) often suggests the use of coercive power to drive through change. So, for example, Nadler and Tushman (1989: 201) recommend the use of “the many-bullets principle” and Beer et al. (1990) recommend the removal of managers who cannot function in a post-change organization. Non-acceptance of change is often described as the result of poor communication (e.g. Kotter, 1995), leading Armenakis and Harris (2002) to develop a change communication model intended to make organizational change easier to implement.

While O'Toole (1996) offers thirty-three hypotheses as to why people resist change, but Dawson (1994) provides a more usable categorisation. He summarises the reasons advanced for resistance as follows:

- major change in job (new skills needed),
- threat to economic security,
- actual or perceived psychological threats,
- disruption of social arrangements, and
- reduction in status.

The processual-contextual literature (e.g. Orlikowski, 1996) describes resistance as one of the unexpected outcomes of change. For example, Ogbonna and Wilkinson (1998) note that culture change efforts result in either resigned behavioural compliance, or in a

few cases, subjugation of an individual's personality to the will of the company. Sometimes, though, employees refuse to comply and simply disregard new organizational procedures (Raelin, 1985). Badham et al. (2003) state that this is rare for middle managers, and that ambivalence is a more common attitude, combined with confusion because of doubts about how deeply senior managers themselves actually believe in the new culture.

Research has shown that concerns about identity can lead to resistance by individuals and groups. For example, Ezzamel et al. (2001: 1073) argue in their study of resistance to BPR that “an identity investment in established working practices resulted in sustained expressions of resistance in response to repeated efforts to introduce new practices”. Sewell and Wilkinson (1992) report on a factory they studied, where there were instances of resistance at the group level, such as the falsification of reports.

2.10 Tools for Analysing an Organizational Change Process

In order to follow a change process in an organization, it is necessary to look at the ways through which change actually takes place. In other words, it is necessary to investigate the processes through which the process of change evolves. This thesis is investigating how a change progresses, so there is interest in understanding the mechanisms through which this happens. Therefore, this section of the literature review looks first at a relatively recent development in research on organizational change to assess its value for investigating a change process. This development is the 'linguistic turn', which emphasises the role played by language in organizational change. Second, this section

describes Weick's (1979, 1995) concept of sensemaking, which can shed light on how people form their views of change and on how they subsequently deal with change.

2.10.1 Discourse

The 'linguistic turn' happened first in other social sciences. Berger and Luckmann's (1966) contribution was most influential, with its analysis of the role played by language in the social construction of reality. Theorists started to study the relationship between language and organization in the 1980s, when language began to be understood not simply as a mechanism of communication, but rather as a fundamental aspect of organization and organising (Grant et al., 1998; Westwood and Linstead, 2001). Grant et al. (1998) provide an overview of the various definitions of discourse. In its narrowest and most traditional definition, discourse refers only to spoken dialogue. A fuller understanding of discourse, however, includes both speech acts and written texts. The most radical view is that organization exists only through language, leading to views of organization as text, or as narrative, or as constituted in discourse (e.g. Mumby and Clair, 1997).

It has been shown that there is great value in looking at discourse during change processes. Language, in the form of conversations, stories and rumours, is a significant factor in the way change is conceptualised (Balogun and Johnson, 2005). The way in which organizational members negotiate meaning in the change process is through discursive practices and textual objects (Anderson, 2005). Indeed, coherent language use can play a significant role in the outcome of change initiatives (Sillince, 1999).

Heracleous and Barrett's (2001) study of the introduction of new technology on the London Insurance Market demonstrates that there are fragmented and competing discourses within an organization. Consequently, competition between groups (i.e. political struggles – part of the contexts of change) takes place through discourse.

Conversation – “language-based interactions of individuals within organizations” (Woodilla, 1998: 33) – is one of the most common forms of communication in the workplace. Studies of managerial activities (e.g. Mintzberg, 1973) have shown that managers spend a large part of their time in carrying out oral communications. The act of conversation and the content of conversation produce action (Hardy et al., 2000), which indicates why conversations can play an important part in a change process.

Stories are “the primary medium of interpretative exchange” (Boje et al., 2001: 159) in organizations. Stories play a significant role in the creation and maintenance of meaning in organizations and hence in the development and maintenance of organizational culture (Gabriel, 1998). Stories are passed from one person to another through conversation, and storytelling is “something done around the water cooler” (Boje et al., 2001: 166). The informal nature of storytelling does not mean that it is not important. Boje (1991) shows how the use of stories enabled change to take place, as when an executive's storytelling enabled him to convince colleagues to move in new direction.

Tsoukas (2005) argues that organizational change is the process of constructing and sharing new meanings and interpretations of organizational activities. Discourse, then,

appears to be a mechanism through which change happens, and it should therefore be considered in an investigation of change processes.

2.10.2 Sensemaking

Weick's (1979, 1995) concept of sensemaking is a process in which people assign meanings to ongoing occurrences through a process of interpretation (Gioia and Chittipeddi, 1991). It provides a useful theoretical lens for understanding change processes (Balogun and Johnson, 2005) because it allows the researcher to consider how individuals' interpretations and understandings of an organizational change shift during the change process. This topic is important for this thesis, because one of the research questions deals with how views of change vary over time. Therefore, after presenting the components of the sensemaking process, this section shows how some theorists have used sensemaking to generate insight into organizational change processes.

Weick (1995) describes how people actively construct their environment through sensemaking. Sensemaking starts from the premise that people have interpretative schemas to help them to make sense of their situation and environment. When there is a change in an organization, organization members are no longer in a position to use an existing interpretative schema, and must replace it with another one (Isabella, 1990).

Sensemaking³¹ is triggered by individuals when they recognise that there has been a change in their situation and environment. Individuals re-evaluate the environment and

³¹ This presentation of sensemaking is based on Weick (1979, 1995).

give meaning to it. They do this in a way that meets their need for self-enhancement, their desire to present themselves as competent and their need for self-consistency.

People start to re-evaluate the environment when they notice that their *extracted cues* change. Cues exist, for example, in language, events and the actions of others. “Extracted cues are simple, familiar structures that are seeds from which people develop a larger sense of what may be occurring” (Weick, 1995: 50) and “are assembled into a mental model” (ibid.: 81). Context, such as positioning in the organizational structure or personal predisposition, influences which cues are noticed, and how they are then extracted and interpreted.

Sensemaking is an on-going process which never starts fresh and never stops cleanly, because people are always in the middle of things which only mean something in retrospect. The retrospective nature of sensemaking is its “most distinguishing characteristic” (Weick, 1995: 24). Meaning can only be attached to what has already occurred. The meaning given to past events changes as situations change, so the 'same' event can have multiple meanings.

The process of sensemaking involves *enactment*, which means that people produce the environment through their actions, which are driven by their sensemaking activities, and so the environment in turn influences their sensemaking. Thus retrospective sensemaking influences current activity. In their sensemaking, people are satisfied by *plausibility* rather than accuracy. Accuracy is not needed in sensemaking because people need to

filter information, because a search for accuracy slows down the sensemaking process, and because people tend to be energised not by data, but by stories.

Sensemaking is necessarily social. Weick (1995) argues that what a person does is contingent on others, and he identifies three levels at which sensemaking takes place.

Using his terms, these are:

- the *intrasubjective* (or individual) level,
- the *intersubjective* level, which represents shared frames of reference between two or more individuals; the individuals need not be in the same formal group, and
- the *collective* level, where frames of reference are shared across intersubjective levels.

Contact with others takes the form of discourse, so stories and conversation and other forms of discourse are important in sensemaking.

Weick's approach has been used to investigate organizational change. A study by Helms Mills (2003) of the cultural change programme at Nova Scotia Power demonstrates the role of sensemaking. The individual sensemaking of the new president of the organization led him to see the reality of the organization in a specific way. Helms Mills argues that he caused a culture change programme to be introduced because this fitted in with his own identity as a concerned leader. In addition, his interpretation of the cultural change programme as a success was based on selective reading of organizational outcomes. Helms Mills finds that Weick's concept of social sensemaking was very useful in explaining how managers and workers arrived at different views of the 'same' events.

She notes, however, that Weick underemphasises pre-existing influences on an individual that are at a societal level (i.e. socialisation) and at the organizational level (i.e. the history of the organization). She also suggests that Weick does not pay enough attention to power. Power limits the sensemaking that can be done, because the sensegiving of some groups and individuals is dominant.

According to Gioia and Chittipeddi (1991: 442), sensegiving is “concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred definition of organizational reality”. Since he undervalues the role of power in organizations, Weick (1995) pays little attention to sensegiving, despite pointing out that it is something managers do.

In a recent article, Maitlis and Lawrence (2007) argue that sensegiving by management is a critically important activity because the recipients of change base their thinking about the change largely on what management says. Sørderberg (2003) provides another example of the value of Weick's approach. She used it in an investigation of sensegiving and sensemaking in an organization which was experiencing the transformational change of an acquisition. The narratives of the various actors reveal that middle managers in the organization in her case study rejected the sensegiving of top management. The result of this rejection is that they did not try to implement the change as desired by top management. The middle managers expected sensegiving from the Managing Director that he was in control, but their own sensemaking was that he was not in control.

Different interpretative schemas that arise out of sensemaking are therefore shown to affect change outcomes.

Helms Mills (2003) focuses on individual sensemaking. Balogun and Johnson (2005) investigate *group* sensemaking in an engineering company. They show that the three groups affected by introduction of a new organizational structure had to move away from the shared sensemaking of the old structure and construct new schemas. These authors conclude that organizational change is successful when a new shared schema is in place after there has been a process of migration from the old schema to a new schema. Consistent reinforcement of the new schema is needed for employees to accept it. Isabella (1990) also emphasises that shared schemas evolve during an organizational change. She identifies four stages (in this case, anticipation, confirmation, culmination and aftermath) through which a group's old schema must evolve before becoming a fully accepted new schema. At each stage, the construed reality is different.

One of the questions being pursued in this thesis is about whether different groups in the organization have different views of an organizational change initiative, and how they change over time. The studies discussed above indicate that groups may, in fact, have different interpretative schemas and that these are not fixed. The studies also indicate that the framework provided by sensemaking can help the researcher to understand how interpretative schemas are formed by groups and individuals. This is important because as Helms Mills (2003) and the other authors show, sensemaking and sensegiving play an important role in influencing how organizational change processes evolve over time. All

of the work that uses sensemaking to analyse organizational change shows how important discourse is during the change process.

2.11 Relevance of the Literature on Organizational Change for this Thesis

The literature on planned and emergent change – in broad terms, the prescriptive and descriptive literature – has been described and critiqued. This section summarises how the literature review informs the research approach that is described in the next chapter.

There is a plethora of approaches to and theories on organizational change. Is one right and the rest wrong? Dunphy (1996: 545) states

“A frequently repeated cry at professional meetings ... has been that “we lack a unified theory of change.... The notion is illusory – a search for a chimera”

and this is now generally widely understood (Weick and Quinn, 1999). Kahn (1974: 487; quoted in Weick and Quinn, 1999: 363)³² described work on organizational change and development as “a few theoretical propositions ... repeated without additional data or development”. This is no longer true – research into change has become increasingly sophisticated and helpful for the researcher.

This literature review has identified four types of planned change. It has described their characteristics, their theoretical underpinnings and how they can be managed. The work of the scholars who have investigated planned change informs this research project by allowing the researcher to understand the change initiatives that are taking place at the

³² Also in Pettigrew et al. (2001: 697).

research site. The literature on continuous change is helpful in emphasising that change is always taking place, and that small changes should not be ignored.

Agency³³ involves human action, and this concept plays a central role in the literature on planned change. The fundamental problem with the prescriptive literature is that it assumes that human agency is enough to achieve successful change – if the steps in the *n-step* guides are followed. It generally portrays change as a linear phenomenon with predictable outcomes. Yet as Pettigrew (1985) states, anyone who has experienced change in organizations is aware that planned change initiatives rarely progress smoothly – there are often difficulties and issues that lead to further problems. Therefore, viewing change as linear means taking an over-simplified view of a complex phenomenon.

On the other hand, a great strength of the processual-contextual approach is that it recognises that change arises from a combination of intentions, happenstance and institutional norms (Czarniawska and Joerges, 1996). In other words, agency is part of the framework of scholars like Pettigrew and Dawson, but so too is structure³⁴, the other part of the agency/structure dualism (Reed, 1999). Thus Czarniawska and Joerges' (1996) 'institutional norms' are essentially what Pettigrew (e.g. 1985; 1997) calls contexts, and they constrain an individual's scope for action. The prescriptive literature does pay limited attention to contexts, as when it discusses how an organizational culture is

³³ "Those who emphasise agency focus on an understanding of social and organizational order that stresses the social practices through which human beings create and reproduce institutions" (Reed, 1999: 40).

³⁴ As Reed (1999: 40) puts it, "Those located on the 'structure' side highlight the importance of the objectified external relations that determine and constrain social interaction within specific institutional forms".

hampering rapid response to changing needs, for example. One can conclude that contexts are important, and should be included in analysis of change.

The 'contextual' aspect of the processual-contextual approach considers (at least in theory) levels to be an integral part of analysis while the prescriptive literature pays very little attention to them. Therefore, while Pettigrew and his colleagues distinguish between how external and internal contextual factors can influence process at the level of the firm, group and individual, this insight is missing from the prescriptive literature.

In the prescriptive literature, time is simply the background against which change happens. By not paying enough attention to time, the prescriptive literature cannot reveal the dynamics of the change process. The 'processual' part of the processual-contextual approach specifically pays attention to time, because it is over time that the researcher can see how a process develops and changes. Time is important because the researcher must be concerned with how events in the past shape the present.

The discussion of sensemaking indicated that this is a promising way of seeing how people's understandings of change vary over time. It also provides a way of analysing how the change process itself is affected by people's understanding of it. The role of language in change was presented, and this demonstrated that consideration of the discourse involved in a change initiative would help in understanding how the change process develops.

2.12 Conclusion

From the literature review, it became clear there is a lack of studies that do what is being undertaken in this research: a longitudinal, multilevel examination of change. Prior work has not fully explained or shown empirically what happens with individual and group change processes in the context of an organizational change. The interactions between the levels in the change process have also rarely been studied. The literature review informs the research approach by leading to the conclusion that organizational change can best be studied using the processual-contextual approach, with insight from discourse and sensemaking into the ways through which the change process develops.

Pettigrew (1997: 347) correctly notes that the major contribution of processual-contextual research is:

“to catch reality in flight, to explore the dynamic qualities of human conduct and organisational life and to embed such dynamics over time in the various layers of context in which streams of activity occur.”

Processual-contextual research takes account of the “murky, unforeseen and dynamic character of change” (Dawson, 2003: 50) and has “theoretical, methodological and conceptual elegance” (Collins, 1998: 71). It is well suited for dealing with change that is “unintended, unplanned, unstructured and indeterminate” (Caldwell, 2006: 71). For these reasons, this thesis uses much from the processual-contextual literature as the basis for the theoretical framework for the research. This framework is described in the next chapter.

3 Methodology

This chapter has two objectives: first, a presentation of the methodology used in this research from a theoretical perspective, and second, a discussion of how the methodology was used in practice. The first objective is met by describing the approach that was chosen to meet the primary goal of this research (i.e. to develop a theoretical framework for understanding the planned change process). This framework was developed on the basis of three specific research questions. These are:

- How are views of a change affected by one's place in the organization and by the stage a change initiative has reached?
- How are individuals' responses and actions regarding the change affected by their view?
- What does analysis of individual and group change processes contribute to our understanding of organizational change processes?

The research approach used to answer these questions is a case study of a planned organizational change. The methodology follows the processual-contextual approach to the study of change that was discussed in the last chapter. This study pays particular attention to the multilevel nature of organizations. Data were collected over time, with particular attention being paid to ensuring that the sample was representative of the groups and levels of the organization. Grounded theory methodology guided data collection, analysis and theory building.

This chapter presents the theoretical framework for understanding change that was used at the beginning of the research process and which guided the choice of methodology.

Then the research site and the planned change³⁵ which is the starting point of the change process under study are briefly introduced. Next, the research approach implicit in this framework is discussed in some detail, and methodological issues related to data gathering and analysis are examined. The chapter concludes with a presentation of the actual processes of data collection and analysis that were used and describes how grounded theory was used in this thesis. This final section takes into consideration the comments of Suddaby (2006: 640) who wrote about his experience as a reviewer for the *Academy of Management Journal*,

“A recurring problem in manuscripts I see, [is that] researchers claim to have performed grounded theory research, support their claims with cursory citations to Glaser and Strauss (1967), and then offer little, if any, description of their methodology. If a revision is granted and the authors are pushed to reveal how the data were collected and analyzed, it becomes clear that the term ‘grounded theory’ was interpreted to mean ‘anything goes.’”

3.1 Theoretical Framework

The starting point for the change processes being discussed is a change in organizational structure, so to answer the research questions, research has to follow this process over time and at different levels of the organization. At the same time, attention must also be paid to the internal and external contexts of the change.

As the literature review has shown, the processual-contextual approach to the study of change has many strengths, and was chosen to answer the research questions. Pettigrew’s

³⁵ These are discussed in more detail in Chapter 4 and 5.

(1985) model and Dawson's (1994) model of change were presented earlier in the thesis (see Section 2.7). The initial model of change which was used to guide the research is presented in Figure 4: it can be noted that this model below takes elements from both Pettigrew's and Dawson's models. Figure 4 has two dimensions: horizontal and vertical. The horizontal component recognises that change processes happen over time, and the vertical component takes into account the idea that change involves different levels in an organization and that these levels interact with each other and affect the change process. Also captured in the vertical elements is the hypothesis that the internal and external contexts of change influence how the change process evolves.

Following Pettigrew, the outer context of change includes the business environment, but also social, political and cultural aspects of society. This was done as the literature review suggested that these factors might affect the inner context of change, e.g. organizational culture and structure. The model also postulated that both the outer context and inner context of change affect the organization itself, as well as the groups and individuals within it. In this regard, this thesis' model goes beyond those presented by Dawson and Pettigrew.

The horizontal axis draws on Dawson's model in that it hypothesises that a planned change initiative has a starting point – the conception of the need to change. It further hypothesises that the change process then evolves, and that as it does so, the contexts of the change themselves change. In other words, it postulates a process of transition, where decisions related to the change are made and tasks are performed. While this is

happening, the politics associated with the change affect the change process, and may also affect the very substance of the change.

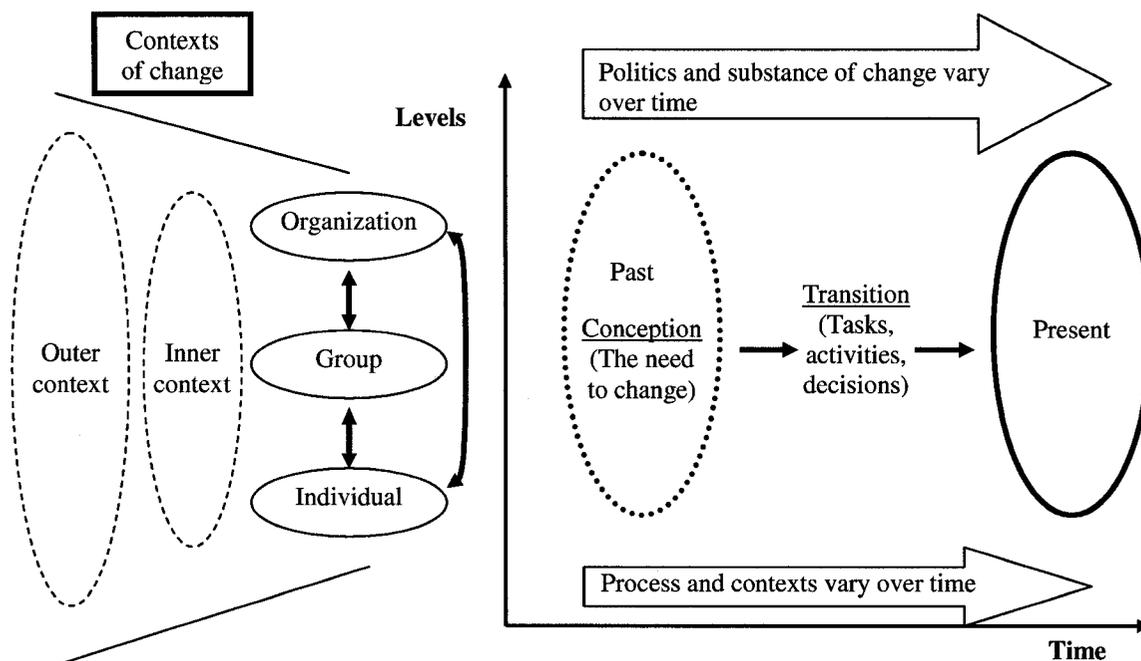


Figure 4: Initial model of change

The research methodology needs to deal with three main components from this model of change: process, contexts and levels. By taking account of these components, the research approach allows us to address five of Pettigrew et al.'s (2001) challenges³⁶ for processual-contextual research. These are:

- describe multiple contexts or levels of analysis,
- link time, history, process and action,
- link process to outcome (in this case, the outcome of the change initiative),³⁷

³⁶ The sixth challenge is to do international comparative research, but this is not in the scope of this research project. However, it offers an interesting possibility for future research.

³⁷ Pettigrew et al. argue, in fact, that change processes should ideally be linked to a firm's performance. However, this is an extremely difficult undertaking, and demands study of many organizations (ideally

- consider reactions to change, and the sequencing and pace of change, and
- link scholarship and practice, i.e. produce insights for non-academics.

Expressed differently, agency, levels of analysis and time are fundamental aspects of developing and testing theories of change (Poole, 2004). This thesis takes all three of these factors into account.

The next section of this chapter (3.2) describes the methodological theory behind how the processual-contextual approach was applied in this thesis. As part of a more detailed discussion of the research approach, the uses of case studies are examined. This is followed by a discussion of the method used in this thesis to investigate the vertical factors of the change model (i.e. individual, group and organization), as well as the relationship between them. The methodology which informed data selection, analysis and theory building is discussed in 3.3 and 3.4. Section 3.5 shows how the methodology was applied in practice.

3.2 Research Approach

This part of Chapter 3 introduces the research site, and then discusses three topics related to methodology: the use of case studies, the nature of multilevel research and of grounded theory. The discussion pays attention to practical issues of carrying out research using these methodologies.

matched pairs) over long periods of time (e.g. Kotter and Heskett (1992) or Collins and Porras (1995)), which requires a very large commitment of resources.

3.2.1 The Research Site

The organization (referred to as *PCo* throughout this thesis) which agreed to participate in this research is the Montreal-based Canadian subsidiary of a large multinational pharmaceutical company. This company is the result of a merger several years ago. There are over seven hundred employees at *PCo* in Montreal. All of these employees are knowledge workers, as there is no manufacturing unit in Canada. The main commercial activities that are performed in this location are marketing new and existing pharmaceutical products, conducting clinical trials for new drugs, and getting and maintaining approval for drugs from Health Canada. Some of the drugs are for general practitioners and some are for specialists.

The change initiative – known as the *Bauplan* change – that forms the starting point of this research involves a planned change in the organizational structure. The company's global headquarters decided on this change, whose goal was to align the structures of the company's main subsidiaries. There are three main aspects to this structural change: a) a matrix structure, which breaks up existing groups and creates a Business Franchise structure; b) the merging of the Medical group (which is responsible for carrying drug trials) and the Regulatory group (responsible for getting approval for drugs from the government); and c) the introduction of a new position within the organization which is equivalent to Chief Operating Officer.

3.2.2 The Case Study

The research was approached as a case study of change processes in an organization, using the *Bauplan* change at PCo Canada as the basis. This method provides the opportunity for a holistic view of a process, and allows individual aspects of the process to be connected to the larger context (Gummesson, 2000; Yin, 2003). The fact that the processual-contextual writers produce case studies indicates that the case study method is eminently suitable for studying change. Hartley (1994: 212) summarises the argument for case studies very well:

“A case study allows for a processual, contextual and generally longitudinal analysis of the various actions and meaning which take place and which are constructed within organizations.”

Eisenhardt (1989) emphasises the ability of the case study to cover multiple levels of analysis (a topic that is covered in more detail below). The case study technique is useful where there is interest in discovering informal or unusual behaviour within the organization, because a level of trust can develop over time between researcher and members of the organization (Hartley, 1994). Aside from description, case studies may be intended to test theory or to generate theory (Eisenhardt, 1989; Gummesson, 2000; Patton and Appelbaum, 2003).

Three main criticisms of the case study approach are summarised by Gummesson (2000: 88):

- case studies lack statistical reliability and validity,
- case studies can generate hypotheses, but not test them, and

- case studies cannot be used as a basis for generalisations.

Even a proponent of case studies like Eisenhardt (1989) argues that the generation of theory is difficult with fewer than four cases. Yet, as Mintzberg (1979: 583) rhetorically asks, “What, for example, is wrong with samples of one?” He argues that it is better to analyse higher quality data from a small sample than superficial data from a larger sample. Dyer and Wilkins (1991), calling Eisenhardt's methodology “case study”, provide an imposing list of important studies that have been based on a single case, and argue convincingly that depth (a single case), rather than breadth (several mini-cases), has been the basis of many theoretical advances.

In a later article, Eisenhardt (1991) points out that even what looks like a single case study may in fact contain several case studies, which therefore makes possible the generation of theory. Gouldner (1954) did an in-depth case study of a single gypsum company, and Eisenhardt (1991) shows that his insights rest on multiple case comparisons within that single study (such as comparing surface workers with mine workers). Following Eisenhardt (*ibid.*), then, a case study of a single organization is an adequate base for research as long as within it there are smaller, multiple-case studies. In addition, Yin (1981), like Eisenhardt (1991), argues that case studies contain repeated observations within a particular environment, and that therefore the statistical argument against case studies fails.

According to Gummesson (2000), quantitative researchers claim that a case study of a single organization cannot be representative of the larger population, because only if

there is a large enough, correctly drawn, sample can results can be generalised to the population. There are two counter arguments to this claim.

First, this criticism of generalisability can also be directed at quantitative research because of the issue of typicality of organizations: How might findings from a survey in a shoe factory apply to a high-tech multinational? Second, as Hartley (1994) points out, with case studies it is possible to make generalisations about theoretical propositions. Payne and Williams (2005) show that generalisation is possible from purely qualitative research, as long as the breadth of the generalisation is specified, the historical specificity of the study is accounted for, and also depending on the nature of the phenomenon being studied – it is easier to make generalisations about physical objects than psychological dispositions.³⁸

3.2.3 Multilevel Research

The very nature of processual-contextual research is that it deals with several levels: Pettigrew (1985: 35), for example, refers explicitly to the “interdependencies between higher or lower levels of analysis upon phenomena to be explained at some further level”. This section introduces multilevel research, which deals *explicitly* with the multilevel nature of organizations.

³⁸ Peters and Waterman’s (1982) and Hamel’s (2000) books demonstrate the dangers of generalisation. These studies looked only at a limited number of high-performing companies and made many generalising statements. Unfortunately, the success of many of the companies in these books was not long lasting.

The axiom that organizations are multilevel systems is implicit in organization theory, and provides a foundation for historical and contemporary theories of organizational behaviour (Kozlowski and Klein, 2000). This axiom is typically unacknowledged, however, and little research deals explicitly with levels, even though no construct is level-free and organizational phenomena inevitably involve levels (Klein et al., 1994). As Rousseau (1985: 20) contends, “conceptually, if not always operationally, organizational research is inherently cross-level”. Drazin et al. (1999: 286) make the importance of levels clear:

“The choice of focal levels of analysis is profound and central to the development of any model; it affects the conceptual framework, research methods, locus of interest and, consequently, the full measure of a theoretical and empirical approach to a phenomenon.”

Organization theory has generally dealt with each level in isolation, because the intellectual forebears of organizational research – psychology (micro-level) and sociology (macro-level) – still exert a profound influence on scholars (Rousseau, 1985; Kozlowski and Klein, 2000). That this is not ideal can be seen in the arguments of Rousseau (1985), Cappelli and Sherer (1991), Klein et al. (1994) and House et al. (1995) that single level perspectives cannot adequately account for organizational behaviour. Macro-level points of view pay too little attention to ways in which individual behaviours and perceptions can lead to phenomena that are observed at a higher level. Similarly, micro-level perspectives tend to ignore contextual factors which influence individual responses that in turn form part of collective, and hence higher level, behaviour patterns (Kozlowski and Klein, 2000).

The fundamental argument for multilevel research is that the study of behaviour in and of organizations necessarily means studying such behaviour in context, where context refers to “both the setting in which individuals, groups, or organizations operate as well as to their constitutive parts” (House et al., 1995: 74). Such research involves integrating the individual-based explanations of micro research with environment-based explanations, and results in a “deeper, richer portrait of organizational life” (Klein et al., 1994: 243). Multilevel research is a particularly rigorous way of examining the impact of context (Johns, 2001). Cappelli and Sherer (1991) and House et al. (1995) go so far as to contend that this type of research forms a new paradigm – the *meso* paradigm – which is the study of phenomena at two or more levels of analysis.

Multilevel research is particularly relevant for studies of organizational change, because as House et al. (1995) point out, organizational change is linked to individual change, but these are not the same phenomenon. Organizational change processes by their very nature affect groups and individuals, who must go through their own change processes (Whelan-Berry et al., 2003). Yet while much of the literature on organizational change does deal with different levels, it does so only implicitly. Explicitly multilevel research into aspects of organizational change is still not widespread; the next section describes how the multilevel nature of organizations can be included in research on organizational change.

3.2.4 Multilevel Research in Practice

The researcher who intends to bring together micro- and macro-level analyses needs to consider ways of reaching this challenging goal. First, it is important to understand what

levels are. Rousseau (1985) points out that there are levels of measurement, analysis and theory. The data are attached directly to the *level of measurement*; for example, the number of people in a group is measured at the group level, while individuals' data are measured at the individual level. The *level of analysis* is the unit to which the data are assigned for hypothesis testing, so if individual data are aggregated to the group level, the level of analysis is the group. The *level of reference* or *focal unit* is the level to which generalisations are made, being the target that the researcher aims to depict and explain; Klein et al. (1995) refer to this as the *level of theory*. Rousseau (1985) and House et al. (1995) make the essential differentiation between 'levels' and 'hierarchy': hierarchical levels and levels of analysis are not synonymous.

While there is not much doubt that the *individual* is an entity and a level, there may be ambiguity about the classification of other entities and levels. Even in research that is specifically multilevel, there is little acknowledgement that levels are social constructions. As metaphors of space and structure, levels pre-suppose certain attributes and should not be taken as given. Mercer (1980) suggests three characteristics of levels:

- they are visible from outside,
- they correspond in a certain way, (i.e. there must be something that binds them together and holds them apart), and
- there is something outside the levels that makes them visible and also governs their correspondence.

There can be an assumption of hierarchy in multilevel analysis, which tends to assume that individuals are influenced solely by the characteristics of the formal hierarchy of the organization, and that higher-level units affect all individuals in the same way (Drazin et

al., 1999). Behaviours of lower levels may not, however, necessarily be dependent on what transpires at higher levels, because other contextual factors may play a role. The social nature of organizations means that not all social entities are recognised in the organization chart (Kozlowski and Klein, 2000), such as the groups outside the organization of which individuals are members (Rousseau, 1985).

Drazin et al. (1999: 289) make the observation that “an individual occupies multiple organizational roles and is influenced by membership in all of them”. The implication for multilevel research is that effects cannot be attributed to membership in a single hierarchical group. Instead the researcher must take into account that an individual is subject to multiple – sometimes contradictory – influences. It is precisely at this point that the idea of considering context when investigating organizational change becomes valuable, because it allows for the existence of a world outside the organization and its formal organization charts.

The levels of reference of single-level analysis can be individuals, dyads, groups, organizations, industries and so on (see, for example, Rousseau, 1985; Kozlowski and Klein, 2000; Dionne et al., 2004). The aim of multilevel research is to reflect the multilevel nature of organizations, and there are several ways of combining these individual levels of reference. Rousseau (1985) proposes a typology of multilevel models. They are:

- compositional,
- cross-level, and
- multilevel.

There is some confusion over terminology, as Waldman and Yammarino (1999) demonstrate. For example, the model that Rousseau (1985) calls cross-level is called multilevel by other authors, while what Rousseau (*ibid.*) terms multilevel is called cross-level by other authors. This thesis uses Rousseau's terms because of the seminal nature of her 1985 paper. She (*ibid.*) stresses that a theory in organizational research may contain elements of any or all of these models, which are described next as ideal types.

Compositional models specify the similarity of a process across multiple levels. One example of a compositional model is Kozlowski et al.'s (2000) study, which shows how human resource training policy affects organizational effectiveness, group effectiveness, and individual effectiveness. A second example is Lapointe and Rivard's (2005) investigation of how resistance to the implementation of new information technology is influenced by individual, unit and group level factors. The *cross-level* model is described by Rousseau (1985: 14) as follows: "cross-level theories specify causal models of the effects phenomena at one level have on those at another". Rousseau (*ibid.*) points out that this model is useful in exploration of the effect of contextual characteristics on individual behaviours. In *multilevel* models, patterns of relationships are replicated across levels of analysis. Waldman and Yammarino (1999) use such a model in an investigation of CEO effort and performance, individual employee effort and performance, and group level effort and performance.

3.2.5 Grounded Theory

The methodology used in this thesis to guide data selection and theory building is grounded theory. Originally espoused by Glaser and Strauss (1967), grounded theory gives priority to the data over theoretical assumptions. Glaser and Strauss (ibid.) contrast it to the then prevalent approach in sociology research of rigorously verifying theories that were developed only through logic. They argue (ibid.: vii) that this approach has maintained an “embarrassing gap between theory and empirical research”. Their concern is to bring the development of theory into a much closer relationship to the data. By doing so, it will be possible to meet the requirements of theory: that it should fit the data, be relevant, must work and be readily modifiable (Glaser, 1978).

Relevance means that the theory should be understandable by and usable to the people concerned, not only professional scholars. As such, this methodology satisfies one of the objectives of this thesis, which is to produce useful knowledge for managers. A theory works by being able to explain what happened, predict what will happen and interpret what is happening. Finally, a modifiable grounded theory is complex enough to account for variations in the area under investigation.

The goal of grounded theory is not to produce “schemes of cosmic proportions which predict world-epochal movements” but to produce theoretical accounts of “small fragments of the world in which we live, the world which affects our everyday life and the world with which we need to cope with in handling these mundane but nonetheless pressing matters” (Turner 1983: 346). Turner is referring here to the first of two kinds of theory that are identified by Glaser and Strauss (1967): *substantive theory* and *formal*

theory. The difference is that more formal theories are less specific to a group and place, and can be applied to a wider range of phenomena.

Pettigrew (1990) has found grounded theory's techniques invaluable for his own processual-contextual research. Other authors discussed in the literature review who use grounded theory include:

- Isabella (1990), in a study of managers' understanding of organizational events,
- Orlikowski (1996), in a study of continuous change,
- Brown and Eisenhardt (1997), in a study of continuous change,
- Harris and Ogbonna (2002), in a study of culture change interventions,
- Anderson (2005), in a study of how organizational members discursively negotiate meanings during the process of organizational change, and
- Balogun and Johnson (2005), in a study of middle managers and change.

It should be noted that Balogun and Johnson (2005) also use sensemaking as an analytical framework.

As Partington (2000) points out, the foundations of grounded theory are *theoretical sampling* (see Section 3.3.2) and *constant comparison* (see Section 3.4). The research process may briefly be described as follows. The researcher begins with a research idea, and based on his/her own background as expressed through his/her cognitive process (Turner, 1983) starts to collect data. When data collection begins, the researcher starts to form provisional categories – or abstractions – from the data. The researcher codes incidents in the data into categories. While doing so, the researcher compares each incident to previous incidents in the same category and is therefore able to develop the properties and dimensions of each category. Strauss and Corbin (1998) provide the

example of the category 'orange' (the fruit) to explain these terms: The properties of oranges include colour, size, firmness, etc., and the property 'size' can be dimensioned from 'small' to 'large'. As the study progresses, the researcher no longer simply compares incidents, but compares incidents with the properties of the category and moves to higher levels of abstraction in order to produce theory.

Theoretical sampling means that the emerging theory controls the process of data collection. The researcher decides what additional data are relevant for developing all the properties of the emerging and evolving conceptual categories. Data collection via theoretical sampling continues until there is *theoretical saturation*, when the researcher judges that additional data cannot shed any more light on the properties of the category (Locke, 1996).

Drawn from Locke (1996: 240), the following diagram shows the recursive nature of the grounded theory approach, emphasising the constant comparisons and theoretical sampling which are central to this approach.

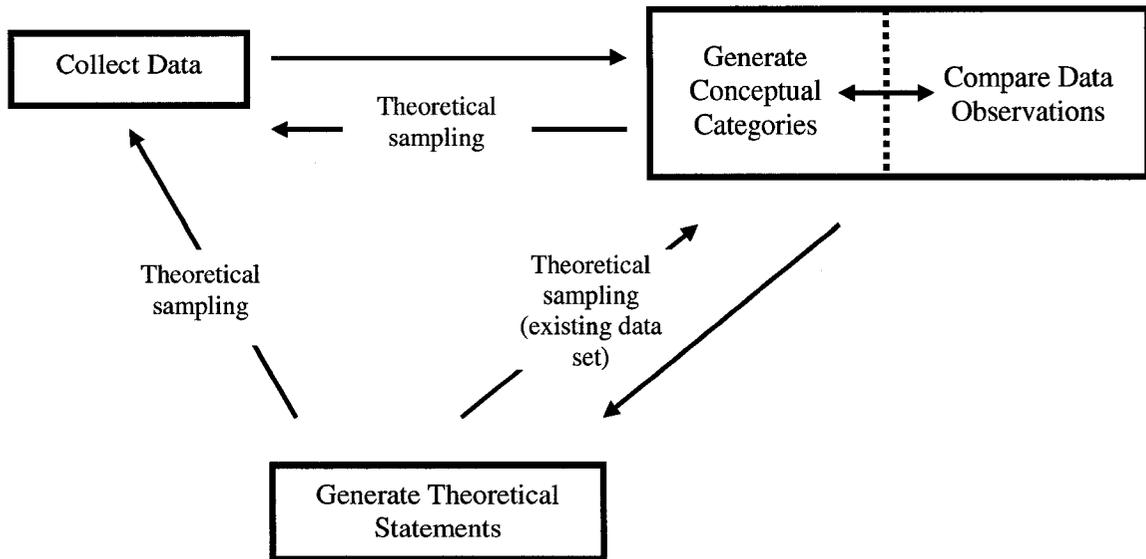


Figure 5: Model of grounded theory method

3.2.6 Grounded Theory in Practice

Several authors have made efforts to provide more useful practical guidance for researchers than that to be found in Glaser and Strauss (1967). For example, Turner (1983) and Orton (1997) have criticised Glaser and Strauss' original (1967) formulation of grounded theory as exaggerating the need to ignore existing theory. Suddaby (2006) argues, though, that Glaser and Strauss' main concern was to prevent prior knowledge from forcing the researcher into testing hypotheses, consciously or not. Suddaby (*ibid.*: 634) states that

“The reality of grounded theory research is always one of trying to achieve a practical middle ground between a theory-laden view of the world and an unfettered empiricism. A simple way to seize this middle ground is to pay attention to extant theory but constantly remind yourself that that you are only human and that what you observe is a function of both who you are and what you hope to see.”

Arguing that Glaser and Strauss' (1967) original proposal is becoming outdated because it does not represent what researchers actually do, Orton (1997) suggests that researchers on organizational processes are using a version of grounded theory – iterative grounded theory – which falls between induction and deduction. He describes his own research process, involving 29 separate stages where he closed the gap between data and theory. Orton (*ibid.*) does not, however, mention Strauss and Corbin (1998; first edition in 1990), where the approach to grounded theory that is presented allows for the iterations between theory and data that he calls for, and which also provides the practical advice for the researcher that Orton feels is missing in Glaser and Strauss (1967).

Indeed, it is likely that this question of practicality became a source of contention between Glaser and Strauss. Locke (1996) and Partington (2000) discuss how Glaser and Strauss went their separate ways. Locke (1996: 240) neatly summarises the theoretical difference: “Strauss locates agency for theory development in human researchers, whereas Glaser confers agency on neutral methods and data”. Glaser was more concerned about not formalising the approach, while Strauss and Corbin (1998) is a more proceduralised version of what Glaser and Strauss (1967) put forward (Partington, 2000).

Strauss' approach has been criticised by Glaser (1992) and Melia (1996) for an overemphasis of the coding process. Glaser (1992: 123), quoted in Goulding (2002), argues that Strauss' approach means that “the data is not allowed to speak for itself” because it is forced into categories, rather than emerging. Similarly, Melia (1996) suggests that Strauss and Corbin's (1990/1998) work aims more at description than

discovery because their approach leads to preconceptions. However, Strauss' work is helpful because it provides a structure for data analysis, while Glaser's evolution of grounded theory methodology can be daunting for researchers because they need to immerse themselves in data and trust that a theory will emerge (Goulding, 2002). Strauss and Corbin's (1998) approach is the most common one in management literature (Goulding, 2002), and in fact, the research for this thesis is based on Strauss' (1987; Strauss and Corbin, 1998) development of grounded theory because of the structure it provides.

The methods of data collection and analysis discussed in Sections 3.3 and 3.4 draw particularly on the work of Strauss and Corbin (1998) and authors like Turner (1981), Labianca et al. (2000) and Goulding (2002), who discuss the details of actually carrying out research based on grounded theory. For example, Turner (1981) identifies nine stages in developing grounded theory:

- develop categories - "the first and most opaque step" (ibid.: 235),³⁹
- saturate categories,
- abstract definitions,
- use the definitions,
- exploit categories fully (i.e. think of other situations where the category might appear),
- note, develop and follow-up links between categories,
- consider the conditions under which the links hold,
- make connections, where relevant, to existing theory, and
- use extreme comparisons to the maximum to test emerging relationships.

³⁹ He describes in some detail how to move from notes to the identification or discovery of concepts that capture the phenomena

3.3 Data Gathering Strategy

Glaser and Strauss (1967) suggest that the investigator using a grounded theory approach cannot manage without an initial framework, which is then re-evaluated in the light of the data found in the study. This proved to be the case in this research – the initial framework was presented in Section 3.1, and a revised version is presented in Chapter 8. The processual-contextual research approach that is being adopted for this research shapes the strategy for data collection – data are being collected for the change process whose impetus is provided by a change in organizational structure, as described in Section 3.2.1.

The specific research questions guiding this study are listed in the opening part of this chapter. As suggested by Strauss and Corbin (1998: 41), the questions identify the phenomena to be studied in the research, and they are broad and open, “but not so open, of course, as to allow for the entire universe of possibilities”. To answer these questions, data must be gathered to allow the researcher to:

- study how a change in organizational structure evolves over time,
- investigate how the change in organizational structure develops a) at different hierarchical levels of the organization, and b) at individual, group and organizational levels,
- take account of the relationship between the different levels regarding the change in structure, and
- perform contextual analysis integrating vertical and horizontal factors.

3.3.1 Qualitative and/or Quantitative?

One of the fundamental questions in research design is whether to do quantitative or qualitative research. The merits and drawbacks of qualitative and quantitative research

have been argued and debated many times (Patton, 1990). There is a tendency for research methodology to be related to the paradigms described by Burrell and Morgan (1979), although any one methodology is not limited to any given paradigm. Qualitative and quantitative approaches are not mutually exclusive, and the researcher does not have to make an *either/or* choice, because the appropriateness of the methodology is contingent on the nature of the phenomenon to be studied (Morgan and Smircich, 1980).

Generally, quantitative researchers take the world as given and existing independently, and work in the functionalist paradigm with its positivist epistemology. Quantitative approaches are suitable when there is a view of the world as a concrete structure, and where analysts are trying to “freeze the world into structured immobility” (Morgan and Smircich, 1980: 498). Qualitative researchers, on the other hand, typically regard the world as socially constructed, and are more interested in creating a picture of the particular social world under study from the point of view of the participants. Grounded theory was, of course, introduced specifically to provide a rigorous way of performing qualitative research (Glaser and Strauss, 1967).

When it is recognised that the social world is part of an ongoing process, any method that merely produces snapshots is inadequate (Morgan and Smircich, 1980). Therefore, study of the processes involved in organizational change needs qualitative data. Most studies of organizational change are broadly descriptive, because only through a qualitative approach can the central features of any account of social change be captured (Van Maanen, 1998). The investigator of processes actually has to speak to people, because

one advantage of a process approach is that it requires direct contact with the object of study (Mackenzie, 2000).

On the other hand, the majority of multilevel research is quantitative, with a great deal of discussion of variables. This is something of a contradiction to the processual approach: “a variable about a process is not exactly the same as the process itself” (Mackenzie, 2000: 110). The present research emphasises the qualitative, because the relationships between the different levels (e.g. between individuals and groups) are social in nature, not statistical (House et al., 1995). This thesis therefore follows Lawrence's (2004) call for qualitative multilevel research studies.

Yet this is not to say that there is no room for quantitative data. As Mintzberg (1979: 587) states: “we uncover all kinds of relationships in our hard data, but it is only through the use of this soft [qualitative] data that we are able to explain them.” This research accepts Mintzberg's implicit argument that quantitative and qualitative approaches are not mutually exclusive. Quantitative techniques can have a role – but only a partial role – in analysing and understanding in the process of social change (Morgan and Smircich, 1980).

There is no incompatibility between grounded theory and quantitative data. In their discussion of grounded theory, Strauss and Corbin (1998: 34) state that they are “advocating a true interplay between [quantitative and qualitative methods]”. Labianca et al. (2000) demonstrate this when using a grounded theory approach in an investigation of

resistance to organizational change. They use a questionnaire, and do quantitative analysis to show that the results of their analysis were credible. Furthermore, when triangulated with the qualitative data, the quantitative data provided support for the model of the roles of schemas in resistance to change – a model that emerged through their grounded theory approach. Furthermore, a case study approach does not exclude the possibility of quantitative methods (Yin, 1981; Eisenhardt, 1989; Hartley, 1994).

3.3.2 The Sample

At the heart of the data collection procedure in this research lies the notion of *theoretical sampling*. Theoretical sampling selects cases based on content, not abstract methodological criteria: it needs to be worked out carefully rather than letting it occur haphazardly (Strauss and Corbin, 1998). Locke (1996) emphasises this point, claiming that researchers who do not use it are guilty of an “anything goes” approach. Glaser and Strauss (1967: 45) describe the importance of theoretical sampling for the research process:

“Theoretical sampling is the process of data collection for generating theory whereby the analyst jointly collects, codes and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges. This process of data development is controlled by the emerging theory.”

In practice, this does not mean sitting in an office and talking to every third or fourth person who wanders by. According to Strauss and Corbin (1998), initial considerations are driven by the research questions, and “Sampling is open to those persons, places, and situations that will provide the greatest opportunities for discovery.” (ibid.: 206).

Goulding (2002) describes how she began the process of data collection for her grounded theory research by talking to the people who are most likely to provide insight into the problem and offer guidance for further data collection.

As data collection proceeds, preliminary categories are constructed and theory begins to emerge (Strauss and Corbin, 1998). In order to limit the sampling, the researcher selects new groups or new individuals based on what insights into the theory the researcher expects them to provide. The sample size is not known in advance (Flick, 2006) because data collection stops when the researcher has reached *theoretical saturation*. This is when “no additional data are being found whereby the sociologist can develop properties of the category” (Glaser and Strauss, 1967: 61). The criteria for determining this are “a combination of the empirical limits of the data, the integration and density of the theory and the analyst's theoretical sensitivity” (Glaser and Strauss, 1967: 62). The researcher's personality, experience and character should be made an explicit part of the analysis (Strauss and Corbin, 1998).⁴⁰

3.3.3 Collecting the Data

The methods used to collect data are intended to gather the longitudinal, in-depth qualitative data which are necessary for understanding complex and dynamic change processes (Dawson, 1994). The use of interviews in studies of organizational change for collecting data is a standard technique which is usually supplemented with documentary evidence (e.g. Pettigrew, 1985; Child and Smith; 1987; Clark et al., 1988; Dawson, 1994;

⁴⁰ This researcher has lived through many organizational changes.

Harris and Ogbonna, 2002). The use of interviews and documentary evidence is also standard in work based on grounded theory methodology, because these become the texts used to develop the theory (Flick, 2006).

Qualitative interviews⁴¹ are closely related to the interpretive paradigm, and emphasise the importance of seeing meaning in context (Rubin and Rubin, 1995; Hopfl, 2004). Harris and Ogbonna (2002: 36) use one-on-one interviews “because of the flexibility, control and capacity for depth which they offer”. Semi-structured interviews sit somewhere on the continuum between completely scripted and free-form. Since the point of qualitative interviews is to explore shared meanings in the place where people interact, the contents of the interview, as well as its flow and choice of topics, changes to match what the interviewee knows and feels (Rubin and Rubin, 1995). The more structured part is appropriate for when the researcher wants to get specific details or examples, and the less structured part allows the interviewee to explain, relate stories, and so on. As suggested by Hoepfl (1997), notes are jotted down as soon as possible after the interviews. The interviews are transcribed to the level of detail that is likely to be analysed, along with information that might influence interpretation (e.g. puzzlement, laughter) (Rubin and Rubin, 2003; Flick, 2006).

A second source of data is company documents. There are many forms of these – some are for public consumption, like annual reports and press releases, but the majority are

⁴¹ Rubin and Rubin (1995) prefer the term 'conversational partner', which stresses the link between interviewing and conversation and also suggests the active role played by the 'non-researcher'.

produced for internal use. In addition to documents available externally, the organization under study provided access to internal documentation.

Time plays a vital role in the processual-contextual approach, so issues of time are critical, and the researcher needs to consider questions such as: when does the process begin and end? When should data be collected and analysed? (Pettigrew, 1990). Pettigrew (*ibid.*) suggests that pragmatic judgements should be made, depending on the research questions and themes under investigation.

3.4 Data Analysis and Theory Building Strategy

Data gathered about processes offers many opportunities for grounded theorising (Langley, 1999). Within the grounded theory approach, data analysis and data collection is an iterative process (Glaser and Strauss, 1967), which means that the theory is based on empirical evidence. Data analysis in the grounded theory approach is primarily an inductive technique – theory emerges from the data. An initial theoretical model was presented in Figure 4, but the nature of the grounded theory approach means that it is likely that any preliminary model will change according to the data uncovered and interpreted during the research process. This was the case in this research, as the modified version of this model in Chapter 8 indicates.

Data analysis is an iterative process in the grounded theory approach, and during the first round of interviews, a preliminary analysis is carried out. This identifies areas to be covered in subsequent interviews. Clearly, theoretical sampling might suggest other

groups or individuals. The preliminary analysis may also point to topics where quantitative data could be usefully gathered.

Several authors describe how to analyse data from case studies (see for example Patton, 1990; Yin, 2003), but as Eisenhardt (1989) and Hartley (1994) state, this is generally the phase of the research process which has been least discussed, even though the amount of data that is collected makes it is one of the most difficult. The general process of analysis is described next. As noted above, the methodology followed in this thesis is based on Strauss' (1987; Strauss and Corbin, 1998) development of grounded theory.

The first step is the identification of themes arising from the raw data through coding, which represents “the operations by which data are broken down, conceptualized and put back together in new ways” (Flick, 2006: 296). Coding is the central process by which theories are built from data (Strauss and Corbin, 1998). During coding, concepts or codes are attached to the data, first as closely as possible to the text, then more abstractly – coding moves to theory through this abstraction process.

The following description of coding is based on Strauss and Corbin (1998), who identify three procedures for working with the data (or texts):

- Open coding,
- Axial coding, and
- Selective coding.

The researcher moves between these procedures during the research process, but the general path is to begin with open coding and end with selective coding. The researcher

moves to ever higher levels of abstraction, ultimately leading to theory. At all stages, coding involves comparison of phenomena, incidents, concepts and cases.

Open coding is about expressing the data as concepts. The researcher breaks down the texts and attaches units of meaning to single words or short sequences of words. These units represent codes. Coding can be done at different levels of detail: from line by line to whole text. While coding the texts, the researcher should bear in mind basic questions, e.g. 'Who, what, how, when, what for?' etc. As Locke (1996) puts it, Strauss and Corbin (1990/1998) call on the researcher to 'provoke' the data so they can be broken down and categorised. For them, researchers are interpreters of the data. In this level of coding, comparisons are made between incidents, and the researcher looks for similarities and differences among properties to classify them.

The researcher needs to be mindful of the level of detail and the research objectives. Grounded theory is less focussed on subjective experiences than in how subjective experiences can be abstracted into theoretical statements about causal relationships between actors. For example, when analysing interviews, phenomenologists pay attention to nuances and specific words as their primary unit of analysis, but in grounded theory, the objective is to elicit information on the social situation being studied (Suddaby, 2006).

It is important that the researcher produces *memos* during the coding process. Memos are records of the researcher's thoughts, interpretations, questions and directions for future

data collection; they are “*the theorizing write-up of ideas about codes and their relationships as they strike the analyst while coding*” (Glaser, 1978: 83; italics in original).

The result of open coding is a list of codes, and the next step is to categorise codes by grouping them around any phenomena discovered in data which are relevant to the research questions. Codes now represent the content of a category, and the properties of the category are labelled and their dimensions are established. The labels attached to codes may be taken from concepts in the literature or from what the interviewee says (*in vivo* codes).

Axial coding is the next step, as it refines and differentiates the categories from open coding. The most promising categories are selected, and fit with as many passages as possible.

“Axial coding is the process of relating subcategories to a category. It is a complex process of inductive thinking and deductive thinking involving several steps. These are accomplished, as with open coding, by making comparisons and asking questions. However, in axial coding the use of these procedures is more focused, and geared toward discovering and relating categories in terms of the paradigm model” (Strauss and Corbin, 1998: 114).

It is important to elaborate relationships between categories and sub-categories, and here a coding paradigm model, based on Strauss (1987) and Strauss and Corbin (1998), is useful to visualise such relationships:

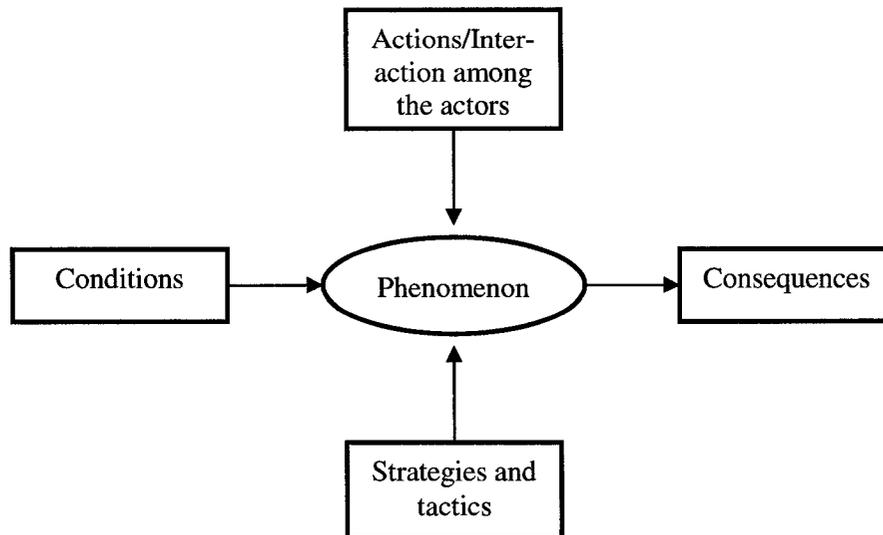


Figure 6: Coding paradigm model

Strauss and Corbin (1998) suggest ways of coding in the model. *Conditions* are suggested by the use of words like ‘because’, ‘since’, etc.; *Actions/Interaction among the actors* involves questions like ‘Who acted?’, ‘What happened?’; *strategies and tactics* deal with ways of handling situations – they are the ‘how’ of how people deal with the situations; *consequences* are suggested by the use of phrases like ‘as a result’. There is a clear similarity between this model and that of processual-contextual research: context is important.

The categories that arise depend on the data. The researcher can make relations between categories at different levels and at the same level, so the value of this for multilevel research is clear. Categories are compared to bring out differences and similarities.

Selective coding is axial coding at a higher level of abstraction, and is the process of integrating and refining the theory. Theorising is “the act of constructing [...] from data an

explanatory scheme that systematically integrates various concepts through statements of relationship” (Strauss and Corbin, 1998: 25). It is an elaboration or formulation of the story of the case. Not just a description of the case, it should involve one central category, one central phenomenon. This category has the “ability to pull the other categories together to form an explanatory whole” (ibid.: 146). The researcher should then be able to use the paradigm model to link the phenomenon to (ideally all) other categories, to discover patterns in the data and the conditions under which these apply. The researcher then formulates the theory in greater detail and checks against data to reach the point of theoretical saturation, when further coding or enrichment of categories do not provide or promise new knowledge.

Very usefully for researchers who want to use a grounded theory methodology, and who are interested in the processes and contexts of organizational change, Strauss and Corbin (ibid.) point out that it is highly important to locate a phenomenon in its context. This means considering the macro and micro conditions in which the phenomenon is embedded. They present the concept of the *conditional matrix* as a coding device to help researchers to think about the relationship between macro and micro conditions to each other, and to the process of which the phenomenon is a part. In essence, the matrix is similar to Pettigrew’s model (1985) as shown in Section 2.7, but the way it is presented graphically is somewhat different. The matrix is represented (Strauss and Corbin, 1998: 184) as a series of concentric and interconnected circles, where the more micro conditions (e.g. the individual) are in the centre, and the more macro conditions (e.g. the community) are towards the outside. The researcher uses the matrix to follow the chain of

events as a process unfolds, and to make connections between macro and micro conditions and the events.

It is recommended that the researcher continuously set his/her findings against what has been described in existing literature (Goulding, 2002). Such a strategy is also suggested by Dawson (1997: 390), who states that

“under the processual approach, there is a continuous interplay between academic preconceptualisation [and] detailed empirical descriptions of emerging themes and topics, out of which new concepts are refined and interpretations developed”.

This is an example of triangulation of research data, which involves checking the validity of research data (Eden and Huxham, 1999). The overall objective is that the theory generated by the research should be accurate, parsimonious, general and useful (Langley, 1999). The next section describes the research process that was used in this thesis to generate the theory in Chapter 7, which (it is hoped) meets Langley’s objectives.

3.5 Methodology in Practice: Performing the Research

This section describes the actual steps involved in data gathering and analysis for this thesis. It does not present detailed results of the data gathering and analysis process, but describes the sample, the data collection activities and the methods that were used to analyse the data. Later chapters are based on a high level schema of the concepts that emerged from the data. This schema is presented at the end of this chapter.

There were two aspects to the data collection strategy. First, in order to permit the analysis of change processes over time, first-hand accounts of change in the company were gathered from individual interviews (and company documents) over a period. Second, in order to be able to analyse categories that emerged (involving individual, group and organization levels), the selection of interviewees took into account hierarchical, functional and informal groupings within the organization.

The data gathering strategy incorporated an element of triangulation in that the sample of interviewees included more than one person from within the different groupings and the interviews took place at different times, thereby increasing the confidence in the results of the data analysis. A second source of triangulation is the quantitative data that were obtained from PCo source documents, and a third source is a quantitative survey that was administered to a group of employees. Strauss and Corbin (1998) support this type of triangulation when they suggest that the researcher may turn to quantitative measures once concepts and hypotheses have emerged from the data. In addition, as pointed out above, the case study approach does not exclude the use of quantitative data.

Primary data gathering had two phases. In the first phase (Round I), qualitative data were gathered through interviews. In the second phase (Round II), both qualitative and quantitative data were collected. The research involved the following steps:

- Initial meetings with key informants to enable the construction of the first interview script and to identify interviewees.

- Round I of primary data collection (i.e. first round of interviews). The contents of the interview script and the details about the Round I sample are discussed in Section 3.5.1.
- Collection of documentary data from PCo.
- Further analysis of interview and documentary data, using the techniques described in 3.5.4, was done to help in the preparation of the Round II data collection process.
- Round II of primary data collection. Two types of data were collected in Round II:
 - Qualitative interview data were collected from a subset of individuals who participated in the Round I interview as well as a number of new respondents. The data collection continued until theoretical saturation had been reached. Discussion of these interviews is in 3.5.2.1.
 - Quantitative survey data. The development and analysis of this survey are described in 3.5.3.1.
- Further analysis of data and theory building.
- Preparation of thesis.

As described in Chapter 5, the *Bauplan* change initiative ultimately had three phases.

Table 2 shows the relationship between these three phases and collection of the data that were used in this thesis.

Phase of <i>Bauplan</i> change	When Phase began	Data collection activity	Timing of data collection
Phase I: creation of Business Franchises	Oct. 2003	Quantitative data collected by PCo.	Jan.- Feb. 2004
Phase II: creation of a new position (Head of General Medicines – HGM)	Jan. 2005	Meetings with key informants	June 2005
		Round I of data gathering - interviews	Aug. – Dec. 2005
Phase III: adjustments to structure and HGM leaves	June 2006	Round II of data gathering - interviews	Nov. 2006 –Mar. 2007
		Round II of data gathering – quantitative survey	Feb. – Mar. 2007

Table 2: Data collection and Bauplan phases

During the data gathering and analysis, I used techniques that are recommended by experts in grounded theory research. Notes were made immediately after interviews, and the interviews were coded. In addition, I kept a research diary where I made notes about what was in my mind during coding. I wrote memos for quotations and codes and kept a notebook with me at all times, because as Strauss and Corbin (1998) and Goulding (2002) said, insight can come at any time – even in the middle of the night. The way interviews from Round I and Round II were analysed and coded is described in Section 3.5.4.

Figure 7 presents a timeline of the research effort. It shows what was happening in the outer context, the phases of the *Bauplan* change initiative, and the research activities related to data collection and analysis. In the diagram, 'X' refers to when a particular event happened (e.g. when a phase of *Bauplan* was introduced), and the grey bars represent the period of time when an activity happened.

	2003				2004				2005				2006				2007		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3												
Outer Context																			
Good business environment																			
Poor business environment																			
"Improved" business environment																			
Vioxx 'scandal'							X												
Bauplan																			
Phase I				X															
Phase II									X										
Phase III														X					
Data collection and analysis																			
Data gathered by PCo																			
Interview key informants																			
Round I - primary data collection																			
First set of interviews																			
Analysis/coding of data																			
Preparation for further data collection																			
Round II - primary data collection																			
Second set of interviews																			
Quantitative survey																			
Analysis/coding of data																			
Theory building																			

Figure 7: Timeline of research

The rest of Chapter 3 is divided into two main sections. The first of these deals with sampling and collecting data. This part begins with information on the first round of interviews. Included is a description of the contents of the interview script, as well as information on the interviews and the interviewees. The second round of interviews is discussed next. Again, there is a description of the interview script, and details relating to the interviews and interviewees are given. This part concludes with a description of the quantitative survey. The second main section describes the approach taken for coding and analysis. The purpose here is not to present all the results of the research, but rather to give examples of how grounded theory methodology was applied. A diagram of the

themes and concepts that emerged from coding and analysis of the data is presented, and this is used as a basis for structuring the rest of the thesis.

3.5.1 Sampling and Collecting Data: Round I

The first step in the data gathering activities was to talk to key informants in PCo's Human Resources department. This was done in May 2005. Information about the history of the organization and change initiatives was collected. These initial discussions helped to identify some of the topics to be covered in the interviews. The interviews were semi-structured (Arthur and Nazroo, 2003). Most interviews lasted about one hour; the shortest was twenty-five minutes and the longest one hour thirty-five minutes. Notes were written after each interview, and each interview was fully transcribed on the day of the interview.

The first employee interviews took place in late summer 2005. This was around 18 months after the first phase of *Bauplan*, and six months after the second phase of *Bauplan*. The focus of this group of interviews was the *Bauplan* change. Demographic data were collected and are reported below in Section 3.5.1.1. Phase I interviews asked respondents their perceptions of the context of the BP change as well as the change itself. The Phase I interview questions can be found in Appendix A. An overview of the interview script follows:

- Context
 - Since the literature review had indicated that change should be understood in context, interviewees were asked about the frequency of changes at PCo Canada. The results of these questions are discussed in Section 4.2.3.2.

- Interviewees were asked to describe the two most significant changes in the organization in the past year. The intention here was to identify any other changes apart from *Bauplan* that might affect the *Bauplan* change. Other changes that were identified are discussed in Chapter 7.
 - To help us understand the inner context of change, respondents were asked about the corporate culture at PCo (the role of culture is shown in the model of change in Figure 4). Responses from this question are used in the analysis of reactions to the *Bauplan* change in Chapter 6.
- The *Bauplan* change
 - Interviewees were asked to describe the *Bauplan* change in their own words. The responses to this question revealed some differences between groups that are discussed in Section 5.1.5.
 - Respondents were asked about how significant the *Bauplan* change was for the organization, their group and themselves. The responses of the interviewees regarding the significance of the *Bauplan* change are described in Chapter 7.
 - Interviewees were also asked about change outcomes – what benefits and problems related to *Bauplan* had emerged for the organization, for their group and at an individual level. These responses are discussed in Chapter 5.
 - Respondents were also asked to give their opinion on which groups and individuals had benefited from or lost out from *Bauplan* more than others. This was done to elicit further information on group and individual reactions to change, which are discussed in Chapter 6.

3.5.1.1 Description of Round I Sample

This section provides a summary of how the Round I sample was chosen. It includes a profile of those who took part in this phase of the research.

PCo Canada has over 700 employees, of whom 150 are in the Business Franchises⁴², 120 are in Medical and Regulatory Affairs, 40 are in Sales & Marketing Capabilities, and 300 are in Sales. The rest of the employees are spread among other support functions. Among the properties of organization that the literature review indicated may be important in change processes are structure and hierarchy. As suggested by Strauss and Corbin (1998), our initial sample frame therefore sought to interview individuals where the similarities and differences among these properties of organizations would be clear. In practice, this meant ensuring that the sample contained representatives at various hierarchical levels from the Business Franchises (as a group) and all the Support Functions (as a group), because these represent two functional groups – the Business Franchises are responsible for generating revenue, and the Support functions' role, as their name makes clear, is to support them in that.

Table 3 shows the departments of which interviewees were members, and their place in the hierarchy. *Senior managers* were VPs or above; *middle managers* were directors, assistant directors and managers; *associates* were non-managers. The number in brackets represents the total number of employees at PCo Canada who work in this group.

⁴² The responsibilities of these groups are discussed in detail in Chapter 5. In essence, the Business Franchises are responsible for product management of the drug products; the Medical department is responsible for running the clinical trials that are necessary for drug approval from the government; the Regulatory department deals with the government to get drug approval; the Sales and Marketing Capabilities department provides marketing and business intelligence services.

	Associates	Middle Managers	Senior Managers	Total
Business Franchises	4 (74)	9 (68)	5 (5)	18 (150)
Medical/Regulatory	4 (58)	8 (60)	2 (2)	14 (120)
Sales & Marketing Capabilities	1 (24)	2 (15)	1 (1)	4 (40)
Other Support Functions	0	1	1 (5)	2
Total	9	20	9	38

Table 3: Round I interviews

The senior managers in the Business Franchises, with one exception (the head of General Medicine), were the VPs whose job is to lead the Business Franchise, (i.e. they are Business Franchise heads). Their role is described in more detail in Section 5.1.2. The exception was the Head of General Medicines, who oversaw the other Business Franchise heads – he was a Senior Vice President. The other senior managers in the sample were the heads of Medical, Regulatory, Finance and Marketing and Sales Capabilities. The responsibilities of these groups are covered in Sections 5.1.2 and 5.1.3.

The middle managers in the Business Franchises are brand directors and brand managers. Their main responsibilities are to increase the sales of the products assigned to them through a variety of activities. The brand directors and managers have to ensure that their product has approval, so they need to work with the Medical and Regulatory departments. They cooperate with the Sales & Marketing Capabilities department to get market intelligence and to launch marketing campaigns. The middle managers in the other groups had a variety of professional roles, relating to their department. These are shown in Table 4.

Role	Support Function	Responsibility
Clinical medical advisors (2) and director (1)	Medical and Regulatory	Liaison between Business Franchises and Regulatory on medical issues
Regulatory managers (3) and directors (2)	Medical and Regulatory	Deal with Canadian government to get drug approvals – they are assigned to therapeutic areas.
Manager, medical communications	Sales & Marketing Capabilities	Works on marketing directed at physicians
Director, market intelligence team	Sales & Marketing Capabilities	Works on competitive and market analysis.
Director, Purchasing	Finance	Responsible for purchasing across the board (from tables to advertising space).

Table 4: Roles and responsibilities of the non-Business Franchise middle managers

Note: In this table, the number in brackets represents the number of people with these responsibilities in the sample.

Table 5 shows the roles and responsibilities of the associates.

Role	Department	Responsibility
Executive admin. assistant	Business Franchise	Assistant to Business Franchise head
Analyst for Continuing Medical Education	Business Franchise	Works on training programmes for physicians on assigned drugs
Analyst for brand campaigns	Business Franchise	Analyses campaigns for drugs
Promotion Coordinator	Business Franchise	Works on marketing aspects
Admin. assistant	Medical and Regulatory	Assistant to several directors
QA Specialist	Medical and Regulatory	Ensures that clinical trails are properly run
Regulatory Specialist	Medical and Regulatory	Works with regulatory managers on drug approval
Regulatory Specialist	Medical and Regulatory	
Sales analyst	Sales & Marketing Capabilities	Analysis and generation of sales reports

Table 5: Roles and responsibilities of associates

Table 6 shows the gender and seniority of the interviewees from the first round of interviews.

	Associates		Middle Managers		Senior Managers	
	Gender M/F	Avg. length of service (yrs.)	Gender M/F	Avg. length of service (yrs.)	Gender M/F	Avg. length of service (yrs.)
Business Franchises	2/2	8.0	6/3	8.5	5/0	4.0
Medical/Regulatory	3/1	4.0	5/3	5.0	2/0	3.5
Sales & Marketing Capabilities	0/1	5.5	0/2	7.0	0/1	6.0
Other Support Functions	0	0	0/1	4.5	1/0	2.0
Total/Avg.	5/4	6.0	11/9	7.75	8/1	3.75

Table 6: Gender and seniority of interviewees

The shortest time that an interviewee had been working for PCo Canada was two months, and the longest was sixteen years. It is worth pointing out that the senior managers in the Business Franchises have been in their role for less time than the middle managers or associates.

The process of open coding started after four interviews. This led to a revision of the interview questions to take account of new themes that arose. For example, the constant rotation of staff at all levels was seen to be a topic of interest and was addressed in later interviews (see Appendix A).

3.5.2 Collecting Data: Round II

It was possible to collect qualitative and quantitative data during Round II of the gathering process. These two collections are discussed in this section.

3.5.2.1 Interview data

A second round of interviews took place in autumn and winter 2006/7, (i.e. approximately one year after the first round). These interviews happened around 30 months after the first phase of *Bauplan*, 18 months after the second phase of *Bauplan*, and about four months after *Bauplan* entered a third phase.

The interview script (Appendix B) reflected what had emerged in the first round of interviews and focuses on the *Bauplan* change and other changes that had happened or were taking place in the organization at the same time as the *Bauplan* change. In addition to asking for demographic data (reported below), this interview asked questions that addressed three issues:

- Context
 - The interview script included the same questions as in the first round of interviews. Specifically, it asked about frequency of change, any other significant changes that had taken place and about the corporate culture at PCo. The results are discussed in Section 4.2.3.2, Chapter 5 and Chapter 6 respectively.
- The *Bauplan* change
 - Interviewees were asked about how significant the *Bauplan* change had been overall, for their group and for themselves. The responses are described in Chapter 7, where *Bauplan* is compared to other changes.
 - Questions were asked about any benefits and drawbacks of the *Bauplan* change that had emerged in the last year (i.e. since the first interview).
 - Interviewees were asked about specific change outcomes (benefits and drawbacks) relating to three levels: organization, group and individual. They were prompted about particular outcomes that had been expected,

and about unexpected outcomes that emerged in Round I interviews. These responses are discussed in Chapters 5 and 6.

- Other changes
 - During the first set of interviews, there was often mention of other changes outside the *Bauplan* change that interviewees felt were significant to their ability to do their work etc. This section of the interview script asked about such changes at the organizational, group and individual level. Interviewees were asked about how significant they felt these changes were at each of the three levels. The responses of the interviewees are described in Chapter 7.

3.5.2.2 Description of Round II Sample

It was not possible to meet all the people that I spoke to in the first round. Five staff had left PCo, three were still with PCo but were no longer in Montreal, and eight interviewees did not respond (despite follow-up contacts) to the invitation to participate. Attempts to get in touch with people who left were fruitless. Table 7 presents the sample of those people from the first round of interviews who were interviewed for a second time. To help the reader, the number in brackets represents the number of people interviewed in the first round, e.g. 2(4) means that two of the original four interviewees were interviewed for a second time. The percentages refer to the percentage of interviewees who had two interviews.

	Associates	Middle Managers	Senior Managers	Total
Business Franchises	2 (4) 50%	6 (9) 66%	3 (5) 60%	11 (18) 62%
Medical/Regulatory	2 (4) 50%	5 (8) 62%	2 (2) 100%	9 (14) 64%
Sales & Marketing Capabilities	0 (1) 0%	1 (2) 50%	0 (1) 0%	1 (4) 25%
Other Support Functions (Finance)	0	1 (1) 100%	0 (1) 0%	1 (2) 50%
Total	4 (9) 44%	13 (20) 65%	5 (9) 56%	22 (38) 58%

Table 7: Characteristics of PCo staff interviewed for a second time

Note that nearly 60% of the people who participated in Round I also participated in Round II of data collection. With the exception of Sales & Marketing Capabilities and Finance, nearly two-thirds of those who participated in Round I interviews also participated in Round II interviews. This gives us confidence in the longitudinal aspect of the data.

At the same time that some interviewees were being met for a second time, it was possible to conduct interviews with staff members that had not participated in Round I of data collection. This step was taken to ensure that the sample was robust enough from a data analysis perspective. With these 'new' interviewees, the interview script from the Round I interviews was used. Table 8 shows the characteristics of the sample that participated in Round II interviews only.

	Associates	Middle Managers	Senior Managers	Total
Business Franchises	1	3	1	5
Medical/Regulatory	0	1	0	1
Sales & Marketing Capabilities	0	1	1	2
Other Support Functions	0	0	0	0
Total	1	5	2	8

Table 8: Characteristics of new interviewees from Round II

The roles and responsibilities of these new interviewees are listed in Table 9.

Position	Department	Responsibility
Associate	Business Franchise	Business analyst
Middle Managers	Business Franchise	Brand managers
Middle Manager	Medical and Regulatory	Regulatory manager
Middle Manager	Sales & Marketing Capabilities	Training

Table 9: Roles and responsibilities of 'new' interviewees in Round II of interviews

While it would have been possible during the second round of data gathering to conduct interviews with more staff members, it was felt that theoretical saturation had been reached because as Goulding (2002: 70) puts it, "when similar incidences occur over again, the researcher may feel confident that the category is saturated." This was the case for all the major categories that were developed during the process of analysis that was being done alongside the data gathering. In conclusion, it appears that the sample in the qualitative interviews was representative of the organization in terms of structure (the departments affected by *Bauplan* were represented) and hierarchy (interviewees at all levels of the organization). In addition, the length of service of the interviewees meant that they could draw on the history of the organization in their responses.

3.5.3 The Complete Interview Sample

Table 10 provides information on the total interview sample. The table shows the number of people interviewed in each round of data collection. The column for Round II contains two numbers, with the number in brackets representing the people for whom the Round II interview was their second. In all, 38 people were interviewed in Round I, and 30 people were interviewed in Round II. Twenty-two people were interviewed twice.

	Associates		Middle Managers		Senior Managers		Total	
	Round I	Round II (second interview)	Round I	Round II (second interview)	Round I	Round II (second interview)	Round I	Round II (second interview)
Business Franchises	4	3 (2)	9	9 (6)	5	4 (3)	18	16 (11)
Medical/Regulatory	4	2 (2)	8	6 (5)	2	2 (2)	14	10 (9)
Sales & Marketing Capabilities	1	0	2	2 (1)	1	1 (0)	4	3 (1)
Other Support Functions	0	0	1	1 (1)	1	0	2	1 (1)
Total	9	5 (4)	20	18 (13)	9	7 (5)	38	30 (22)

Table 10: Summary of interviews carried out

Table 11 describes the sample in relation to the number of interviews.

	Number	Comments
Total number of people interviewed	46	
Number of interviews: Round I	38	
Number of interviews: Round II	30	
Participated in Round I only	16	34% of total sample 42% of Round I interviews
Participated in Round II only	8	17% of total sample 27% of Round II interviews
Participated in Round I and Round II	22	50% of total sample 60% of Round I interviews 76% of Round II interviews

Table 11: Summary of sample

3.5.3.1 Quantitative Survey

The use of quantitative data is not excluded from qualitative methods, as long as there is interplay between the two (Strauss and Corbin, 1998). In Round II of the research I was given the opportunity to carry out a quantitative survey using the Internet (see Appendix C for questions). Considerations at PCo Canada meant that the survey could only be implemented after all Round II interviews had been carried out, (i.e. in late February 2007). This was approximately four months after the start of the second round of interviews).

The purpose of the Round II survey was to confirm findings that had emerged from the qualitative data. The questions in the survey were developed to help confirm and clarify the main findings from the data analysis of the first round of interviews. In addition to demographic questions, there were four sections in the survey:

- Frequency of change. The survey question asked respondents to specify how often they felt there was significant change at different levels (organization, group and individual). The results from the survey are discussed in Section 7.3.
- Impact of change. This question gave a list of changes that were mentioned in the interviews as occurring at the three levels. It then asked the employees to indicate their perception of the impact each of these change has had on the organization, group and individual. A Likert scale was used to collect responses (1 = Positive, 2 = Somewhat positive, 3 = Neutral, 4 = Somewhat negative and 5 = Negative). The results of these questions are discussed in Section 6.1.3 and Chapter 7.
- *Bauplan* change. The questions here deal specifically with the *Bauplan* change and were designed to ascertain the perceived impact this change had on individuals, the group and the organization, (i.e. what had been the outcomes of the *Bauplan* change). The outcomes listed in this question all emerged during the interview process, and included morale, effectiveness and productivity at all levels, and

cooperation between groups. The results of these questions are discussed in Chapter 6.

- **Significance of change.** As described in Chapter 7, many other changes were mentioned during the interviews in addition to the *Bauplan* change. The questions in this section of the survey were intended to let respondents indicate how significant they perceived these various changes were for themselves, the group and the organization. The results are discussed in Section 7.4.

An e-mail invitation to complete the web survey was sent to 45 people. The majority of these individuals (34) had participated in the interview process. The rest of the names were provided by the HR department. The survey was anonymous, but with the information that was provided by respondents, it is possible to describe the sample that replied – see Table 12. The figures in brackets represent the number of invitations that were sent. One observation is that there are disproportionately more responses from people working in the Support Functions⁴³ than from the Business Franchises, and from middle managers and associates than senior managers.

		Senior Managers	Middle Managers	Associates
Overall	14 (45)	2 (9)	9 (27)	3 (9)
<i>Business Franchise</i>	4 (21)	0 (4)	3 (12)	1 (5)
<i>Support Function</i>	10 (24)	2(5)	6 (15)	2 (4)

Table 12: Details about respondents to web survey

At the time of writing 14 people had responded. This response rate (31%) is consistent with the 29% achieved by Moates et al. (2005) in an investigation of management

⁴³ The Support Functions are: Medical and Regulatory Affairs, Sales and Marketing Capabilities and Finance.

faculty. However, the low absolute number of responses means that the quantitative data from this survey should be treated with some caution.

3.5.4 Data Analysis and Theorising

This section describes the methods used for data analysis and theorising. The results of the analysis are to be found in Chapters 5 and 6, while the theories that were developed are discussed in Chapters 7 and 8. As described earlier in this chapter, the chosen methodology was a case study, using grounded theory to generate theory. In addition, as mentioned in the literature review in Chapter 2, Weick's (e.g. 1995) concept of sensemaking was used as a tool for understanding the data. It should be noted that this section provides only examples of how the coding and analysis was done. When the results of the research are described in later chapters, details are provided of the coding and analysis processes that led to the results.

As described in Section 3.3, it was decided to follow Strauss and Corbin's (1998) approach to using grounded theory. An essential part of the grounded theory methodology is that coding be concurrent with data collection. For this thesis, coding started after four interviews, and after the first round of interviews was complete, there was a further period of coding and analysis to prepare for the second round of interviews and the quantitative survey.

The first stage of data analysis was *open coding*, which involves going through the interview transcripts on a line-by-line basis to answer the question "what is going on

here?” (Strauss and Corbin, 1998). Figure 8 is a screen capture from Atlas.Ti, which was the software program used for coding in this thesis.⁴⁴ It is an example from the first interview that was done, and shows how codes were attached to the data.

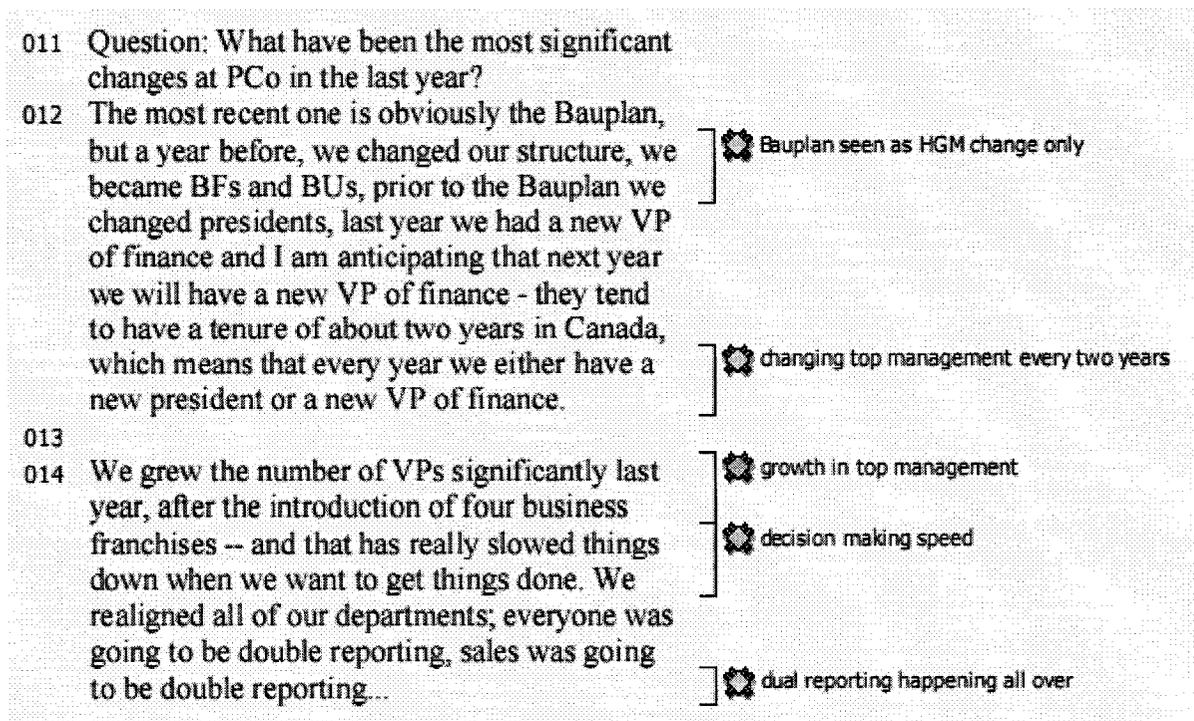


Figure 8: Example of open coding

Unit coding was done like this for each of the interviews. During the coding process, a large number of codes were developed. Appendix D shows a list of codes as they existed after around twelve interviews. As further interviews were transcribed and line-by-line analysis was done, it was possible to see some patterns emerge. Table 13 uses the example in Figure 8 to indicate how open codes from one interview became part of themes discussed later.

⁴⁴ The use of a software program like Atlas.Ti greatly helps in handling this large amount of data (Bassett, 2004).

Open Code	Comment
<i>Bauplan</i> seen as HGM change only	There was confusion about what <i>Bauplan</i> actually was. Other interviewees made similar comments. In the end, such open codes were linked to 'change management', as described in Chapter 5.
Changing top management every two years	The frequency of changes in top management is not related directly to <i>Bauplan</i> , but contributed to the development of the axial code 'instability at top', which is discussed in Chapter 7.
Growth in top management	The 'top heaviness' of the organization emerged as a theme that affected the way the <i>Bauplan</i> change was received (Chapter 6).
Decision making speed	The emergence of the conceptual code 'decision making' is described below.
Dual reporting happening all over	Dual reporting was a feature of Phase I of <i>Bauplan</i> . It affected the orientation of individuals to the change and also change outcomes (Chapter 6).

Table 13: Moving from open codes

In this way, open codes are grouped to generate a conceptual code which has properties that in turn have one or more dimensions. The intention of this step is to be able to move from simple description of what is happening to finding explanatory concepts. Next, there is description of how one particular conceptual code emerged. As noted above, this should be seen as an exemplar.

The concept used as an exemplar for the purposes of this discussion is *decision making*. (The example in Figure 8 was one of the contributors to the development of this concept).

Table 14 shows the properties and dimensions of 'decision making'.

Concept	Decision making			
Properties	Speed	Who	Topic	Style
Dimensions	Slow ↔ fast	Senior managers ↔ lower level managers	Strategic ↔ detail	Autocratic ↔ inclusive

Table 14: Concept: Decision making, with properties and dimensions

Open codes associated with decision making are given in Table 15.

top heavy structure (52)	Change in decision-making speed (42)	Increase in degree of bureaucracy (38)
strategic/tactical (33)	VP – loss in power (28)	role of top management (15)
micromanagement (15)	decision making centralised (13)	more hierarchical approach (13)
growth in top management (12)	under-represented seat of power (12)	leadership style (11)
reduced autonomy (10)	strategic vs. operational (10)	Decreased empowerment (8)
forgotten layer uninvolved in decisions (8)	faulty decisions (7)	arbitrary decisions (5)
mistrust (5)	no visibility (4)	extra level (2)
Secretive (2)	Strategy is a no-no here (1)	poor decision making style (1)
responsibilities have been split (1)		

Table 15: Open codes behind the concept ‘decision making’

The numbers in brackets in Table 15 indicate the number of times these codes were recorded during the transcription of all interviews (occurrences may be higher than the number of interviews if the theme came up several times during the interview). The codes are arranged by frequency.

It should be emphasised that the concept *decision making* was developed during the coding process, and so it was possible to determine the relevance of the concept against the data provided by subsequent interviewees. Support for the choice of particular

concepts is provided by considering the frequency with which the underlying open codes occur.

Following the development of the concept *decision making*, the coding paradigm suggested by Strauss and Corbin (1998), shown in Figure 6, was used to investigate the relationship between the way categories and concepts relate to each other. This is what Strauss and Corbin (ibid.) refer to as axial coding. Figure 9 shows the relationship between different categories (for convenience, there is an indication of what each box on the diagram represents, according to Strauss and Corbin (ibid.)). Not all codes from the open coding are mapped onto this figure because there is a process of consolidation of codes. The figure represents the relationship after the creation of the position of Head of General Medicines.

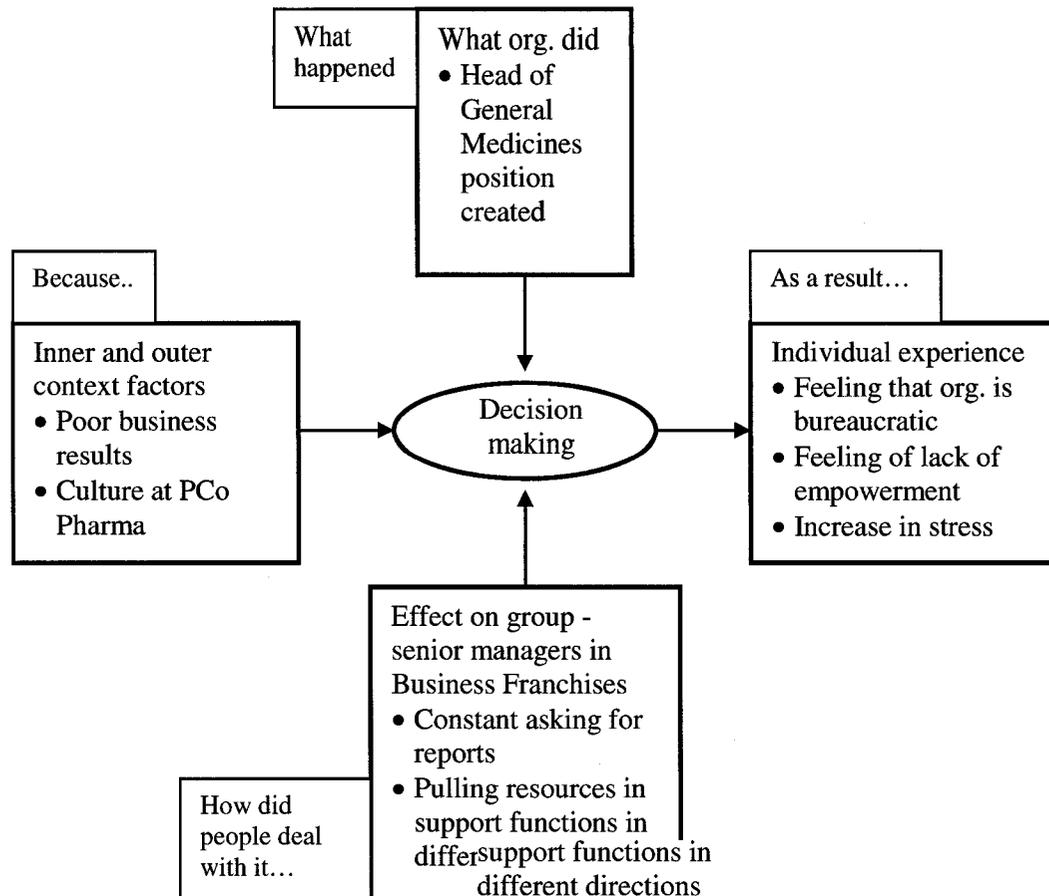


Figure 9: Example of coding paradigm – decision making

Expressed in words, the diagram shows that the culture at PCo Pharma (described in Section 4.2) played a role in determining aspects of decision making at PCo Canada. The disappointing business conditions also were relevant (as described in Chapter 6, they led to an increase in the justifications needed before decisions could be taken). The organization created a new position (Head of General Medicines – see Section 5.1.3), which had an impact on decision making. At the same time, decision making was affected by the reactions of other senior managers to the inner and outer contextual factors, and to this new appointment. The consequences were that employees' feelings about the organization and about their role in it were affected.

The final part of coding is selective coding. This is the point where theory is teased from the coding of the data. Selective coding is the point at which central categories emerge, which then form the basis for theory. Chapter 7 discusses the theory that emerged from this research, and the development of the categories will be explained in more detail there. For now, and by way of demonstration, Figure 10 shows in pictorial form how parts of the theory presented in this thesis began to emerge.

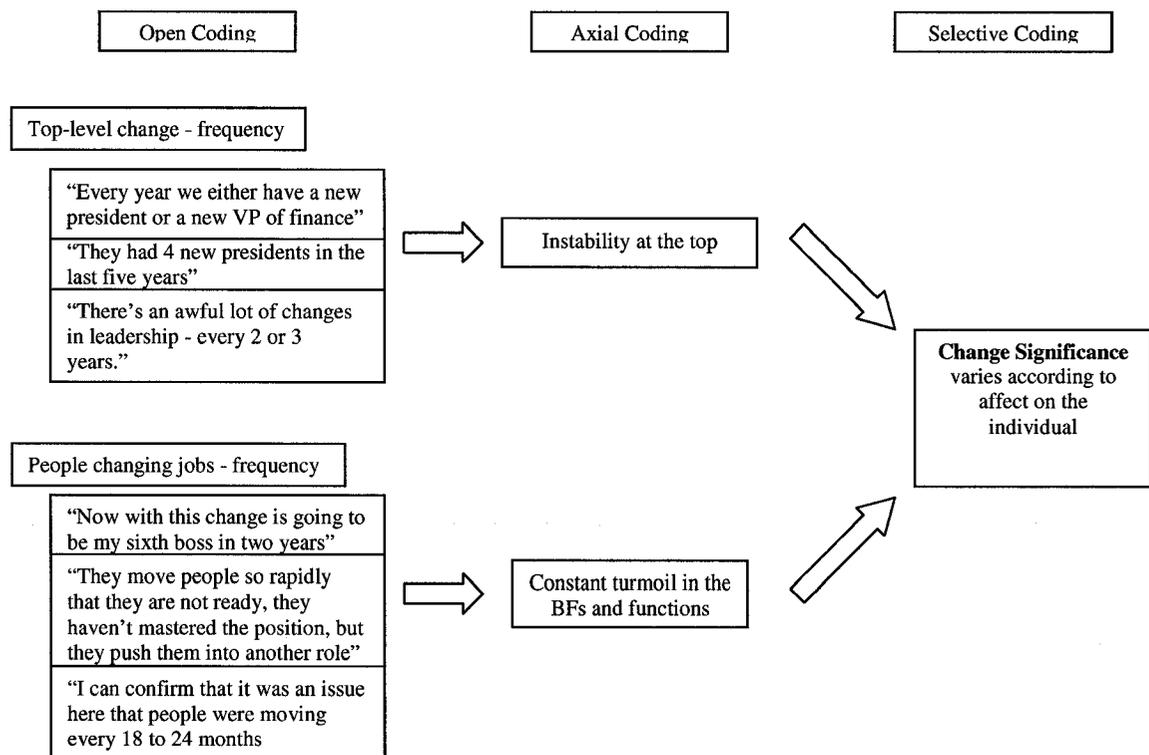


Figure 10: Example of selective coding

As the analysis of the data continued, a set of concepts and phenomena emerged, which is shown in Figure 11. A brief description of the concepts is contained in Table 16. In the diagram, the dotted lines represent links between concepts that are more indirect than the

links represented by solid lines. The discussion of the findings in the following chapters (4 to 7) is based on the schema presented below.

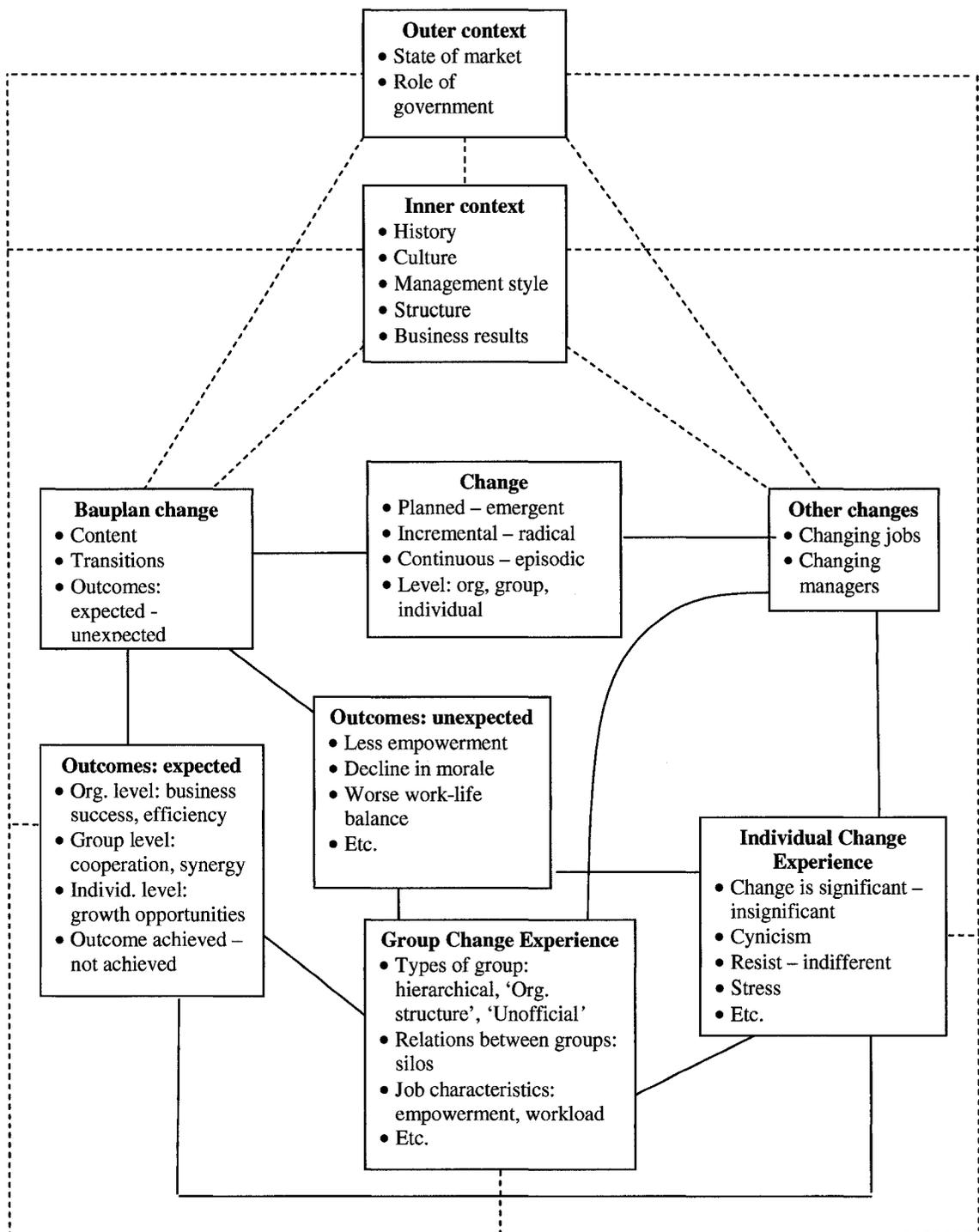


Figure 11: Diagram of themes and concepts

Concept	Description	Where discussed
Outer context	Market conditions and government actions were among the factors that influenced the <i>Bauplan</i> change.	Chapter 4 Chapter 6.2
Inner context	The history of PCo, its culture and financial success are among factors that were influential.	Chapter 4 Chapter 6.2
Change	The construct 'change' was discussed in the literature review. The construct is revisited during the discussion of theory that emerged.	Chapter 8
<i>Bauplan</i> change	The focus of the research. Description of this change initiative takes account of the content of the change and the way it developed over time. Change management was a theme. Two types of outcome were identified: intended and unexpected.	Chapter 5.1
Expected outcomes	These were identified by the organization as the goals of the <i>Bauplan</i> change, but the data revealed that not all of them were completely achieved. The outcomes affected groups and individuals.	Chapter 5.1, 5.2 Chapter 6.1
Unexpected outcomes	For example: a significant theme that emerged was that empowerment suffered because of the <i>Bauplan</i> change. This and other unexpected outcomes are related to group and individual change processes.	Chapter 5.3 Chapter 6.1
Group change experience	The effect of the <i>Bauplan</i> change varied according to group. Three types of group were found to be of interest: hierarchical (i.e. senior managers/middle managers); groups related to the organizational structure (e.g. Support Functions/Business Franchises); 'unofficial' groups (e.g. brand directors, who do not exist as an entity any org. chart).	Chapter 6.3
Individual change experience	Among themes that emerged were attitude to the change, direct effects (e.g. workload and stress), how the nature of individuals' jobs was affected, and which aspects of change were significant. There is a relationship between group and individual level change experiences.	Chapter 6.4
Other changes	Interviewees raised other changes as being at least as important to them as <i>Bauplan</i> . These include changing jobs and changing manager.	Chapter 7

Table 16: Concepts that emerged from analysis

As was indicated in the literature review, sensemaking (Weick, 1979; 1995) has been used as a tool for analysing qualitative data in conjunction with grounded theory (Langley, 1999). The decision was made to verify if sensemaking could be helpful in analysis of what was learned at PCo. Sensemaking was therefore applied to an analysis of how the VPs in charge of the Business Franchises dealt with the *Bauplan* change. This analysis is presented in Section 6.3.2.4.

Additionally, it was decided to present in some detail how three PCo staff viewed the *Bauplan* change in order to convey fully how individuals experience change processes. Telling their stories in some detail helps to show how actions and reactions are related to one's view of a change, which is one of the research questions. This aspect of the analysis is given in Section 6.4.1.

This chapter has first presented the theoretical framework for the research that emerged from the literature review, and then it described the theory behind the methodology that was suggested by that framework. The final part of Chapter 3 discussed how the methodology was actually put into practice, while Figure 11 showed how the various themes that emerged from the analysis are interlinked. The next chapters present the results of applying the theoretical framework to the organizational change initiative that was being investigated.

4 Contexts

This investigation of organizational change took a processual-contextual approach, as described in Chapters 2 and 3. This means that the contexts within which changes at PCo Canada take place need to be discussed before we can go on to examine the *Bauplan* change and other changes at PCo Canada. The objective of this chapter is, then, to describe the contexts.

This chapter explores the contexts within which these changes were taking place. It discusses the pharmaceutical industry, within its broader socio-economic environment – this is the *outer context* of change – and PCo itself, whose history, structure and culture are among the factors which constitute the *inner context* of change. Neither the outer context nor the inner context are static, so in essence, this chapter is describing past and contemporary changes that play a role in the change processes at PCo Canada. This chapter begins by discussing topics at the level of the industry, and then moves to a different level – that of the firm. The outer context of change is discussed first. Included in this section is a brief overview of the pharmaceutical industry, and this is followed by a discussion of the characteristics of the pharmaceutical industry in Canada. The inner context of change is described in the second part of the chapter, where information is presented on PCo and PCo Canada.

Caldwell (2006) argues that there is no clear theoretical limitation as to what the contexts of any particular change process might be, but this chapter tackles this issue by dealing with those factors whose relevance became apparent during the analysis of the data, as

will be seen in Chapters 5 and 6. In essence, this means taking a grounded theory approach to determining which factors play a role in the *Bauplan* change process, because the discussion in this chapter is of factors whose importance emerged during data gathering and analysis.

4.1 The Outer Context

A multilevel investigation of change may view the socio-economic context of the firm as a level, because the firm is part of a larger system that influences many aspects of organizational life (de Man, 1988). It is to the level of the pharmaceutical industry that this discussion of contexts now turns in order to describe the background against which developments at PCo Canada take place.

4.1.1 The Pharmaceutical Industry⁴⁵

The history of the pharmaceutical industry globally can be divided into three phases (Malerba and Orsenigo, 2002). The first period, from around 1850-1945, saw little new drug development. The development of penicillin during the Second World War marked the beginning of phase two, where R&D processes were formalised and brought in-house. During these first two phases, the structure of the industry remained relatively stable. Improved research methods increased the rate of new drug introduction in the 1970s and 1980s. These new methods were capable of providing the revenue to sustain corporate growth. Ever increasing costs of research and development, marketing and sales, as well as rising levels of global competition, encouraged companies to look for synergies

⁴⁵ All figures in this section are in US dollars.

(confidential reference⁴⁶). This led to phase three, which was characterized by a rapid movement towards consolidation over the last twenty years. Table 17 presents some of the more important mergers and acquisitions from this third phase (data taken from confidential references; company web sites).

Year	Company 1	Company 2	New Name	Value (\$bn)
1988	Bristol Myers (USA)	Squibb (USA)	Bristol Myers Squibb (USA)	12.1
1989	Beecham (GB)	SmithKline (GB)	SmithKline Beecham (GB)	7.9
1995	Glaxo (GB)	Wellcome (GB)	GlaxoWellcome (GB)	14.2
1997	Sandoz (CH)	Ciba-Geigy (CH)	Novartis (CH)	30.1
1998	Astra (S)	Zeneca (GB)	AstraZeneca (S/GB)	37.2
1999	RhonePoulenc (F)	Hoechst (D)	Aventis (F)	21.5
1999	Pfizer (US)	Warner-Lambert (US)	Pfizer (US)	87.0
2000	GlaxoWellcome (GB)	SmithKline Beecham (GB)	GlaxoSmithKline (GB)	75.8
2002	Pfizer (USA)	Pharmacia (USA)	Pfizer (USA)	60.0
2004	Sanofi (F)	Aventis (F)	SanofiAventis (F)	51.0

Table 17: Recent significant mergers and acquisitions in the pharmaceutical industry

The value of all the mergers and acquisitions between 1988 and 2000 exceeded \$514 billion. Furthermore, whereas the ten largest firms accounted for about 12 percent of worldwide sales in 1987, they accounted for almost one-half of sales in 2002 (Danzon et al., 2003).

The pharmaceutical industry is the fifth most profitable industry in the world, according to *Fortune* magazine, with a profit rate of 15.7 percent of revenues (Fortune, 2006). Yet *The Economist* (2007: 104) states, “the clouds have darkened over Big Pharma”. This is due to three major issues that confront the industry: the rise of generic products, the

⁴⁶ In order to preserve confidentiality, references whose title includes the real name of PCo have been omitted from this document. The references were shown to Prof. Linda Duxbury, the thesis supervisor.

difficulty in finding new treatments, and the large amount of spending on sales and marketing. Details on each of these challenges are summarized next.

The first challenge is that in most countries, a drug company has a 17 to 20 year period when its product is protected by patent (Kalant and Shrier, 2006). However, this period does not start when the drug comes on the market, because patents are filed during the research phase. On average, a patented drug is on the market for around 12 years before the patent expires and generic competition arrives. The extent of this issue for the companies like PCo can be seen from a *Financial Times* report that of total global drug sales of \$392 billion in the year to June 2006, \$57 billion were sales of previously protected drugs that have come off patent (Jack, 2006). Once the drugs have come off patent, their market share and price premium are significantly reduced, because the generic alternative is less expensive.

Second, there is a general feeling that all the 'low hanging fruit' of disease have been picked (Fishman and Porter, 2005). The industry relies on blockbusters, which are drugs that bring in annual revenues of \$1 billion or more. Evidence suggests that it is getting increasingly difficult – and more expensive – for companies to find new treatments. This has led to a significant change in the basic approach to research. Companies are moving from chemistry-based therapies to biology-based therapies, but since the major pharmaceutical companies tend to lack expertise in this area, they are either buying or forming partnerships with either smaller, more specialised outfits or are forming

partnerships with larger drug companies (Malerba and Orsenigo, 2002). Companies like PCo are having to outsource a large proportion of their research.

The third challenge for all major pharmaceutical companies is that they spend a great deal on sales and marketing. Pharmaceutical companies position themselves as research-oriented organizations (e.g. the statement that the members of the pharmaceutical industry are “devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives” (PhRMA⁴⁷, 2007)). In fact, the actual amount that they spend on research and development is less than the amount they spend on sales and marketing (Angell, 2005). For example, the 2005 Financial Report of Pfizer notes that annual revenues were \$51 billion. Its Selling, Informational and Administrative costs were \$16.9 billion (33% of revenues), and its Research and Development expenses were \$7.4 billion (14% of revenues). The consequence is that companies like PCo are starting to pay very close attention to the way they structure their sales and marketing operations. This is particularly relevant for PCo Canada, whose *raison d'être* is to carry out sales and marketing.

4.1.2 Pharma in Canada⁴⁸

“The industry has been so fat for years, but now we need to operate like a real business.” – Senior manager, Support Function.⁴⁹

“The pharmaceutical industry is going through a rough time.” – Middle manager, Business Franchise

⁴⁷ PhRMA (Pharmaceutical Research and Manufacturers of America) is a trade association.

⁴⁸ All figures in this section are in Canadian dollars.

⁴⁹ Quotations that do not have citation information attached (like these two) are all taken from interviews at PCo Canada.

The same multinational pharmaceutical companies that dominate the global market are present in Canada, and the issues that were discussed in the previous section apply equally to the pharmaceutical industry there. The following table (Table 18) shows the sales of the top 10 pharmaceutical companies in Canada in 2005, including the percentage change from the previous year (IMS Health Canada, 2006):

Rank		Company	Sales (\$ Million)	% change vs. 2004
Global ⁵⁰	Canada			
1	1	Pfizer	2,248	3.8
7	2	AstraZeneca	1,121	0.6
2	3	Johnson & Johnson	1,047	10.4
3	4	GlaxoSmithKline	963	2.3
-	5	Apotex	948	20.7
4	6	Sanofi-Aventis	625	9.4
5	7	Novartis	624	6.3
9	8	Merck Frosst	602	-15.6
11	9	Wyeth	583	9.7
12	10	Eli Lilly	572	8.6

Table 18: Top 10 pharmaceutical companies in Canada, 2005

The poor performance by Merck Frosst is due to the withdrawal from the market of Vioxx (see 4.1.2.1 below). On the other hand, worthy of note is the excellent performance of Apotex, a manufacturer of generic drugs. The fact that Apotex saw 20.7% growth in business reflects the growth of the generic sector of the industry and shows the kind of challenges faced by PCo.

\$16.6 billion was spent in 2005 in Canada on prescription medications, which makes Canada the eighth largest global market (IMS Health Canada, 2006). The following chart (Figure 12) shows purchases of prescription drugs by Canadian hospitals and pharmacies from 2000, and it includes the percentage change from the previous year.

⁵⁰ Source: Fortune, 2006

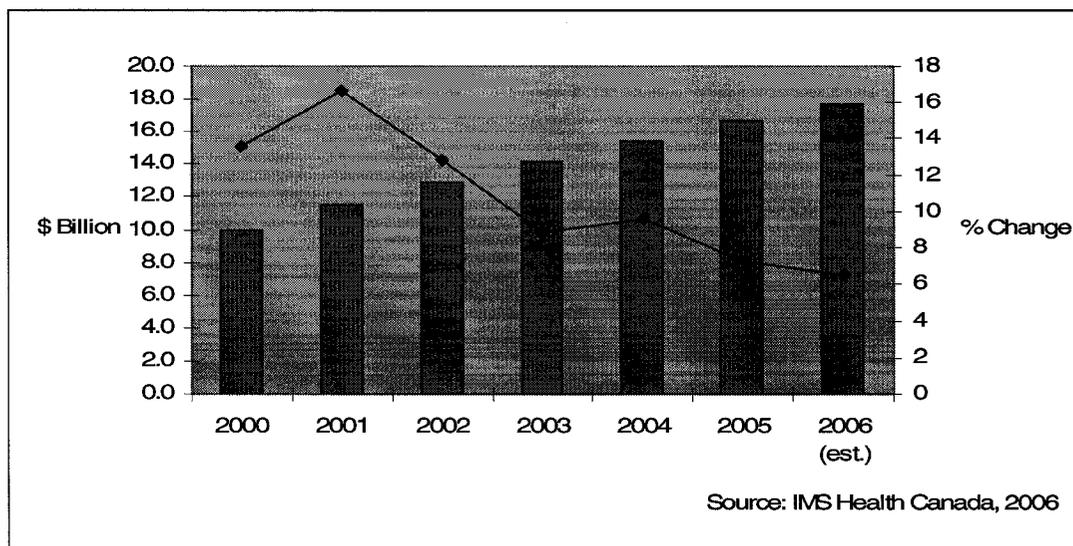


Figure 12: Purchases of Prescription Drugs in Canada, 2000-2006

It will be noted that while there is a general upwards trend in overall sales, the business environment in which the *Bauplan* change happened was one of generally declining rates of growth, where generic drugs are becoming increasingly important. The threat posed in Canada to PCo and other manufacturers of patented drugs is evident in the fact that generic drugs were used for 43% of all prescriptions in 2005 (IMS Health Canada, 2006). Datamonitor (2006) reports that 2005 sales of generics were \$3.1 billion, and estimates that in 2010 the generic market in Canada will have a value of \$4.2 billion, an increase of 62.6% over 2005.

The provinces play an important role in the Canadian pharmaceutical market, because they make decisions about reimbursement. First, the province reviews the therapeutic value and cost-effectiveness of drugs, and decides whether or not these will be made available and paid for by the provincial drug programme. As a consequence, some drugs are not available in all provinces. Second, if a generic equivalent drug is available, the

provinces will typically reimburse only the lower-cost generic, not the patented drug. Putting further pressure on pharmaceutical companies in Canada is the fact that the prices of drugs are regulated by the Canadian Patented Medicine Prices Review Board, whose mandate is to ensure that manufacturers do not charge “excessive prices” (PMPRB, 2006: 2).

During the data gathering, it became clear that people working at PCo compare what is happening at PCo to what they know about what is happening in other pharmaceutical companies. The pharmaceutical industry in Canada is clustered in the Toronto and Montreal metropolitan areas, and PCo is in Montreal, where four of the top ten Canadian pharmaceutical companies have their headquarters. While 18,500 people worked in the pharmaceutical industry in Montreal in 2005, this was 1.4% fewer than in 2003 (Montreal International, 2006).

4.1.2.1 Getting a Drug to Market

“Health Canada doesn’t rubberstamp what the American Food and Drug Administration does.” – Senior manager, Support Function.

Health Canada is the federal drugs regulator, and therapeutic products can only be sold once they have passed a review process which monitors their safety, quality and efficacy (Health Canada, 2006). PCo Canada has to work closely with Health Canada before, during and after the release of any new drug. There are two phases in the drug approval and regulation process:

Pre-market review: the manufacturer provides Health Canada with scientific evidence of the safety, quality and efficacy of the pharmaceutical product. Health Canada decides

whether any risks are justified by the benefits of the drug. The drug manufacturer conducts clinical trials to produce the necessary evidence, and Health Canada has to approve these trials before they can take place. Health Canada reviews the results of the trials and the information that is provided to health care professionals and patients before granting approval.

Post-market surveillance: Health Canada continues to monitor drugs once they are on the market to ensure that they work as expected. Manufacturers are expected to make Health Canada aware of any suspected problems with drugs. Health Canada evaluates any reported issues, and can take actions which range from issuing a warning to the public and health care workers to removing a product from the market.

Changes in Health Canada policies directly affect the work of the people at PCo who deal with regulatory affairs for the simple reason that any issues regarding drug approval may delay the release of new products and cost the company large amounts of money.⁵¹ Health Canada came under a great deal of public scrutiny when the drug Vioxx was withdrawn from the market in 2004 by its manufacturer because of concerns about increased risk of heart attack and stroke. *Vioxx* is a Cox-2 pain-reliever for adults suffering from signs and symptoms of osteoarthritis. It was developed by Merck Frosst (in Canada), and had the fourth highest sales of any drug in Canada in 2003. Sales of its class of drugs in Canada declined by 30% in the year following its removal from the market (PMPRB, 2006). *Vioxx* was a blockbuster drug, and at the time that it was

⁵¹ In 2005, 66 new drugs were approved in Canada, compared to 96 new drugs in 2004 (PMPRB, 2006)

removed from the market, PCo had an equivalent drug (*Loxige*⁵²) in the final stages of clinical trials. How this affected the *Bauplan* change process is seen in 5.3.2.2.

4.1.3 Outer Context Changes

This section has described the outer context of change in which the *Bauplan* change took place, and it has been demonstrated that this context is far from static. Changes are taking place at the level of the industry, where *economic reorganization* has led to a spurt of mergers, and there is a *growing threat* to makers of patented drugs from manufactures of generics. Large *technological and scientific changes* are happening, with companies moving towards new ways of developing and manufacturing drugs. *Increasing political pressure* is being placed on the pharmaceutical companies to make their drugs less costly (the Canadian health system was a major theme in the 2005 Federal election), while at the same time the regulatory body is *demanding ever-higher levels of safety and efficacy* from drugs. Chapters 5 and 6 will show how some of these changes in the outer context played a role in the changes taking place in PCo Canada.

4.2 The Inner Context

While the discussion in the previous section deals with topics at the level of the outer context of change, this section provides information on the other level of interest – the firm. This level forms the inner context of the *Bauplan* and other changes. The section first discusses PCo as a whole, then moves down one level to consider the Pharmaceutical Division of PCo and it then moves down yet one more level to examine

⁵² Not a real name.

PCo Canada. Particular attention is paid to organizational structure because the *Bauplan* change was specifically a change in structure.⁵³

4.2.1 PCo

“I’m a merger survivor.” – Middle manager, Support Function.

PCo is the result of one of the mega-mergers discussed in 4.1.1. The story of this merger has been discussed in detail elsewhere (confidential references), so this section’s goal is simply to highlight the most salient facts.

In the mid 1990s, one of the largest corporate mergers ever was officially completed, when two companies in the pharmaceutical, chemical and nutrition industries – Company A and Company B – merged, giving rise to a new company: *PCo Ltd.*⁵⁴ The reasoning behind the merger can be seen in an early report on progress (PCo, 1998: 4):

“We were able to pool our substantial investments in discovery and focus on striving for leadership in innovation. Our new lead in life sciences technologies together with our strengths in marketing and distribution constitute an excellent basis for achieving growth from the very beginning.”

In the global pharmaceutical market, Company A and Company B were both in the top fifteen companies.

The merger involved the healthcare, agribusiness and nutrition businesses, while other operations were divested. As Figure 13 shows, PCo was initially divided into three

⁵³ In this section, all figures are approximate, to protect PCo confidentiality.

⁵⁴ PCo Ltd is the holding company.

groups, one of which was healthcare. Healthcare itself was further split into three groups, of which Pharmaceutical was the largest.⁵⁵

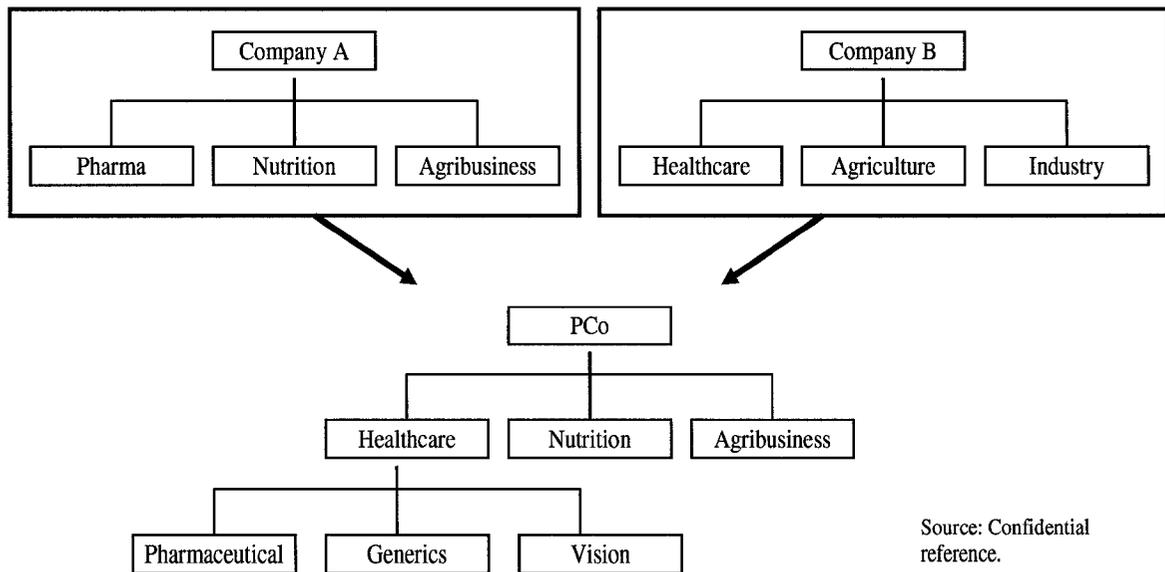


Figure 13: Creation of PCo

As was discussed in 2.5.2, one approach to bringing about radical organizational change is through the management of culture. This approach was taken at PCo. The two firms which formed PCo had different cultures; Company A had a “command and control” culture that focussed on numbers, while Company B had a culture that emphasised empowerment, consensus and social values (confidential reference). The culture that developed at PCo Ltd and PCo Pharma resembled much more closely the culture of Company A than that of Company B because a major initiative was put into place at the very beginning of PCo’s existence to create a “high-performance corporate culture” (confidential reference).

⁵⁵ In 2006, following the complete acquisition of another company, a new Division was created.

To this end, PCo HR set up a rigorous system for performance appraisals, with a strong bias toward pay-for-performance. The values on which staff are assessed are leadership, empowerment, customer focus, competence, speed, trust, communication and commitment (confidential reference). The importance of this system, and the relevance of these values, is evident in the way the *Bauplan* change progressed, and is discussed in Chapter 6. Chapter 7 discusses another culture management programme that was established to counteract some of the outcomes of the *Bauplan* change.

While PCo was officially the result of a merger of equals⁵⁶ (PCo, 1997), the merger was not necessarily perceived in that way by those who came from Company B, as two interviewees mentioned:

“In my opinion it was no merger, because one year after the merger it was Company A management everywhere.” – Middle manager, Support Function.

“But the situation was hard on us because we were at Company B. We looked at it more like a takeover than a merger.” – Associate, Business Franchise.

4.2.2 PCo Pharma

The pharmaceutical division of PCo – PCo Pharma – provides approximately 60% of PCo Ltd’s overall sales and over 75% of its profits, and so was the fundamental reason for the merger (confidential reference). Among PCo Pharma’s blockbusters are a drug introduced in 1997 (2006 sales of over \$4 billion); a cancer therapy (over \$2 billion sales); another similar drug (over \$1 billion sales); and a cancer treatment (over \$1 billion sales) (PCo, 2007a). The top ten selling drugs produced two-thirds of PCo Pharma’s 2006

⁵⁶ In 1995, Company A had revenues of around \$12 billion and profits of \$1.6 billion. Company B had revenues of \$16 billion and profits of \$1.5 billion. Between them, they employed over 120,000 people.

revenue, indicating the constant need for the company to have a full pipeline to be able to replace drugs once they lose their patent protection.⁵⁷ This requirement has led PCo Pharma to strengthen its position on biopharmaceuticals. In 2006, for example, the company acquired more than five small and one large company in this field (revenues of \$4 billion) (PCo, 2007). At the moment, PCo Pharma is more successful than many rivals in obtaining US approvals for new drugs (PCo, 2007).

4.2.2.1 Organizational Structure

There are several categories of multinational firms, and PCo Pharma can best be viewed as what Bartlett and Ghoshal (1995) describe as a 'Coordinated Federation'. In this model, local subsidiaries are free to adapt products to reflect market differences, but depend on headquarters for new products and processes. Therefore, the structure within the subsidiary must be aligned with that of the headquarters in order to facilitate the flow of information. The cultures must also be similar. On the whole, PCo Canada employees do indeed view the culture of the organization as being like that in the country where PCo Ltd is based.

The way the organization is structured is very significant for a 'coordinated federation' type of multinational. For the first few years after the merger, PCo Pharma was organised as shown in Figure 14 below⁵⁸:

⁵⁷ In 2007, the US patents of two important drugs will expire. In 2006, these two drugs together brought in revenues of over \$1 billion (PCo, 2007a).

⁵⁸ The following discussion of PCo Pharma organizational structure is based on a confidential reference.

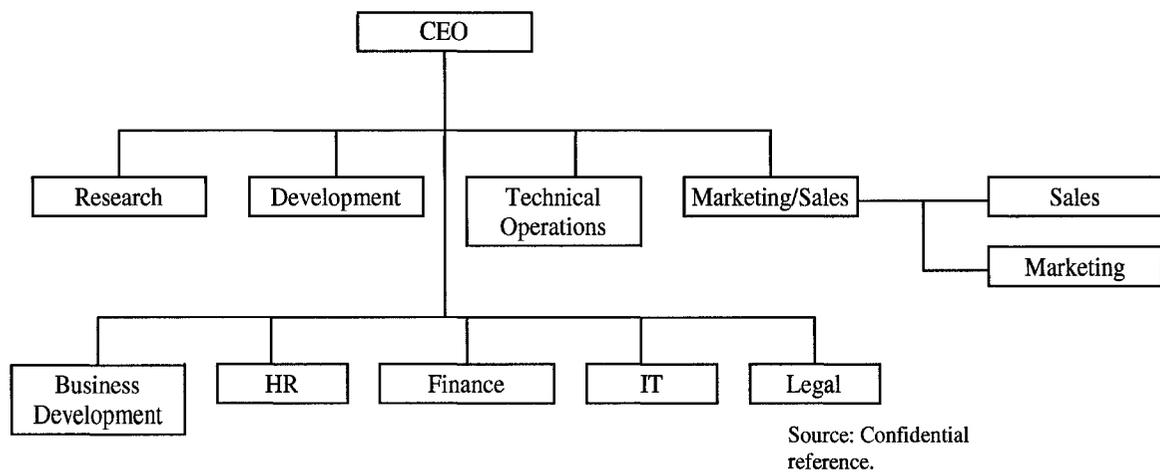
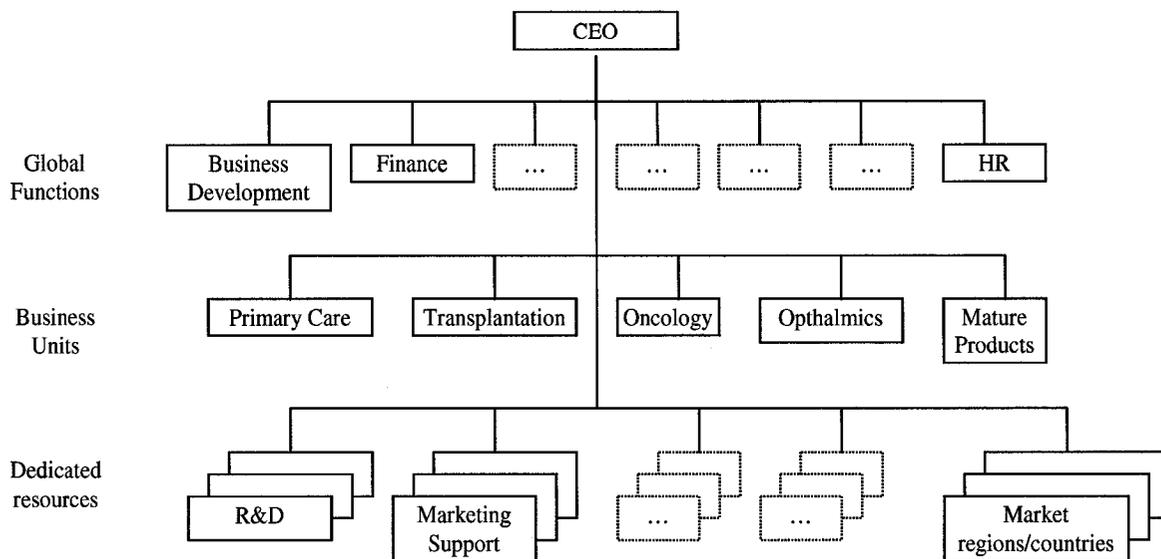


Figure 14: PCo Pharma Organizational Structure, up to 2000

It should be noted that before the *Bauplan* change, the organizational structure at PCo was based around function. In 2000, PCo Pharma introduced a very significant change in organizational structure, which reflected the splitting up of PCo Pharma's product range into two portfolios: Primary Care and Speciality Medicines. The new organization structure is shown in Figure 15. The major aspect of the change was the introduction of Business Units, each of which was given responsibility for a given therapeutic area: transplantation, oncology, ophthalmics, and Primary Care. Primary Care deals with arthritis, cardiovascular, central nervous system, respiratory, dermatology, and infectious diseases. Responsibility for the products was given to Business Franchises within the Primary Care Business Unit. In 2006, the Primary Care medicines accounted for over 60% of PCo Pharma's total sales.



Source: Confidential reference.

Figure 15: PCo Pharma Organizational Structure from 2000

This new structure is a matrix, where Functional Units provide support across all the business units. So, for example, the marketing support group has to supply services to Primary Care and all other business units. A matrix structure has both advantages and disadvantages, as will be seen in the discussion of the *Bauplan* change in the next chapter. This new structure is essentially still in place today, and its introduction at PCo Pharma led directly to the *Bauplan* change in Canada and other countries.

4.2.3 PCo Canada

PCo Canada is what is termed within PCo as a CPO (Country Pharmaceuticals Organization). The main functions of a CPO like Canada are to market and sell pharmaceutical products, support patients and health care professionals, and ensure that all regulatory issues are complied with. In addition, the CPO has to foster strong relationships with governments and other influential bodies.

The Corporate Profile (PCo Canada, 2005a) states that it invests millions in R&D. This money is not invested in primary research. Rather, the money is spent on applied research, such as clinical trials, and in particular Phase III trials. These represent the final stage of the drugs trial process, and they are concerned primarily with the assessment of dosage effects, efficacy and safety. Successful completion of these trials is essential before Health Canada will allow them to be made available to the public (as described in 4.1.2.1 above).

As noted above, marketing and selling costs account for over 30% of all pharmaceutical company spending, and in a CPO like Canada, where no primary research is done, the percentage is likely even higher. Detailed financial figures for PCo Canada are not made available separately. For financial reporting purposes, Canada is part of an Americas region that includes Latin America, but excludes the US. However, it is possible to provide a very rough estimate as follows: Canada represents 2.1% of the global pharmaceutical market (Datamonitor, 2005), and 2.1% of PCo Pharma's 2006 revenue is around US\$ 400 million.⁵⁹

4.2.3.1 Organizational Structure before *Bauplan*

Just as PCo Pharma has gone through a change of organizational structure, so too has PCo Canada. The first PCo organizational structure in Canada was similar to the first one at PCo Pharma, in that the company was organized by functions. The following diagram (Figure 16) shows this organizational structure:

⁵⁹ During the interviews, estimates given of PCo Canada's share of PCo Pharma's sales ranged from 2.0% to 2.5%.

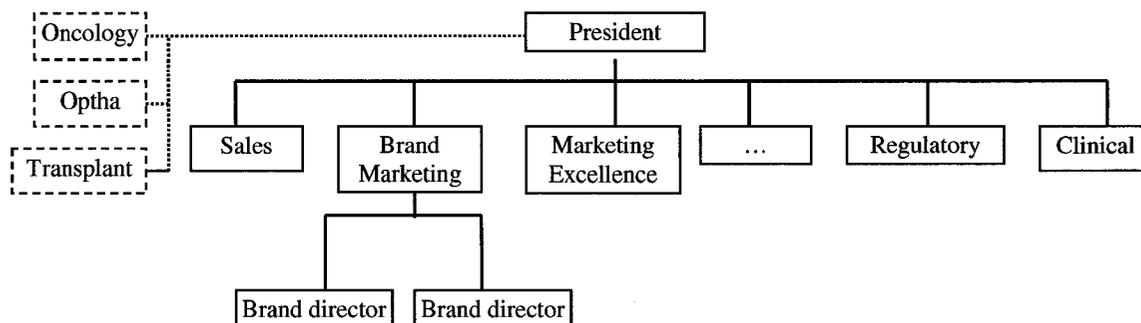


Figure 16: PCo Canada pre-Bauplan Organization Structure

Of significance for this thesis is the fact that before the *Bauplan* change, the VPs of Sales and Brand Marketing were responsible for all products, regardless of the therapeutic area. The Brand Marketing group had brand directors, who each had responsibility for one or more drug brands, and below them were brand managers, analysts and so on. The role of the VP of Brand Marketing was to look after the bigger picture, and take a portfolio view, while the brand directors had responsibility only for their brand(s). The organization structure also shows three business units that had a presence in Canada, but which reported into PCo USA, with a dotted line to the President of PCo Canada. These speciality business units are Ophthalmics, Transplantation and Oncology.

The organizational structure at Company A in Canada (before PCo came into existence) was different. It had business units and so resembled the second (post-2000) structure of PCo Pharma. This similarity to what existed before affected how some members of PCo Canada viewed the *Bauplan* change, as will be seen in the next chapter.

4.2.3.2 The Change Climate at PCo Canada

“PCo Canada is a platform for change.” – Middle manager, Support Function.

Chapters Five and Six will discuss some of the changes and change processes at PCo Canada. In order to assess those changes, it is, however, useful to have an understanding of the climate and culture of the organization in respect to the phenomenon of change. The discussion in Chapter 2 showed that organizations have different cultures, and that some cultures are more open to change than other cultures.⁶⁰ Schneider et al. (1996: 8) suggest that the ‘feel’ of an organization reflects its climate and culture: “One firm “feels” like a dynamic and interesting place to work, while another “feels” stodgy and unproductive.” It can be anticipated that change in an organization that is rather dynamic would be viewed differently from change in an organization that is more stodgy.

In order to get some idea of the ‘feel’ of PCo Canada regarding organizational change, a question was asked during the interviews about how often PCo Canada goes through major changes. Using a scale of 1 to 5, where 1 meant PCo Canada very rarely goes through major changes, and 5 meant the company very frequently goes through such changes, only one person gave the score of 3. The vast majority – particularly the middle managers and associates – gave a rating of 4 or 5, and the average was 4.2.

Interviewees felt that PCo Canada was an organization where change was frequent and expected:

“I’d give a score of ‘plus, plus 5’!! Oh my God, change is constant – yes, ‘plus, plus five’!!” – Associate, Business Franchise.

⁶⁰ This is why culture change became an objective for some theorists – see 2.5.2.2.

“Over the last three years there has been a whale of changes.” – Middle manager, Support Function.

“When I came to PCo [2 years previously] it seemed there was lots of activity, a lot of things happening, a lot of movement which seemed to be almost constant.” – Associate, Support Function.

“I just expect it [change]. I don’t get too used to anything.” – Middle manager, Business Franchise.

One of the ways in which staff formed their judgements about change at PCo Canada was by comparing it to other pharmaceutical companies in the Montreal area where they had worked or knew people. So one person gave a score of ‘5’ and said,

“That is in the context of my previous experience at [Company X], where there was not a lot of change and things were pretty stable.”

And another manager justified her score by saying,

“Five years ago I was working in the UK at [Company H], and that it is also a fast paced company, but [Company L] Canada where I worked before it was probably not as rapid with change.”

Two main reasons were advanced to explain the change dynamic. First, there is the effect of the outer context. It was recognised that the pharmaceutical industry this sector was going through a period where there were many challenges, as discussed in 4.1.1 above:

“We are in such a turbulent environment of change.” – Middle manager, Support Function.

“We have to adapt to the world, and the world right now is not being so kind to us.” – Middle manager, Business Franchise.

“This industry is going through a lot of change.” – Middle manager, Business Franchise.

Similarly, developments in the Canadian pharmaceutical business were also noted to be drivers of change:

“Externally the marketplace is changing, for example there are things happening in Ontario with Bill 102.” – Middle manager, Business Franchise.

Second, the inner context provided some of the reasons for changes take place. In this case, the inner context involves PCo Ltd and PCo Pharma headquarters, which is usually referred to simply as “global”. PCo global itself is relatively young:

“PCo globally is still changing a lot because it is fairly new, it is still a new entity in itself and still going through change.” – Middle manager, Business Franchise.

These changes necessarily lead to changes in the local organization, because as shown in 4.2.1, the culture that is favoured at PCo Ltd, and hence at PCo Pharma, is more top-down than bottom-up. This is recognised by PCo Canada staff:

“PCo is a company that is very closely controlled by the global organization [...] a lot of the decisions come from global.” – Middle manager, Business Franchise.

“I think that the changing environment in the pharmaceutical industry means changes at global, which forces changes on the affiliates.” – Associate, Business Franchise

One of the changes at the affiliates to which she is referring is the *Bauplan* change.

The climate at PCo Canada is clearly one where change is expected and is seen to be a frequent occurrence. As one manager concluded:

“Change is part of the PCo culture.” – Middle manager, Support Function.

4.2.4 Inner Context Changes

Applying the typology of changes presented in 2.2.2, it can be seen that a series of planned episodic radical changes are part of the inner context of the *Bauplan* change.

Among them are:

- A new company is created following a mega-merger,

- A culture change programme has the goal of creating a high-performance culture, and
- A new organizational structure is put in place.

4.2.5 The Changing Contexts of Change

This chapter's exploration of the contexts of change at PCo Canada has demonstrated that these contexts are themselves not static. The business environment has changed and continues to do so – the threat from generics, the difficulty in developing blockbusters, and the increasing costs of sales and development all put pressure on the companies in the pharmaceutical industry to change as the environment changes. Increasing pressure from government in terms of price pressure and concerns over drug safety are also factors from the outer context of change that affect PCo Canada.

The inner context of change – the firm 'PCo' – is not the same today as it was five years ago. New drugs have been developed, acquisitions made, culture change programmes have been implemented, as have changes to the organizational structure. The contexts of change themselves change over time.

In analysing the contexts of change, this chapter has taken a multilevel approach. The outer context represents the highest levels, being concerned with factors that affect an entire industry. Moving down levels, the inner context is concerned with factors that affect the individual firm and its constituent parts. It will be seen in the next three chapters that an understanding of the levels of the outer and inner contexts is valuable in

analysing how organizational changes develop and progress at the level of the organization, group and individual.

5 The *Bauplan* Change

It was in October 2003, about three years after the introduction of a new organizational structure by PCo Pharma⁶¹, that the initiative which was the initial topic of this thesis first saw the light of day at PCo Canada. This important change – known as the *Bauplan* change – is described in this chapter.

The chapter has three parts, which relate to the model of organizational change discussed in Section 3.1. First, the *Bauplan* change is presented as it unfolded. In terms of the model of change discussed in Chapter 3, this is the content, or substance, of the change. The second part of the chapter (Section 5.2) describes the intended outcomes of the *Bauplan* change, and the third part of the chapter (Section 5.3) identifies the unexpected outcomes that emerged as the change initiative unfolded. This chapter is a description of the *Bauplan* change and its outcomes. Analysis of what occurred is left for following chapters. When quotations from employees are used, *Senior manager* refers to VPs, *Middle managers* are directors or managers, and *Associates* are below that level (e.g. business analysts, administrative assistants).

It should be pointed out that the title of this chapter is somewhat misleading: the phrase ‘*Bauplan* change’ suggests there was one single change. This chapter shows that this is far from being the case.

⁶¹ As described in 4.2.2 above.

5.1 *Bauplan*: The Content of the Change

Having an appropriate structure is seen as key to good organizational performance (e.g. Child, 1972; Galbraith, 1977; Mintzberg, 1983). Therefore, changing an organizational structure is a frequently observed type of organizational change for organizations in what is perceived to be a rapidly changing environment. This section shows that it was precisely to introduce a new organizational structure that the *Bauplan* initiative was introduced.

This presentation of the content of *Bauplan* change is structured according to the three phases that it underwent. To set the stage, it is first necessary to describe the structure that was in place before Phase I of *Bauplan*. Following this, the changes involved in the three phases of *Bauplan* are introduced. This section is based on internal documents (PCo Canada, 2003; 2004a; 2004b) and interviews with key informants from PCo's HR department.

5.1.1 Pre-*Bauplan* Organizational Structure

The pre-*Bauplan* structure at PCo Canada for Primary Care⁶² drugs was organized by four functional areas (brand marketing, marketing excellence, clinical and regulatory), rather than by product lines. This is shown in Figure 17.⁶³

⁶² Primary Care medicines are for the arthritis, cardiovascular, central nervous system, dermatology, infectious diseases and respiratory therapeutic areas.

⁶³ On the diagram: CV = Cardiovascular; Resp = Respiratory; Derm = Dermatology; CNS = Central Nervous System; ABGH – Arthritis, Gastrointestinal, Bone, Hormone replacement therapies; CI & MR = Competitive Intelligence and Market Research; DRA = Drug Regulatory Affairs. To help the reader, a Glossary is provided before the appendices.

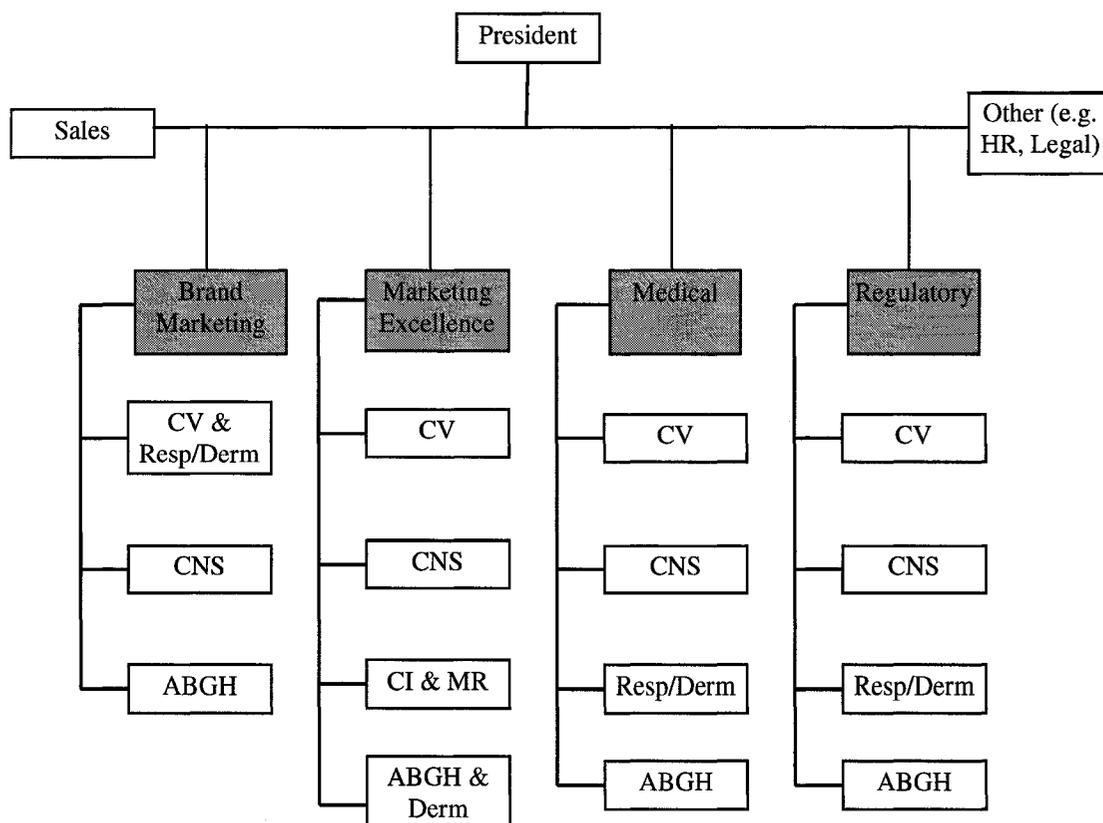


Figure 17: Pre-Bauplan structure for Primary Care drugs

Each of the functional areas was headed by a VP who reported to the President of PCo Canada. The roles of the functions were as follows:

- The Brand Marketing function was responsible for brand management of the drugs. It was divided into three groups, each led by a Brand Director, and each dealing with a specific therapeutic area.
- The Marketing Excellence function provided market research, competitive intelligence and marketing for PCo generally, as well as for individual drugs.
- The Medical function oversaw clinical trials, as well as post-release support for patients and healthcare professionals
- The Regulatory function's responsibility was to ensure that all requirements for drug certification were met.

It can be observed that two functional units (Medical and Regulatory) had the same internal structure, while the other two units had different internal structures. For example,

dermatology therapeutic products were grouped with cardiovascular, arthritis and respiratory products, depending on the functional unit. A senior manager mentioned in an interview that the *Bauplan* change was intended to eliminate such differences, which he said were “not an efficient way to run a business”.

5.1.2 *Bauplan* Phase I

The major objective of the *Bauplan* change, as expressed by PCo Canada’s senior management, was “to align the organizational structure with our #1 corporate priority: build a platform for creating 5 Primary Care Blockbusters” (PCo Canada, 2003: 7). The new organization structure that was put into place in late 2003 to build such a platform is shown in Figure 18. In terms of the taxonomy of change presented in 2.2.2, this was a *radical* change, because it affected the whole organization, and an *episodic* change, because it represented an interruption to the established equilibrium.

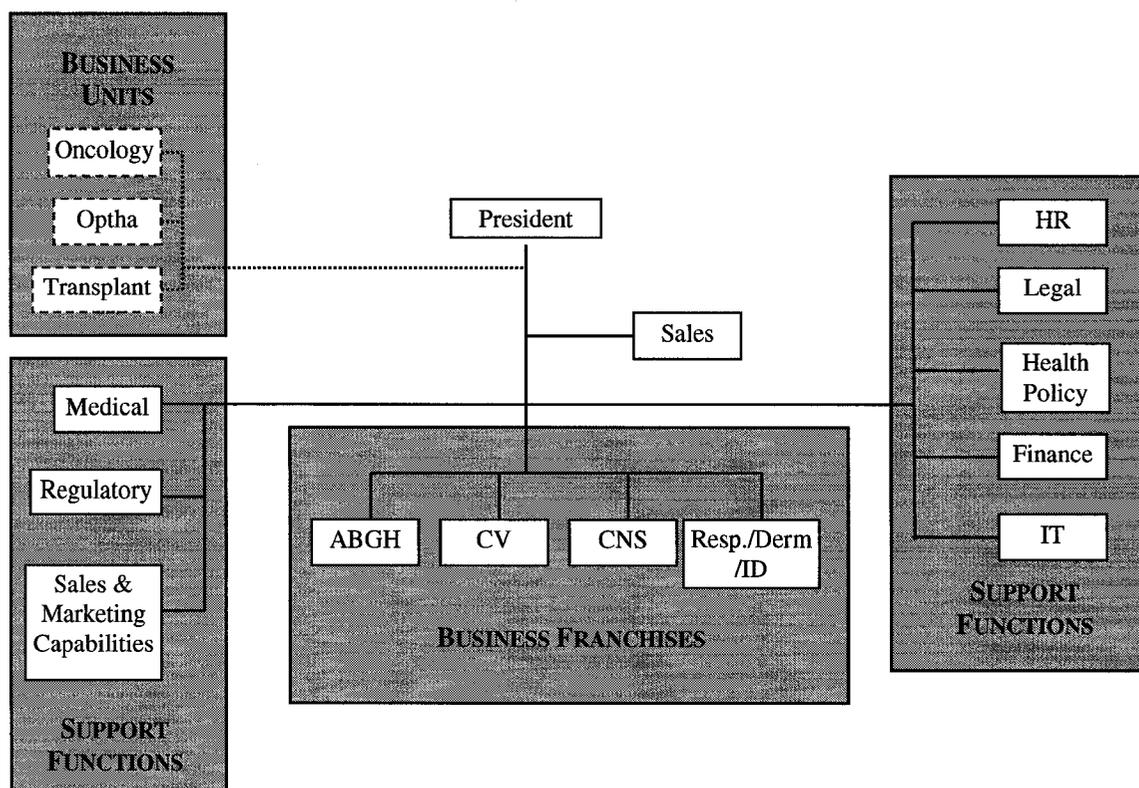


Figure 18: Bauplan organizational structure: Phase I, 2003

The change created four *Business Franchises* for the Primary Care drug portfolio, which was achieved by breaking up the existing Brand Marketing team. The Business Franchises were based on therapeutic area: the ABGH Business Franchise covers arthritis, gastrointestinal, bone, hormone replacement therapies; the CV Business Franchise covers cardiovascular therapies; CNS is for central nervous system therapies; Resp/Derm/ID is for therapies dealing with respiratory, dermatology and infectious diseases. Each of them had one blockbuster product. A fifth blockbuster – *Loxige* – was expected to be on the market within the next two years, managed by the ABGH Business Franchise. The Business Franchises were responsible for all aspects of brand and product management of the pharmaceutical products that fit into their therapeutic area. The Support Functions were unchanged, with the exception of Sales & Marketing Capabilities. This new Support Function centralised activities such as market analysis and

intelligence. This new structure is based on that introduced by the reorganization at PCo Pharma in 2000 (see 4.2.2.1).

The structure also identified three Business Units (Oncology, Optha and Transplant) which are shown in the diagram with a dotted line to the President. They had responsibility for speciality medicines, and reported directly into the US organization. The Business Units used resources from the Support Functions, like Regulatory and Finance, but had their own sales representatives.

No positions were cut as a result of the *Bauplan* change (“Total impact is headcount neutral” (PCo Canada, 2003: 11)), and in fact four new positions were created – those of Head of Business Franchise. An internal document about *Bauplan* (ibid.: 12) states that it is expected that a Business Franchise (BF) head “takes ownership of the Business Franchise, its life-cycle management, products, projects and profitability”. As a result, “the role of the Business Franchise head became one of the most important and senior roles in the company” (Senior manager, Support Function). A significant area which the Business Franchise heads did not control, however, was the sales force, which continued to report to a VP of Sales.⁶⁴

The relationship between Business Franchises and Support Functions is seen in Figure 19. This new organizational structure was what Sayles (1976: 12) calls a ‘Product Management matrix’, where

⁶⁴ There was one exception. The Neuroscience Business Franchise did have its own sales force because, as a manager in the group told me, “Probably it’s different because we don’t have mass-market kind of products, it is more specialised”.

“Product managers are systems managers who have obtained a measure of organizational power that they use to pressure the basic operating divisions to seek a goal that might otherwise go neglected.”

In the terms of PCo Canada, the “systems managers” are the Business Franchise heads, who put pressure on the Support Functions to get drugs approved, marketed and sold.

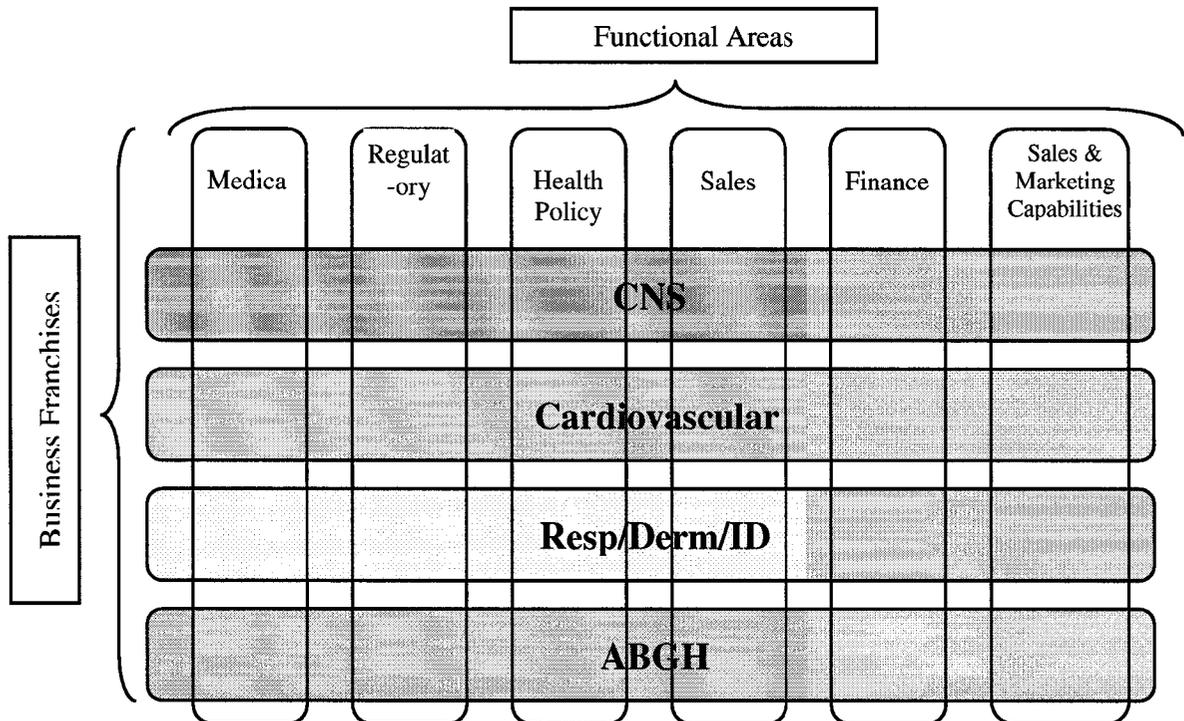


Figure 19: Business Franchises and Support Functions

In order for the Business Franchise heads to be able to develop their business, they were responsible for running a Business Franchise Leadership Team (BFLT), whose objectives were to “drive day-to-day BF business and align franchise activities across functions” (PCo Canada, 2003: 29). A BFLT included representatives from the Support Functions, and was structured as follows:

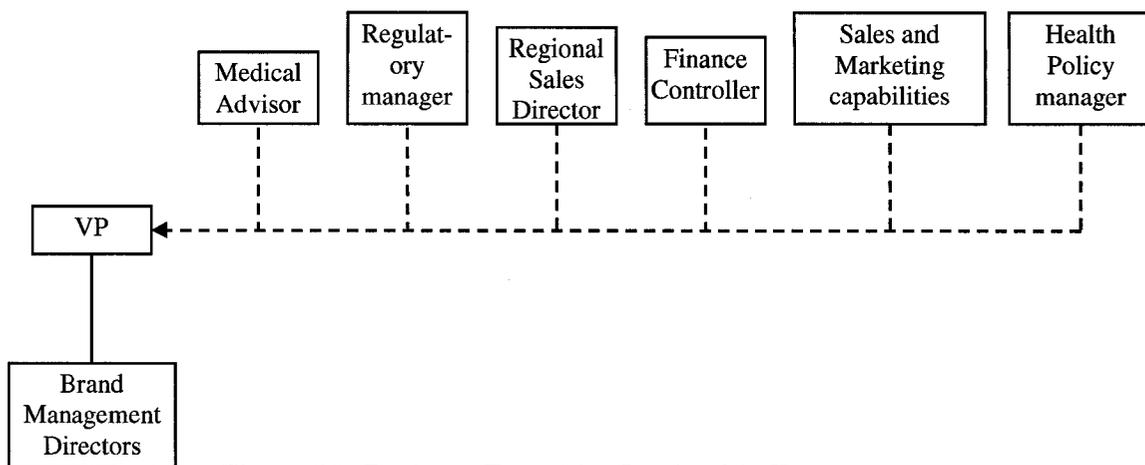


Figure 20: Business Franchise Leadership Team structure

One important consequence of implementing the matrix structure of *Bauplan* was dual reporting, which at the formal level was seen to affect the setting of objectives and performance management, pay and bonus, and career development (cf. the discussion in 4.2.1 of the performance appraisal system introduced as part of a culture change programme at PCo).

The VPs that headed of each of the Support Functions and Business Franchises reported directly to the President, and they were members of the Pharmaceutical Executive Council (PEC) which was the senior decision making body at PCo. The Business Franchise VPs and the VPs in charge of those Support Functions that were represented on the BFLTs were also members of the Primary Care Leadership Team (PCLT). The PCLT's aims were to discuss and set strategies for Primary Care, review Business Franchise performance and share best practices. The Chairperson for the PCLT was the VP of Marketing Capabilities, who set the agenda and led the discussion.

After its introduction in late 2003, this organizational structure was fundamentally untouched for fifteen months, in that no new Business Franchises were created, and no groups moved from one function to another. In early 2005, though, changes were made to the structure. These changes, which are described in the next section, represent the beginning of the second phase of *Bauplan*.

5.1.3 *Bauplan* Phase II

At a General Associates Meeting held in the cafeteria in the second week of January 2005, the President of PCo Canada announced some changes to the matrix organizational structure. The new structure is shown in Figure 21. The President had taken up his post the previous week, having come from PCo Global, where, coincidentally, one of his projects was developing the *Bauplan* change.

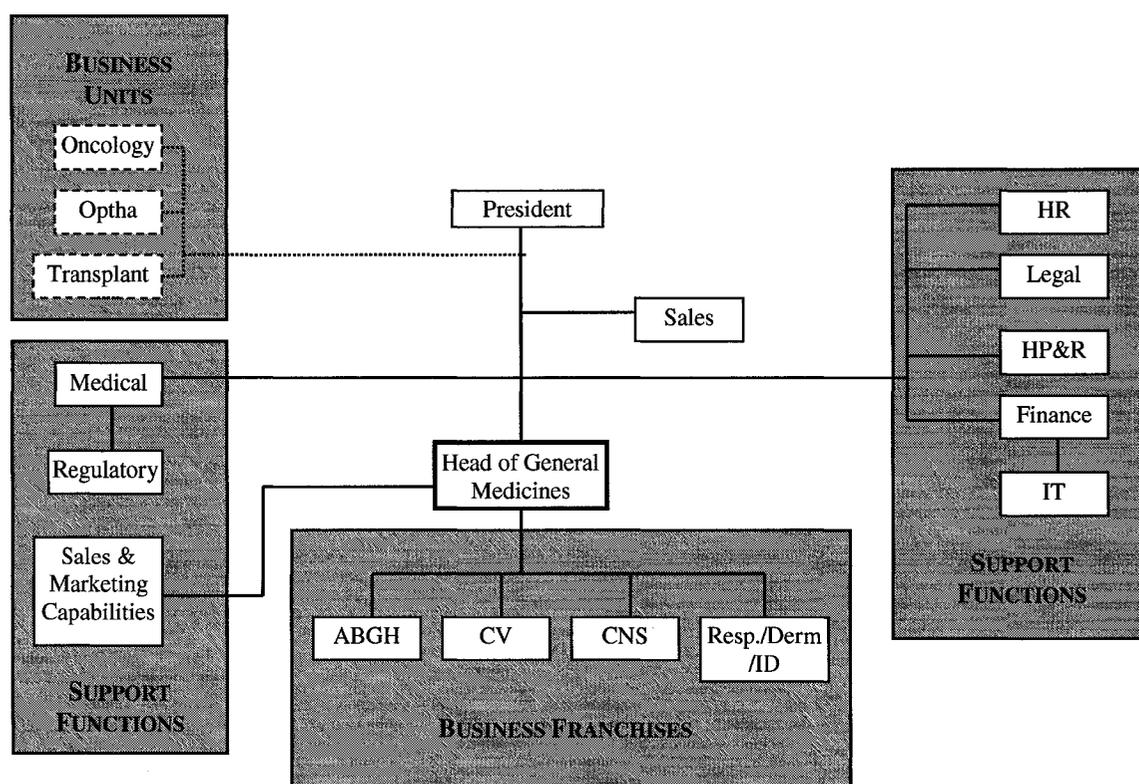


Figure 21: Bauplan organizational structure: Phase II, 2005

Phase II of *Bauplan* involved the following changes:

- Creation of the position of Head of General Medicines,
- The Regulatory department was merged into the Medical department,
- The Information Technology department became part of the Finance department, and
- A new committee was created.

The position of Head of General Medicines⁶⁵ existed in other CPOs that had rolled out *Bauplan*. The post was taken by someone who had been VP of one of the speciality medicine business units. The VPs in charge of the Business Franchises now reported to him, as did the VP in charge of Sales & Marketing Capabilities. Some of the

⁶⁵ The full title was Senior Vice-President Marketing & Sales/Head of General Medicines. The position was always referred to as Head of General Medicines by PCo Canada staff.

responsibilities of the Head of General Medicines (HGM) had been those of the VPs who now reported to him. He described his role as follows:

“As Head of General Medicines, basically I oversee all the general medicines business, which is everything except for specialty. I take all the other business, so all the primary care, what we call general medicines. My role is to oversee the franchises on the marketing and sales aspect. If I wasn't there, they would be reporting into the president, and that's the way it was last year... it was way too much, at one time he had 16 direct reports... so you have someone who looks after the business side of it, and the President looks at the business and the functional side.”

The second change was that the Regulatory department lost its independence, and became part of the Medical department. The VP in charge of Regulatory began to report to the VP in charge of the Medical department. A third change was that the Information Technology department lost its VP and became part of the Finance department.

The fourth part of the reorganization was the abolition of the Primary Care Leadership Team and its replacement by a new body – the Primary Care Executive Council (PCEC). The VPs in charge of Business Franchises and the VP in charge of Sales & Marketing Capabilities were members of this committee; in other words, only those who reported to the Head of General Medicines were on it.

The more senior committee – the Pharmaceutical Executive Council (PEC) – was still headed by the President. The members of this council were all the VPs who reported directly to the President. The VP in charge of the Regulatory department was an exception, and continued to be a member of the PEC. However, all the VPs who were on

the PCEC had previously been members of the PEC, but with the introduction of this new structure, they were no longer invited to PEC meetings.

5.1.4 *Bauplan* Phase III

What is identified in this thesis as Phase III of *Bauplan* was not officially designated as such. However, there were several key developments during 2006 that justify the identification of a third phase. These developments were:

- The Head of General Medicines left and was not replaced,
- The number of Business Franchises increased, and
- Some of the sales force began to report to the heads of the Business Franchises.

The Head of General Medicines left the post in mid-2006. He took a promotion and moved to a European CPO, after approximately one and a half years as HGM. His departure led to a change in the organizational structure. The new structure is shown in Figure 22. It is worth noting that this structure is very similar to the one that was in place after the change to the matrix structure three years previously, where the heads of the Business Franchises reported directly to the President.

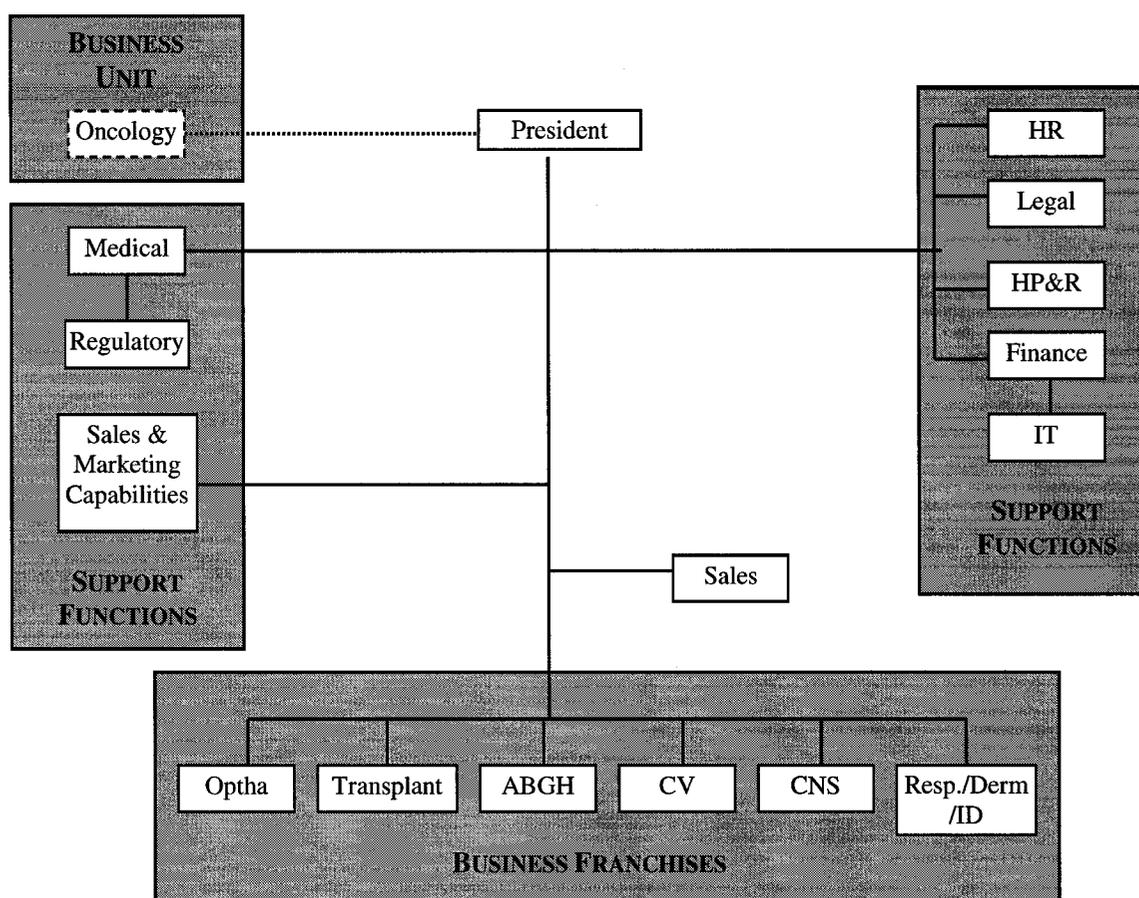


Figure 22: Bauplan organizational structure, 2007

Addition of Business Franchises. Ophthalmics, which used to be a stand-alone Business Unit, as did IDTI⁶⁶, became Business Franchises. Just like the *Bauplan* change itself, the impetus for making the two Business Units into Business Franchises came from what was happening at PCo Pharma headquarters, according to a senior manager in a Business Franchise. He said,

“Over the last two months [September and October 2006] there have been some changes in global, which are now being reflected at the country level.”

Business Franchises get a Sales Force. The sales force dealing with each Business Franchise’s products was divided into two. The sales representatives who sold the

⁶⁶ Infectious Diseases, Transplantation & Immunology

products to specialists began to report into the Business Franchise head, while those who sold to general practitioners continued to report into the VP of Sales (this change is not shown in Figure 22).

5.1.5 What is *Bauplan*?

This chapter has so far been describing *Bauplan* using only the ‘official’ point of view of the most senior PCo Canada management. One of them summarised *Bauplan* as follows:

“*Bauplan* is actually the Business Franchise structure, and then a head or chief operating officer type of position.”

In other words, *Bauplan* consists of the change to a matrix structure (discussed above as Phase I), and the creation of the position of Head of General Medicines (Phase II in the above discussion). However, it quickly emerged during the data gathering that the understanding that *Bauplan* had two phases was not widely shared.

A question that was asked in each of the first round interviews was “How would you briefly describe the *Bauplan* change, in your own words?” Table 19 presents findings from the first interviews with all respondents. (In this and similar tables, BF = Business Franchise, SF = Support Function). The interviews were analysed to see what respondents mentioned: the change to a matrix structure, the creation of the Head of General Medicines (HGM) position, or both.

	Associates		Middle Managers		Senior Managers		Total
	BF (N=5)	SF (N=5)	BF (N=12)	SF (N=13)	BF (N=6)	SF (N=5)	
Change to matrix structure only	1	1	3	3	0	0	8
Creation of HGM position only	3	4	7	7	1	2	24
Both matrix structure and new position	1	0	2	3	5	3	14
Total	5	5	12	13	6	5	46

Table 19: Understanding of Bauplan change

More than half of the respondents thought *Bauplan* was what has been described here as Phase II, and that Phase I was a different change. Typical responses were:

“The *Bauplan* change was that now we have a Head of General Medicine, we have the DRA reporting to [the head of Medical] plus we have BD&L reporting directly to the President.” – Middle manager, Support Function.

“Actually they have added a level, and I don’t even know what his title is – principal VP? And he is sort of in charge of Primary Care, and all of the VPs report to him.” – Associate, Business Franchise.

“It is my understanding that it is the BFLT structure in November, December 2003.” – Middle manager, Business Franchise.

One interviewee was prescient in his assessment:

“That’s an interesting question. You’ll probably get different answers because nobody has a clear vision of what it is.” – Middle manager, Support Function.

The two phases of *Bauplan* happened in one sequence in Canada, but in different sequences in some CPOs. In some there was a ‘big bang’, where it all happened at the same time, while in other CPOs the sequence was reversed, i.e. the position of Head of General Medicines was created before the matrix was introduced. During the interviews, there was sometimes speculation about the timing of the two phases in Canada, and there were views supporting each of the three possibilities for rolling out the changes as being

the best. Whether outcomes would have changed with a different sequence is an interesting question.

These results suggest that the change management process was not totally effective in its communications. Change management is one of the themes of the next section.

5.2 Identifying the Outcomes

The concept *change outcome* was determined to be helpful in providing a way of understanding the data as they were being analysed. This concept has several dimensions, as depicted in Figure 23.

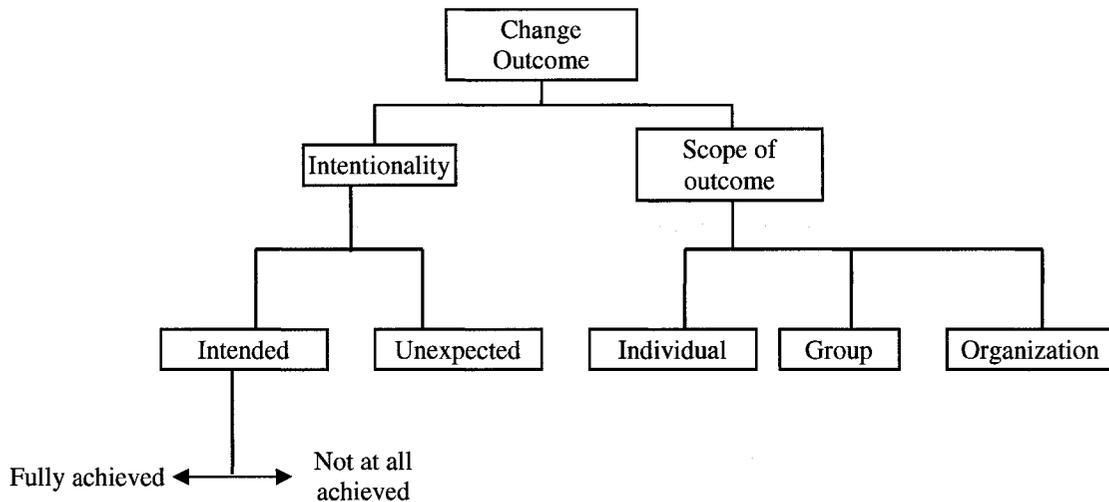


Figure 23: Concept – change outcome

First, the figure shows the intentionality of the change outcome as a key aspect. The literature review suggested managers undertake planned change initiatives with certain outcomes in mind – these are intended outcomes. Furthermore, the descriptive literature suggested that the unpredictable nature of change processes means that there will be

outcomes which were not expected or intended. It should be noted that the literature tends to use the terms 'unexpected' and 'unintended' interchangeably (e.g. Harris and Ogbonna, 2002). Evidence was indeed found in the analysis of the *Bauplan* change of both intended and unexpected outcomes.

Second, when a change outcome is classified as 'intended', its intended results may be achieved fully, or not achieved at all. As the discussion in Chapter 6 shows, there can be different views within the same organization about the extent to which an intended change outcome has been achieved.

A third aspect of the concept 'change outcome' relates to the level where the change has an effect. A planned change initiative could be introduced which is intended to have a specific effect at the level of the organization, group or individual. It will be shown later in the thesis that outcomes that are intended to have an effect at one level may also have an impact on other levels. For example, *Bauplan* was supposed to achieve the outcome of improved decision making at the organization level, but also had related effects at the level of the group and individual.

The intended outcomes of the *Bauplan* change were communicated to PCo employees by means of change management activities by PCo senior management. It is suggested that these change management activities can usefully be analysed as part of what Gioia and Chittipeddi (1991) identify as sensegiving. Sensegiving⁶⁷ is the construction and dissemination of a vision that is intended to encourage the stakeholders involved in a

⁶⁷ Discussed in 2.10.2.

change to behave towards the change in a way that as deemed appropriate by the sensegivers. Therefore, sensegiving affects the way the recipients of a change initiative make sense of it (see, for example, the discussion of group change processes in Section 6.3). The outcomes that were expected from *Bauplan* are discussed in this section, which is organized according to the three phases of the change initiative, with a summary at the end.

5.2.1 Intended Outcomes – Phase I

The goals of Phase I of *Bauplan* – the introduction of the matrix structure – at PCo Canada were described in an internal document (PCo Canada, 2003) that was targeted at senior management. Senior management was expected to be the main sensegivers, according to the document, in that they were given specific actions and responsibilities for change management and timelines for carrying out their assigned activities, as described later in this section. This document was produced by two senior PCo Canada staff (one from a Support Function, the other from HR) with input from PCo Pharma. It describes the overall goal of the change management activities as follows:

“Everyone needs to understand and value that the change will position PCo and its associates⁶⁸ for greater success in line with Becoming the Best⁶⁹, the P!Vision⁷⁰, and the global structure.” (PCo Canada, 2003: 44)

References to ‘Becoming the Best’ and ‘P!Vision’ frame the coming change within a broader context. The quotation suggests that goal of the change to a matrix was to make

⁶⁸ PCo tends to refer to employees, particularly those below the rank of VP, as ‘associates’.

⁶⁹ A PCo Canada initiative to have market leadership.

⁷⁰ The vision of having 5 blockbusters in Primary Care.

PCo Canada more successful, in terms of both competitive success ('Becoming the Best') and internal success (P!Vision). By sending this message with their sensegiving, senior management created a framework that proposes that the *Bauplan* change should be understood as a way to make PCo Canada more financially successful.

Employee views of the change and reactions (discussed in more detail in Chapter 6) were based in part on the key messages that were passed on to all employees. The key messages were identified in the internal document (ibid: 45) as:

- “Restructuring will help us to Become the Best,
- The change will provide:
 - Better communication between functions,
 - Increased focus on PC therapeutic areas,
 - Attractive career opportunities, and
 - Ownership [of job responsibilities] and accountability [for meeting objectives].
- There is a job for everyone.
- Everyone is encouraged to contribute to their new BF/Functional team.
- There will be regular information.”

The document stated that senior management had to ensure that these messages were communicated to the rest of PCo Canada employees.

In addition to promising benefits for the whole organization, sensegiving was also done to appeal to what was perceived to be of value for individuals. There were general comments about opportunities for career advancement (“attractive career opportunities”). Also included in the sensegiving was a more specific message for Business Franchise heads – the company document emphasises that the position of Business Franchise head

was a vital one in the new structure: “[these are] CEO-like positions which will maximise development and open up opportunities with increased responsibility within the organization” (ibid.: 12).

The initial change management programme relating to Phase I had four steps (PCo Canada, 2003). The first stage was ‘onboarding’ (PCo Canada, 2003: 20), which was aimed at the members of the Primary Care Leadership Team (PCLT) (i.e. the VPs in the organization who were in charge of the Business Franchises and Support Functions). This involved a one-day workshop to validate the new organization charts, prepare a 100-day work plan, and to align communication. This effect of this last activity was to ensure that the sensegiving by senior management was consistent. This stage took place in September 2003.

The second stage of the change management programme was the announcement of the matrix structure to different groups. A group of senior people were informed on 6 October 2003 at a group meeting about this change, while on the same day the people who were directly affected (i.e. were going to have dual reporting) had individual meetings with their VP. In the morning of 7 October 2003 there was a General Associates Meeting, where the President met all employees in the cafeteria and presented the restructuring concepts at a high level, without any PowerPoint presentation. A follow-up e-mail was sent later that day.

The third stage – information sharing – took place immediately after the General Associates Meeting. There were more meetings with directly affected employees on 7 October, and on 8 October there were Business Franchise and Support Function group meetings where roles and responsibilities were the topic.

The final stage – ‘Follow-up’ – happened on 9 October, when an orientation document, including organization charts, was sent to all employees. It was planned there should be ‘Matrix Training Workshops’ for employees, as well as a ‘Pulse check’⁷¹ a few months after the implementation of the matrix structure.

In light of the disappointing initial reception of the matrix change (discussed in Section 6.1.1), PCo Canada senior management initiated a further education and training programme for the people working in the matrix. This took place in early 2004, around 4 months after the implementation of the new structure. There was a seminar led by a member of the HR department. A large part of the seminar presentation (PCo Canada, 2004b) was dedicated to explaining why a matrix structure was such a good idea. A history of the matrix structure was included in the presentation, along with a list of advantages which reinforced those which were previously provided to staff. The advantages that the presentation described (PCo Canada, 2004b: 9) were that a matrix structure:

- “Enhances associates and management communication
- Leads to higher quality decision making
- Faster problem solving

⁷¹ ‘Pulse checks’ consist of meetings with individual employees and/or a survey about HR-related issues.

- Facilitates rapid management response to business environment changes.
- THIS IS WHY WE CREATED THE STRUCTURE!!! (sic)”

The rest of the presentation dealt with practical questions about objective setting, evaluation, personal development plans, recruiting and conflict management. The very last item in the presentation (ibid.: 21) states:

“No one lost power and no one gained power, we just have a more powerful structure allowing us to achieve greater alignment, greater decisions, greater results.”

5.2.2 Intended Outcomes – Phase II

Phase II is the stage of *Bauplan* which saw the creation of the position of Head of General Medicines (HGM) and the Regulatory Affairs becoming part of the Medical department. Unlike Phase I of *Bauplan*, there was no programme of change management for the majority of employees, leading to such comments as:

“The change management was poor. No meeting, no consultation, no aligning people together...” – Senior manager, Business Franchise.

Some interviewees did report that a meeting actually did take place, where a very high level rationale was presented about alignment with other countries but according to one employee,

“It was presented in an unclear fashion, quite high level, most people in the room couldn’t get it.” – Middle manager, Support Function.

In the absence of formal documentation about the change management of this phase of *Bauplan*, the goals of the changes that were introduced have to be taken from the data

that came from the interviews with senior management and the key informants. The new Head of General Medicines stated that his position was supposed to produce three outcomes:

- improve the external focus of the organization,
- improve decision making speed, and
- advance the business through increased alignment and making the most of synergies between the BFs.

Details on each of these outcomes are provided next.

External Focus. A fundamental part of the HGM's role was to off-load some of the day-to-day decisions from the President to allow him to concentrate more on the world outside PCo Canada. The HGM stated,

“So you have me, who looks after the business side of it, and the President looks at what's going on in the industry in Canada, meets the players and so on.”

Improve decision making speed. Since the President had so many people reporting to him, the HGM believed that his arrival in the new position, where he would take some of the decisions, would speed up decision making. He said,

“Before, when the President has 16 people reporting into him, how accessible was he? How quickly would he review things? So you would think that my arrival should allow for a more rapid turnaround.”

Advance the business through alignment and synergies. Three of the Business Franchise heads that were interviewed mentioned the potential benefits, in terms of business results, of the desired synergies and alignment that the HGM could achieve as a manager who was in charge of all the Business Franchises. A typical comment was

“There was a need to have better coordination between the Business Franchises.”
– Senior manager, Business Franchise.

In addition, the HGM himself explained his role in those terms:

“The Head of General Medicines should technically be managing the bigger corporate vision, have the heads of the Business Franchises fight for resources and push their own projects, and this person should be having a corporate umbrella and decide ultimately where the resources will be allocated, according to the best projects for the corporation.”

The justification for combining Drugs and Regulatory Affairs (DRA) with the Medical department was also ‘alignment’, as a senior manager in the function explained:

“It was a kind of better alignment, we had to better align. The market is evolving very, very fast. In the past we had a structure, it wasn't bad, but we needed to go to a structure that is different and more adapted to the needs of the market.”

There were efforts to do some change management within the newly merged group. There were off-site meetings for everyone, and a series of workshops involving a professor of Organizational Behaviour from a local university.

5.2.3 Intended Outcomes – Phase III

There was no official change management for Phase III, so the outcomes of the changes have been drawn from the data from Round II of the interviews. The two outcomes identified in this way were

- Advance the business through increased alignment and synergies between the BFs, and
- Improved effectiveness.

Advance the business through increased alignment and synergies. Among the changes at PCo Global is an initiative whose goal is to reduce administrative and other costs by a large amount; this initiative is one of the priorities mentioned in the annual report (PCo, 2007a). The Head of one of the Business Franchises suggested that the small size of the two Business Units that became Business Franchises (IDTI⁷² and Ophthalmics) cost them their independence, in the light of this corporate initiative. He said,

“My speculation is that they made the change because when you look at the benefits, the synergy, the economies of scale of linking those two business units which weren’t as big as the oncology one, it made much more sense from the management perspective to tie them in at the country level.”

Improved effectiveness. The Head of one of the Business Franchises felt that giving the Business Franchises some control over the sales force was a good idea, as had been shown by the experience of the CNS Business Franchise, which was the original exception to the policy of keeping Sales and Marketing separate. He said,

“CNS has much more focus and alignment, and is able to do a very good job with the sales people, because they’re all part of the same team, and in my franchise it’s probably the right thing to do.”

5.2.4 Summary of Intended Outcomes

It is possible to classify the intended outcomes that have been described according to the level (organization, group, or individual) at which they have their first impact. Table 20 summarises the intended outcomes as presented in this section, and specifies the level where they were initially intended to have an effect. For example, relationships between

⁷² Infectious Diseases, Transplantation and Immunology.

groups affect those groups at first, but ultimately can play a role in the efficiency and productivity of the whole organization. The table represents the result of a coding process of interview data and supporting documents. The column 'Related Codes' identifies the most frequently mentioned aspects of the outcomes that emerged from analysis of the interview data.

	Intended Outcome	Related Codes
Organization level outcomes	More alignment with PCo Pharma globally	<ul style="list-style-type: none"> • Take advantage of synergy between PCo Canada and rest of the organization
	Greater financial success	<ul style="list-style-type: none"> • More productivity • Greater efficiency
	More focus on the business	<ul style="list-style-type: none"> • More external focus • Less internal focus on non-business affairs
	Improved decision making	<ul style="list-style-type: none"> • Faster decisions • Better decisions
Group level outcomes	Increased alignment and synergies	<ul style="list-style-type: none"> • Improved cooperation between BFs • Greater alignment between BFs
	More efficiency between Primary Care and Support Functions	<ul style="list-style-type: none"> • Improved communication between Support Functions and Business Franchises • Support groups take advantage of synergies in BFs
Individual level outcomes	More job accountability and responsibility	<ul style="list-style-type: none"> • Greater clarity over dual reporting • Being able to do interesting work • Increased ability to make decisions
	Career progression	<ul style="list-style-type: none"> • More possibility of promotion • Increased ability to transfer

Table 20: Expected outcomes of Bauplan classified by level

The *Bauplan* change introduced a new organizational matrix structure, replacing an organizational structure that was based on functions. The intended outcomes of this change were part of the narrative created by senior management: there should be improved cross-functional team work, more focus on the business, and alignment with PCo Pharma's structure in order to meet the top corporate priority – the creation of five Primary Care blockbusters. The company should become more successful on the sales side, and at the same time, there would be improved career opportunities for individuals,

whose job experience (in terms of ‘accountability’ and ‘responsibility’) was expected to be enhanced.

5.3 Identifying the Unexpected Outcomes

The main interview questions that were used to identify the unexpected outcomes were those that asked about the benefits and drawbacks of the *Bauplan* change for the organization, groups and individuals, and about the organizational culture. In addition, It also became possible to ask more specific questions as more interviews were held, because the unexpected outcomes emerged from the analysis that was being done as data were being collected. During analysis of the interviews, evidence of six unexpected outcomes was found. The following were most frequently mentioned as having been affected by *Bauplan*: cynicism, stress, work-life balance, the feeling of empowerment, morale and the sense that the structure was an appropriate one. Table 21 shows how the most common codes that were developed during the analysis led to the identification of these six issues. In addition, the numbers in brackets identify the frequency with which the outcome was mentioned during the two rounds of interviews.

Cynicism	Stress	Work-life balance	Empowerment	Morale	Suitability of structure
Who cares? (19)	I'm stressed (24)	high workload (36)	top heavy (52)	indifference (24)	top heavy (52)
seen it all before (16)	More burnout (18)	long work hours (18)	micromanagement (15)	better now than last year (20)	Bureaucratic (31)
change has no sense in Canada (12)	impossible to keep everyone happy (16)	tiredness because of work (15)	more hierarchical approach (13)	not as good as it used to be (17)	Good for global, not for Canada (27)
change makes no difference (11)	tiredness (15)	large amount of work (15)	growth in top management (12)	morale suffered (12)	Canada is too small (18)
change goes in circles (5)	dotted line reduced stress (10)	very tight deadlines (14)	under-represented seat of power (12)	less enthusiasm (7)	Too heavy (15)
some people are cynical (4)	solid lines were tough to deal with (7)	work-life balance (12)	leadership style autocratic (11)	Now look forward to coming in (2)	growth in top management (12)

Table 21: Open codes behind the concepts related to unexpected outcomes

5.4 *Bauplan* and the Model of Change

The model of change presented in Section 3.1 can be applied to what has been discussed so far. Chapter 4 described the contexts of change, and in doing so, pointed towards the past, where the *conception* of a need to change was formed. A realisation of the challenges facing the pharmaceutical industry led to the reorganization of the organizational structure at PCo Pharma, and this in turn led to the *Bauplan* change at PCo Canada. Meanwhile, this chapter has so far drawn attention to the *content* of the change: first, the introduction of a matrix structure; second, the creation of a new senior position (head of General Medicines), along with some realignment of other departments; third, the departure of the HGM and further realignment of departments. Finally, the chapter

identified the intended and unexpected *outcomes* of this change – these are discussed further in the next chapter.

The rest of the thesis builds on the outcomes presented in this chapter to tell the story of how the *Bauplan* change unfolded over time.

6 *Bauplan* Outcomes and Processes of Change

The previous chapter described the content of the *Bauplan* change, and showed how this change was initiated to introduce a new organizational structure. As a result of this change, the organizational charts at PCo Canada looked different after Phase I than they did before, and looked different again after Phase II than they did after Phase I, and so on. The intended outcomes of the change were described, and unexpected outcomes that emerged during the change were identified.

The goal of this section is to discuss the processes of change that led to the outcomes that have been presented so far. Therefore, this chapter analyses how the *Bauplan* change developed. This involves taking the different levels of the organization into account, as well as developments in the inner and outer contexts of change.

Analysis of the data suggested that it was possible to come towards an understanding of the *Bauplan* change by investigating in particular two themes of the change. One theme is the relationship between *Bauplan*, the Support Functions and Business Franchises, and the second theme is the relationship between *Bauplan* and the hierarchical groups in the organization. The investigation of these themes should allow insight into the reasons *Bauplan* developed as it did. It should also provide some insight into change processes at organization, group and individual levels.

This chapter has five main sections. The first of these (6.1) presents the overall data related to the change outcomes. The second section (6.2) describes changes in the inner

and outer context that influenced the *Bauplan* change. This information from the first two sections is then used in the analysis that follows. Group change processes related to *Bauplan* are discussed in Section 6.3. Here, particular attention is paid to the two main themes that were identified during the analysis: relationships between functional groups, and *Bauplan* and hierarchical groups. Individual reactions to *Bauplan* are discussed next (6.4). Section 6.5 is an overall review of the application of a processual-contextual approach to the analysis of *Bauplan*. In short, this chapter examines the outcomes of the *Bauplan* change over time, explores how and why these outcomes developed, and investigates change processes at different levels of the organization.

6.1 Outcomes

This part of the chapter reports on the intended outcomes at the three points in time where data were collected, i.e. data that were gathered by PCo Canada just after the introduction of *Bauplan*, a first round of primary data gathering during Phase II of *Bauplan* and a second round of primary data gathering during Phase III. A more complete picture of data collection activities was shown in Table 2, but for the convenience of the reader, Table 22 is provided as a summary.

Timing of <i>Bauplan</i> phase	Phase of <i>Bauplan</i> change	Data collection activity	Timing of data collection	Section where outcomes discussed	
				Intended	Unexpected
Oct. 2003	Phase I: creation of Business Franchises	Quantitative data collected by PCo.	Jan.- Feb. 2004	6.1.1.1	6.1.2.1
Jan. 2005	Phase II: creation of a new position and the merger of Regulatory and Medical	Round I of data gathering - interviews	Aug. – Dec. 2005	6.1.1.2	
June 2006	Phase III: adjustments to structure and HGM leaves	Round II of data gathering - interviews	Nov. 2006 – Mar. 2007	6.1.1.3	6.1.2.2
		Round II of data gathering – quantitative survey	Feb. – Mar. 2007	6.1.3	

Table 22: Summary of data collection and Bauplan phases

The discussion of these data proceeds as follows: the intended outcomes are presented first. This is followed by a presentation of the unexpected outcomes. There is a presentation of the data from the quantitative survey, and the final part of the discussion consists of some comments on triangulation of data.

6.1.1 Intended outcomes

The presentation below of whether or not the intended outcomes were achieved is organized according to the three data collection activities – PCo data, Round I data and Round II data. There is a second categorisation: since the research questions deal with organizational, group and individual levels, the presentation of the data takes these into account.

6.1.1.1 Phase I

This section discusses how Phase I of the *Bauplan* change – the introduction of a matrix structure in October 2003 – progressed in the first few months after its implementation. It presents the results of the data gathered by PCo approximately four months after the introduction of *Bauplan* Phase I. While the analysis in this section is based on internal documentation, the use of such data is common in qualitative studies, as was discussed in Chapter 3. The data the internal documentation provides are valuable because they were gathered *at the time* of the change, and represent contemporary thoughts and opinions.

As described above (5.2.1), the change management programme for *Bauplan* included a ‘Pulse check’. During Round I interviews, it emerged that the results of this were extremely disappointing from the point of view of senior management:

“We did surveys – the first one was really negative.” – Senior manager, Business Franchise.

The ‘Pulse check’ report (PCo Canada, 2004a) was based on comments gathered in ‘Matrix Organization Workshops’, which were attended by 31 people below the rank of VP who were working in the new Business Franchises, and on 18 individual interviews (including a quantitative survey) with thirteen staff and five VPs (Heads of Business Franchises and Support Functions). The quantitative data need to be treated with caution, because of a lack of knowledge about how the sample was created. It will be noted, however, that the findings from this initiative are similar to those observed in the data that were collected as part of this thesis.

PCo's survey consisted of nine statements. For the purpose of the analysis in this thesis, the statements were divided into three groups, according to the level of the outcome to which they refer. Four statements dealt with organization level outcomes, three dealt with group level outcomes, and the remaining two statements were concerned with individual level outcomes. The scale used in the survey was based on the extent of agreement with the statement: 1 = Strongly Disagree, 2 = Disagree, 3 = Somewhat Agree, 4 = Agree, 5 = Strongly Agree, so the higher the score, the greater the level of agreement. In the tables in this section, the results in the 'PLT' (PCo Leadership Team⁷³) column reflect the responses of the VPs, and the results in the 'Associates' column are those of everybody else. The column 'Gap' represents the difference between the scores of these two groups.

Organization Level Outcomes

The statements⁷⁴ relating to organization level outcomes are concerned with decision making (Statements 1 and 8) and financial success (Statements 5 and 7). Table 23 presents the results of the PCo survey.

⁷³ This is the VPs as a group.

⁷⁴ The statement numbers are those in the PCo Canada document (PCo Canada, 2004a), where they are not separated by level.

Statement	Organization Level	Associates (N=13)	PLT (N=5)	Gap
1	The new BF structure allows the organization to make quicker decisions.	2.5	3.2	0.7
5	I can observe tangible benefits for the organization that are related to the implementation of the new BF / Matrix structure.	2.7	3.8	1.1
7	The matrix structure generally enhanced productivity and efficiency.	1.9	3.3	1.4
8	The matrix structure offers effective and flexible ways of dealing with complex situations and respond quickly to crisis situations.	2.6	3.5	0.9
	Average	2.4	3.4	1.0

Table 23: 'Pulse check' questionnaire results – Organizational level outcomes

According to the report, which was prepared for PCo Canada's senior management, there was "strong acknowledgement of the overall benefits of the BF structure for the organization" (PCo Canada, 2004a: 3). However, the evidence for making this statement is rather weak when one looks at the responses of the associates to Statement 5. The score of 2.7 that was given by the associates to Statement 5 is between 'disagree' and 'somewhat agree' that there are tangible benefits for the organization, which is not a particularly strong level of support. Statement 7 offers even less of a foundation for claiming there was strong acknowledgement of the benefits of the change.

When asked about their agreement with the statement that the matrix structure was enhancing organizational productivity and efficiency, the average score of the associates was 1.9 (between 'Strongly Disagree' and 'Disagree'). Similarly, Statement 8, about organizational effectiveness and speed in responding to crisis situations, received a low score from the associates (2.6), as did Statement 1, which was about the Business Franchises' having increased decision making speed (score of 2.5).

The scores given by the PLT were higher than those of the associates, as indicated by the PLT's average score of 3.4 for these four statements compared to 2.5 for the associates. However, it should be noted that while the PLT were more supportive of the change than the associated in terms of absolute score, the degree of support from the PLT is not particularly strong either (i.e. ranging from 3.2 to 3.8, between 'Somewhat Agree' and 'Agree', for the four statements dealing with organizational outcomes).

Group Level Outcomes

Statements about outcomes at the group level also received low scores from the associates. Table 24 indicates that the most positive outcome was that communication between Business Franchise heads and functional managers was "clear and fluid" (Statement 3, which received a score of 3.0 ('Somewhat Agree')). A key mechanism for running the business within the Business Franchises was the BFLT meetings, and there was marked disagreement with the idea that they were productive (i.e. an average score of 2.0, 'Disagree', for Statement 9). There was also disagreement by the associates with the statement that communication within the Business Franchise was fluid (Statement 4, which received an average score of 2.4).

Statement	Group Level	Associates (N=13)	PLT (N=5)	Gap
3	There is clear and fluid communication between functional managers and BF heads.	3.0	4.0	1.0
4	There is a fluid communication within the BFLT.	2.4	3.8	1.4
9	The BFLT Meetings are productive and make full use of my time.	2.0	3.5	1.5
	Average	2.5	3.8	1.3

Table 24: 'Pulse check' questionnaire results – Group level outcomes

As with organization level outcomes, the members of the PLT were more positive about the group level outcomes than the associates (average score of 3.8 compared to the associates' 2.5). In addition, the PLT were more positive about the group outcomes than they were about organizational outcomes (average scores of 3.8 and 3.4 respectively). In contrast, the associates awarded identical average scores to both levels of outcomes (i.e. 2.5).

Individual Level Outcomes

There was disagreement regarding the two statements dealing with outcomes at the individual level, as indicated in Table 25. Individuals in the matrix structure were not clear about their priorities (Statement 2, with a score of 2.4), and they tended not to see tangible benefits for themselves (Statement 6 scored 2.6). The members of the PLT were again more positive than the associates. The difference on the statement dealing with clarity of priorities was particularly noticeable (2.4 from the associates compared to 4.2 from the PLT). Finally, it is interesting to note that the PLT members felt that there were more tangible benefits for the associates than did the associates themselves.

Statement	Individual Level	Associates (N=13)	PLT (N=5)	Gap
2	Individuals who are in a dual reporting relationship are clear about their priorities.	2.4	4.2	1.8
6	I can observe tangible benefits for the associates that are related to the implementation of the new matrix structure.	2.6	3.5	0.9
	Average	2.5	3.8	1.3

Table 25: 'Pulse check' questionnaire results – Individual level outcomes

6.1.1.2 Phases I and II

This section describes the extent to which the intended outcomes of *Bauplan* were thought to have been achieved eighteen months to two years after the introduction of the matrix structure in October 2003 (Phase I), and six to twelve months after the creation of the position of Head of General Medicines in January 2005 (Phase II). The data that are used here are from the thirty-eight interviews that were carried out in the second half of 2005 (identified in Section 3.3 as Round I of data gathering). Just before Round I of data gathering, there was another 'Pulse check'. The results of this again proved to be disappointing, particularly in comparison with other countries where similar changes had been made (PCo Canada, 2005b). Unfortunately, the data in this document could not be extracted in a usable form for this research, because the document only contained a few high level statements.

It should be pointed out that the interview questions in Round I that dealt with the intended outcomes of the *Bauplan* change were initially open questions, i.e. interviewees were not asked about specific outcomes. Whenever respondents did mention an outcome,

however, they were asked about the extent to which it had been attained. As the interviews progressed, it became possible to ask questions about specific outcomes that emerged from the data analysis. Additionally, interviewees sometimes had no opinion about a particular theme. For these reasons, there are gaps between the number of people who mentioned an outcome and the total number of interviewees. The interview data were analysed as follows. During the first part of the coding process (open coding), references in the interviews to intended outcomes were given codes. These codes were then coded further to reach a higher degree of abstraction. Table 26 demonstrates how this was done.

Open codes (sample)	Concept
Moved forward Seen some improvement We are progressing We do things (<i>e.g. move quickly</i>) now	Progress
Still too (<i>e.g. internally focussed</i>) I haven't seen any change there No difference (<i>e.g. in decision making speed</i>) No change to speak of	Status quo
Worse than before Less (<i>e.g. customer focussed</i>) than before We worked better with the other group before It's definitely slowed down	Lost ground

Table 26: Development of codes related to planned change outcomes

In the following sections, the results of the data analysis are first presented in numerical form. Key points are then supported by direct reference to the interviews. When reviewing this section, the reader should be aware that the nature of the outcomes themselves meant that interviewees sometimes explained outcomes at one level by referring to change processes at other levels. This is particularly true in the case of organization level outcomes.

The data that are presented in both this section (6.1.1.2) and the next section (6.1.1.3) deal with the sample as a whole. The outcomes are grouped according to the level to which they apply (i.e. organization, group and individual). The data provided show what the sample as a whole thought about the outcome (i.e. progress, status quo, lost ground). In each table, 'N' represents the number of interviewees who provided data about the outcome. More detailed data are presented in Section 6.3 as part of the discussion of the two main themes relating to groups that were identified during the analysis.

Organization Level Outcomes

The intended organization level outcomes of *Bauplan* that were identified in Section 5.2 were: more alignment between PCo Canada and PCo Global, more focus on the business, improved decision making, and greater financial success. Data about these outcomes are presented in Table 27.

Outcome			
More alignment with PCo global	<i>N=</i>	30	
	Progress	6	20%
	Status quo	24	80%
	Lost ground	0	0%
More focus on the business	<i>N=</i>	32	
	Progress	6	19%
	Status quo	18	56%
	Lost ground	8	25%
Improved decision making	<i>N=</i>	33	
	Progress	2	6%
	Status quo	12	36%
	Lost ground	19	58%

Outcome			
Greater financial success	N=	31	
	Progress	1	3%
	Status quo	21	68%
	Lost ground	9	29%

Table 27: Organization level outcomes – Round I interviews

Alignment with PCo Global. Interviewees tended to view alignment in terms of how it affected their ability to do their jobs. As seen in Table 27, a large majority of respondents (80%) did not detect any change in the level of alignment with PCo Global after Phases I and II of *Bauplan*. The comments of an associate in a Support Function are representative:

“Before *Bauplan*, I already knew who to talk to in the UK or France or in Global, even though the org. structure was different. So there’s no difference there.”

The remaining 20% of respondents noted an improvement in alignment because of *Bauplan*. For example, a middle manager in the Regulatory department (DRA) thought that this was a result of Phase II of *Bauplan* (when DRA and Medical had been merged). He explained this by the fact that DRA was now part of the larger Medical department, which had more political weight in the global organization. He continued,

“We [DRA] now have more presence with the global organization so that we are heard more.”

A senior manager in DRA also mentioned that the visibility of DRA with PCo Global had previously been low, due to the relative unimportance of the Canadian market, but that the merger with Medical had raised the visibility of the Regulatory function.

No interviewee felt that *Bauplan* had led to a deterioration in the degree of alignment between PCo Canada and PCo Global.

Focus on the Business. During the interviews, two aspects to achieving this goal emerged. For respondents, focus on the business meant increasing external focus by getting closer to customers, and decreasing internal focus by reducing the amount of time, effort and energy spent on activities that were not directly related to the business.

The data in Table 27 indicate that 56% of the interviewees thought that there was essentially the same degree of focus on the business as before *Bauplan*. This did not mean that they were satisfied with the degree of focus, however. This indicated by the following comments:

“Now, just as we have as long as I’ve been here, we spend too much time on what’s happening inside, not outside.” – Associate, Support Function.

“People should be more aware of the market, they should be less PCo focused and more patient focused. We are still too PCo centric. And at all levels of the organization.” – Middle manager, Business Franchise.

One quarter of respondents were not positive about this outcome. Some employees felt that the organization was paying less attention to what was taking place outside its walls, and spending too much time on reorganizing. The following quotations are typical:

“I think we were much more customer focused and patient focused a few years back.” – Middle manager, Support Function.

“We are constantly changing our internal design, changing to the point where people are just in the process of change management, not in the process of driving the business. And this change hasn’t helped.” – Middle manager, Support Function.

The Head of one Support Function said that the differences between the Business Franchises meant that staff in his department were wasting time through having to do the

same thing in several different ways. Several other managers and associates in the Support Functions made a similar point.

Nineteen percent of respondents detected some progress. One senior manager said,

“Getting closer to the patients and customers? We are progressing, but we are not there yet, we are still a very internally focused organization.”

Another Business Franchise senior manager who felt that there was some improvement suggested that it was due to closer relationships between Business Franchises and Support Functions. He said,

“I think there is a bit more focus on the business from the support groups, especially regulatory, because we all sit together in the same meeting so they understand better what’s going on.”

Decision making. As shown in Table 27, over half the interviewees observed a deterioration in decision making. Employees at all levels mentioned decision making speed:

“It used to be more entrepreneurial, and I think we are getting as bureaucratic as other places that I have worked in.” – Senior manager, Business Franchise.

“We don’t seem able any more to make a decision and go. There is always going to be better, more optimal ways, maybe, but at one point it’s ‘Let’s make a decision and go.’ If you keep waiting there is always going to be something else that comes along.” – Middle manager, Business Franchise.

Thirty-six percent of interviewees did not believe that *Bauplan* had affected decision making in the organization. As was the case with the outcome of ‘focus on the business’, this finding does not imply that they were satisfied with the status quo, however. For instance, two middle managers said.

“We take decisions with the same speed now that we did before, and by that I mean – slowly.”

“Anyone who was hoping to see any difference in how we make decisions here must be disappointed.”

Only two of thirty-three interviewees thought that there was any improvement in decision making. After being in the position for eight months the new Head of General Medicines said,

“I actually think that we make decisions a lot more quickly now that I am here.”

The appointment of the Head of General Medicines meant that the top decision-making meeting – the PEC – had fewer members. Because of this, one senior manager in a non-affected Support Function found that decision making had improved in terms of the effective use of senior management resources:

“In the PEC meeting we tend to get a lot more focused on some of the more challenging issues. Last year I remember some exec. meetings where we were debating how to reallocate resources for \$10,000 or \$15,000, which wasn't the best use of executives' time.”

Financial success. As noted above, the overall goal of the *Bauplan* change was that *Bauplan* would help PCo Canada “Become the Best” (PCo Canada, 2003: 45). Two-thirds of the interviewees thought that *Bauplan* had a neutral effect on the company's financial state. The following quotes are representative of the opinions given by respondents who held this view:

“I have seen nothing concrete in terms of our business dealings.” – Associate, Support Function.

“Would we be in the same position today if we had kept the same structure? Probably.” – Senior manager, Business Franchise.

“Directly, locally here? No – I have never really seen the benefit.” – Middle manager, Business Franchise.

“From my point of view there haven’t been any [financial] benefits.” – Associate, Business Franchise.

“So the impact of the *Bauplan* change? I haven’t seen anything, I haven’t felt anything at all.” – Middle manager, Business Franchise.

“For me and my work, a benefit, a tangible benefit...? Not really. And for the organization? Not really. If we look at the sales, the way things are happening, the financial situation of the CPO, you sort of figure, ‘Hmmm, is it worth it?’” – Middle manager, Support Function.

Nine of the thirty-one interviewees expressed the view that *Bauplan* had not helped in this regard. Six of these nine interviewees described the reason as being the internal focus. One of them said,

“Despite the official wording, we are extremely internally focused. The competition must be laughing.” – Middle manager, Support Function.

Slow decision-making was the most frequently mentioned other reason for the fact that *Bauplan* was not judged to have brought about greater success. For example, one interviewee said,

“How can we hope to be more successful if we don’t change the speed with which we make decisions? The competition reacts while we are still twiddling our thumbs.” – Middle manager, Business Franchise.

The single interviewee who considered that *Bauplan* was leading to improved financial results thought that this was because,

“The way we are making decisions more quickly is helping us to respond better to the market, so I think we are doing better than we would have before.” – Senior Manager, Business Franchise.

Group Level Outcomes

The discussion in Section 5.2 identified two intended outcomes of *Bauplan* that apply at the level of the group. The outcomes are (i) that there should be increased alignment and greater synergy within Primary Care (i.e. between the four Business Franchises) and (ii) that the Support Functions and Primary Care should be able to work together more efficiently. Data related to these outcomes are presented in Table 28.

Outcome			
Increased alignment and synergies in Primary Care	<i>N=</i>	31	
	Progress	1	3%
	Status quo	18	58%
	Lost ground	12	39%
More efficiency between Primary Care and Support Functions	<i>N=</i>	33	
	Progress	7	21%
	Status quo	20	61%
	Lost ground	6	18%

Table 28: Group level outcomes – Round I interviews

Advance the business through alignment and synergies in Primary Care. As shown in Table 28, 58% of respondents felt that the alignment and synergies in Primary Care was essentially the same as before the *Bauplan* change. This was despite the introduction of the position of Head of General Medicines (Phase II of *Bauplan*), which was intended to enable the four Business Franchises to be better aligned. A typical comment came from a middle manager with over fifteen years of experience. He said,

“That’s the theory – that the Head of General Medicine’s job is to get the BFs working more closely together; the practice is, it’s not working.”

Twelve of the thirty-one interviewees (39%) felt that brand management, as it existed in the four Business Franchises, was less aligned than the single brand management and marketing group of pre-*Bauplan* times. One experienced manager said,

“Right now, we are four companies running in four different directions. Different processes, even different cultures. What I see in fact is that the Business Franchises are becoming silos.”

Others also observed that ground had been lost in this area, and they noted that there was less opportunity to share best practices than there had been before. One brand director’s comments are characteristic of this group:

“Before, we used to be able to go and talk to our colleagues on other products about any questions we might have, but now it’s more difficult – it’s like we have to constantly reinvent the wheel.”

The HGM was alone in believing that there had been improvement, saying

“We get together and talk about resources and stuff, so I think it’s better now than before.”

The meetings to which he was referring, however, were for his direct reports, i.e. the Business Franchise heads.

More Efficiency between Primary Care and Support Functions. One of the intended outcomes of the matrix change was to have more efficient methods of cooperation between Primary Care and the Support Functions. As seen in Table 28, 61% of respondents had the opinion that there had been no change in the way the two groups worked together. Unlike the outcomes of ‘focus on the business’ and ‘decision making’, many respondents were satisfied with the status quo. For example, associates from two different Support Functions said,

“Our communication with our brand teams has always been excellent.”

“Previously, we always made sure that we worked really closely with our marketing colleagues, telling them what was going on, and so on.”

Seven of the thirty-three interviewees felt that *Bauplan* had led to more efficiency in the way the groups worked. For instance, one Business Franchise head said,

“When we have a wide portfolio like we have at PCo, and you have a silo organization with marketing and sales, then it’s difficult to give attention to all the assets you have within the portfolio. So with this structure you can really focus and leverage all your assets in all departments.”

One middle manager in Regulatory noted benefits to the merger between his group and the Medical department. He pointed out:

“I think from our standpoint, with clinical and regulatory being brought together, I think it has improved things, it has improved communication, it has improved team spirit, sense of teamwork, there is a feeling of belonging to a larger team which has more momentum and more exposure.”

It is interesting to note that some PCo Canada employees who were in neither Medical nor Regulatory found that this merger of groups had essentially no effect on the rest of the organization, as exemplified by this comment from a Business Franchise head:

“And there was one other change, I don’t remember what it was, a small change... Oh yes, it was regulatory going into medical.”

Six of the interviewees believed that there was less efficiency between Primary Care and Support Functions after the *Bauplan* change than before. Some employees in the Support Functions reported having a more difficult time meeting requirements because of differences between the Business Franchises. They found that with the Business Franchises “their priorities are their priorities and they don’t really care about the other BFs’ priorities” (Middle manager, Support Function). He continued,

“One of the most difficult things I’ve had to do is manage the VPs: I’ve got work for one person in one brand to do and then I’ve got work for another person in another brand to do [...] and we get accusations from different Business Franchises that we did not step up to the plate.”

Their comments were often related to what was sometimes referred to as the silo-like nature of the Business Franchises, as described earlier in this section. For instance, one interviewee said,

“When you have to do the same thing in two or three different ways, it’s more difficult than when we just had to do it in one way.”

Individual Level Outcomes

Two intended outcomes of *Bauplan* were identified in the discussion in Section 5.2 as applying to the level of the individual. First, it was intended that individuals should feel that they have more accountability and responsibility regarding their jobs, and second, *Bauplan* was meant to provide improved career opportunities. Data about these outcomes are presented in Table 29.

Outcome			
More job accountability and responsibility	N=	32	
	Progress	3	9%
	Status quo	13	41%
	Lost ground	16	50%
Career progression	N=	30	
	Progress	1	3%
	Status quo	21	70%
	Lost ground	8	27%

Table 29: Individual level outcomes – Round I interviews

Job accountability and responsibility. Table 29 shows that half of the interviewees indicated that their accountabilities and responsibilities had taken a step backwards because of *Bauplan*. This finding is discussed in more detail in Section 6.3.2, where it is

used in an examination of groups and the *Bauplan* change. For now, two quotations point towards the issues that relate to this outcome:

“I find that I have less ability to make some decisions now that [the Head of General Medicines] is there.” – Senior manager, Business Franchise.

“What has been happening is that the interesting stuff I used like doing, I no longer do, because [the Head of the Business Franchise] is doing it instead.” – Middle manager, Business Franchise.

Just over forty percent of interviewees generally felt that neither Phase I nor Phase II changes had made any difference to the amount of responsibility or accountability they felt in their work. For instance, a middle manager in a Support Function said,

“The new structure [the matrix] hasn’t changed my day-to-day activities because we still deliver on what needs to happen”.

Similar comments were made by other interviewees who felt that their activities had not changed. However, some staff did refer to increasing amounts of work that were expected. One such interviewee said,

“My job hasn’t changed, except I find that we are having to work longer hours than we ever had to before”.

Three of the thirty-two respondents indicated that *Bauplan* had improved their situation regarding job responsibility and accountability. Two of the managers and associates from the Support Functions each mentioned the removal of double solid lines (where they reported directly to their line manager and to the head of a Business Function), and their replacement by one solid and one dotted line. For example, one of them said,

“When we got rid of the dual solid lines, that was a bit of an improvement in terms of us knowing what we were supposed to be doing and who we were doing it for.”

The other positive response came from an individual who took over new responsibilities because of *Bauplan*.

Career Progression. This outcome was mentioned in PCo Canada's internal documentation (PCo Canada, 2003), where it was noted that staff members should find that *Bauplan* would help them to progress in their careers. The data in Table 29 indicate that seventy percent of the interviewees were of the opinion that *Bauplan* had not affected their career progression possibilities. Two representative comments are:

"I don't see how *Bauplan* has made it any easier or more difficult for me to get promoted or move or anything like that." – Associate, Business Franchise.

"I'm a manager now, I was before, and whether I become a director – I don't see how that is changed by *Bauplan*." – Middle manager, Support Function.

Eight of the thirty respondents (27%) felt that their career progression possibilities were not as good as before. Some senior managers felt that they had lost ground with the appointment of the Head of General Medicines, because they reported to him, and no longer reported to the President. One of them put it as follows:

"Basically, I moved down a level because I no longer had a line to the President."

This same issue concerned those middle managers (particularly directors) who thought that their career opportunities were not as good as before. Comments like the following were made:

"When your boss goes down a level, that means that you go down a level as well." – Middle manager, Business Franchise.

"Now you have a VP reporting to a VP, so how can I get promoted when there are so many VPs anyway?" – Middle manager, Support Function.

One individual pointed out expressly that he personally had benefited from *Bauplan* by being promoted.

6.1.1.3 Phase III

This section describes the extent to which the intended outcomes of *Bauplan* were thought to have been achieved in late 2006/early 2007. This is three years after the introduction of the matrix structure (Phase I), nearly two years after the creation of the position of Head of General Medicines (Phase II), and six to nine months after his departure in mid-2006 and some adjustments to the organizational structure (Phase III).

The data in this section come from the Round II interviews that began in November 2006. Based on the analysis that was done of the results from the first round of interviews, the script for Round II interviews asked specifically about change outcomes at the various levels during the previous year (see Appendix B). Therefore, the maximum number of times that an outcome could be discussed was thirty (the number of Round II interviews), although occasionally interviewees did not have an opinion about the topic. As in the previous section (6.1.1.2), the outcomes are grouped according to the level to which they apply and the data indicate what the sample as a whole thought about the outcome. The reader is reminded that Section 6.3 presents a discussion of the two main themes relating to groups.

Organization Level Outcomes

Data from the interviews about the four organization level outcomes are presented in Table 30.

Outcome			
More alignment with PCo global	<i>N=</i>	26	
	Progress	6	23%
	Status quo	20	77%
	Lost ground	0	0%
More focus on the business	<i>N=</i>	29	
	Progress	4	14%
	Status quo	22	76%
	Lost ground	3	10%
Improved decision making	<i>N=</i>	30	
	Progress	17	57%
	Status quo	13	43%
	Lost ground	0	0%
Greater financial success	<i>N=</i>	29	
	Progress	2	7%
	Status quo	23	79%
	Lost ground	4	14%

Table 30: Organization level outcomes – Round II interviews

Alignment with PCo Global. It can be seen in Table 30 that more than three-quarters of interviewees concluded that there had been no change in the closeness of the alignment between PCo Canada and PCo Global in the previous year. This was usually because they were already satisfied with the arrangements, as exemplified by what a senior manager in a Support Function said:

“The way we worked with Global was OK before and it’s OK now.”

Six of the twenty-six interviewees felt there was improved alignment. Employees in both the Business Franchises and Support Functions reported improvements. For example, a middle manager in a Business Franchise said,

“When I was working on a campaign for [a PCo drug] that we were kind of rebranding globally, it was easier than it had been before because I understood where people fit into the organization in the other CPOs [Country Pharmaceuticals Organization].”

No interviewee felt that PCo’s Canada alignment with PCo Global was worse than before.

Focus on the Business. When asked about focus on the business, the majority of respondents (22 of 29) stated that they had not noticed either an increase in external focus, or less time and effort being spent on internal, non-business related topics specifically because of *Bauplan* over the previous year. Generally, the interviewees were saying that there was no change, but that did not mean that the degree of focus on the business was acceptable. The following two quotations demonstrate this point of view:

“I haven’t seen any change there at all. We still are involved in a huge number of navel-gazing activities.” – Middle manager, Support Function.

“More external focus? Not really – we talk about it, but nothing seems to be happening.” – Associate, Business Franchise.

The four interviewees who felt that there had been improvement in focus all referred to an increase in external focus. They drew attention to the fact that the President of PCo Canada had been in place for more than two years, which meant that he was able to be more involved in the external environment.

“It takes a while, but after a couple of years [the President] now knows who the main players are in Ottawa [the government health departments] so he can play more of a role there.” – Senior manager, Support Function.

(The impact of a change of President is discussed further in Chapter 7).

Table 30 also shows that ten percent of the interviewees felt that there was less focus on the business than before, and they each referred to the relationship between the Business Franchises and Support Functions. One middle manager said,

“In my department, we seem to have to churn out even more reports for the BFs, and each one is a little bit different. And it’s not as if they’re really useful as far as I can see.” – Middle manager, Support Function.

Decision making. More than half of the interviewees (57%) noted that there had been improvement in this area over the last twelve months, particularly decision making speed. The departure of the Head of General Medicines and the fact that he had not been replaced (at the time of the interview) was “probably the single most important change that has happened in the past twelve months” (Middle manager, Business Franchise). His departure was mentioned without prompting by over three-quarters of the interviewees when asked about changes that had been happening at PCo Canada in the previous year. An immediate effect of this departure was that the Business Franchise heads who used to report to him were once more reporting to the President. One senior manager felt that decision making speed had increased, because

“Any time you have an additional layer of management, be it [name of HGM] or anyone else, between the Business Franchise and the President, it creates an

additional barrier. What I have found more recently is that we are coming to conclusions more quickly.”⁷⁵

Respondents at all hierarchical levels, in both Business Franchises and Support Functions, noticed that decisions were being made more quickly.

“I think we are getting things done more quickly now, it seems as if decisions are being taken more quickly because the head of my franchise can take more decisions himself. – Associate, Business Franchise.

“Let me put it this way – I don’t think we take decisions as slowly as we were doing this time last year.” – Middle manager, Support Function.

It can be seen from the data in Table 30 that 43% of interviewees reported that decision making was not significantly different than it had been previously. For example, an associate in a Support Function said,

“I know that [the Head of General Medicines] has left, but I don’t see that we are making decisions more quickly.”

Other interviewees made similar comments. There is further discussion of this topic in Section 6.3.2

No interviewee commented that there had been a deterioration in decision making at PCo.

Financial success. The majority of interviewees (23 of 29) were of the opinion that the *Bauplan* change had not had any effect on the organization’s financial success during the previous year. Typical remarks were:

“I can’t really say the matrix is helping or that it’s hurting us. We still have to do our jobs” – Associate, Support Function.

⁷⁵ Interestingly, the same person had not made any comment on those lines when I first interviewed him, while the HGM was still in place.

“I don’t see that it makes any difference to our results.” – Middle manager, Business Franchise.

Four respondents felt that the organization had lost ground over the previous year because of *Bauplan*. This opinion was generally justified by reference to the organization’s internal focus and slow decision making. For example, a middle manager in a Support Function said,

“We are still so slow, taking so long to make decisions because of this structure that this is having an impact on how well we are doing. We’re not reacting as well to changes in the market because we’re doing even more navel-gazing than before, what with adding in new BFs and moving sales people around.”

On the other hand, two interviewees, both from the Business Franchises, did feel that *Bauplan* had contributed to financial success. They referred to the closer relationship that they felt existed between them and the Support Functions as being the cause of this. For example,

“We’re working better with Clinical⁷⁶ and Regulatory now, so that’s helping the top line, because we are getting compounds [pharmaceutical products] to market more quickly.”

Group Level Outcomes

The intended group level outcomes that were identified in Section 5.2 involve increased alignment and greater synergy within Primary Care and more efficiency in the way the Support Functions and Primary Care should be able to work together. Data related to

⁷⁶ Staff frequently referred to the Medical department as the Clinical department

these outcomes are presented in Table 31. There is further discussion of themes related to these outcomes in Section 6.3.

Outcome			
Increased alignment and synergies in Primary Care	<i>N=</i>	26	
	Progress	2	8%
	Status quo	19	73%
	Lost ground	5	19%
More efficiency between Primary Care and Support Functions	<i>N=</i>	27	
	Progress	3	11%
	Status quo	20	74%
	Lost ground	4	15%

Table 31: Group level outcomes – Round II interviews

Advance the business through alignment and synergies in Primary Care. The data in Table 31 indicate that nearly three-quarters of respondents felt there was the same degree of alignment and synergy in Primary Care as there had been one year previously. This does not necessarily indicate that they were satisfied with the status quo. The most common opinion was that there was still little alignment and few synergies between the Business Franchises, but that the situation had not deteriorated. The opinions of two staff exemplify this point:

“I thought that when they put in the position of [name of HGM] as senior VP, that would help out and would bring back more uniformity but no, that has never happened. Now he’s gone, all the heads of the Business Franchises have changed and still it is all run differently.” – Middle manager, Support Function.

“People in the functions who have to deal with the different franchises, they’re like little kingdoms and everybody wants to have things done their way which generates a lot of work that could be standardised.” – Associate, Support Function.

However, five of the twenty-six interviewees did feel that there was less synergy and alignment than before. Mentioned by some Business Franchise employees was that the

amount of work they had to do prevented them from sharing experiences and finding out what colleagues in other Business Franchises were doing. For example,

“Before, we could drop by and see what was going on, but now everyone is so busy that we can’t, and also there is no formal mechanism in place for me to meet with my colleagues in the other BFs.” – Middle manager, Business Franchise.

Two senior managers felt that the Business Franchises were more aligned than they had been. One of them said,

“We [Business Franchise heads] have spent some time trying to look at this thing [synergies between the BFs] and I think we’ve made progress there.”

More Efficiency between Primary Care and Support Functions. Table 31 shows that seventy-four percent of Round II interviewees felt that there was the same level of efficiency in the way Primary Care and the Support Functions worked with each other as there had been one year before. These interviewees tended to feel that the way the groups worked together was good in the first place. As a senior manager in a Support Function said,

“I do not think *Bauplan* has helped bring the Support Functions closer. Our guys were involved with the brand teams regardless. So for these functions I have in my team, I don’t think it changed.”

The four interviewees who reported that there was a deterioration in the ways the groups worked together situation all drew attention to the differences between the Business Franchises. This is demonstrated by the comments of a middle manager in the Medical Department:

“As a medical manager, working with three different Business Franchises that do not run the same way – for me that is still a major issue, and it’s getting worse.”

Three staff – each from a Business Franchise – felt that there was more efficiency. A senior manager in a Business Franchise was very clear that there had been positive developments:

“I think we feel more like a team than we have in the past. I think these benefits are trickling down to the rest of the organization because they recognise that whatever they do can have an impact on the Business Franchise, and vice versa.”

An experienced brand manager had a similar impression:

“The matrix structure has been beneficial in improving focus, improving alignment and helping with execution.”

Individual Level Outcomes

The two intended individual level outcomes of *Bauplan* identified in Section 5.2 were that individuals should feel that they had more accountability and responsibility regarding their jobs, and that their career development should benefit. Data concerning these outcomes from Round II interviews are presented in Table 32.

Outcome			
More job accountability and responsibility	<i>N=</i>	31	
	Progress	14	47%
	Status quo	16	53%
	Lost ground	0	0%
Career progression	<i>N=</i>	26	
	Progress	7	27%
	Status quo	19	73%
	Lost ground	0	0%

Table 32: Individual level outcomes – Round II interviews

Job accountability and responsibility. Table 32 shows that slightly more than one-half of the respondents did not notice that their job accountabilities and responsibilities were affected by *Bauplan* during the twelve months before the interview. These respondents

frequently drew attention to the importance of completing their tasks. For instance, an associate said,

“For as long as I’ve worked here, you need to get the job done. And if you don’t or can’t, then that’s a problem. But that has nothing to do with *Bauplan*”.

In contrast, nearly one-half of the interviewees thought that there was an improvement in 2006 in how *Bauplan* had been affecting their job accountabilities and responsibilities. The interviewees tended to refer to the departure of the Head of General Medicines in explaining why they had noted a change in their responsibilities. For example, a senior manager said,

“Now I have one less layer over me so I’m making more decisions like I used, so yes, things are better in that regard.”

A middle manager said,

“What’s happening is things like I can hire people without having to get approval from the top, even when there was no call for it.”

Career Progression. The data in Table 32 show that nearly three-quarters of interviewees did not feel that anything related to *Bauplan* had affected their career during the previous year. The following comments are representative:

“I’m a brand director, my boss is a VP – if he leaves will I get his job? I’m as likely now as I would have been a year ago.” – Middle manager, Business Franchise.

“I always have people coming to me looking for promotion, and whether I can give it to them or not doesn’t change because of anything that’s happened with *Bauplan*.” – Senior manager, Support Function.

A second aspect of career progression that was mentioned is related to the ability to move to other groups. The following remarks about that topic are typical:

“I can still move around if I want – that’s never been a problem really.” – Associate, Business Franchise.

“I just came into this position six months ago, so I don’t see any change there” – Middle manager, Business Franchise.

Twenty-seven percent of interviewees did mention a positive change in how career progression was affected by *Bauplan* in the twelve months before the interview. The heads of two Business Franchises stated that the departure of the Head of General Medicines had been beneficial for them because they could again say they reported to the President of PCo Canada. Some other interviewees – all of them directors – also felt that their career situation was improved because the departure of the Head of General Medicines, and the fact that he had not so far been replaced:

“My boss now reports again to the President, so that has meant that I have a bit more access to the President than I did have, so that’s going to sound better if I go for any interviews!” – Middle manager, Business Franchise.

“I suppose you could say it’s better to have one less layer between you and the top, but is it a huge difference? I don’t really think so.” – Middle manager, Support Function.

6.1.2 Unexpected Outcomes

This section describes the unexpected outcomes related to *Bauplan* that were mentioned by interviewees. First, findings from Round I of interviews are presented, then related findings from Round II interviews. Section 5.3 described the process through which the unexpected outcomes were identified. It should be noted that the *Bauplan* change was not

the only contributor to many of the unexpected outcomes discussed in this section (this is discussed further in Chapter 7). The interviews did suggest, however, that *Bauplan* contributed to all the issues mentioned in this section. The six unexpected outcomes that emerged from the interview data are: cynicism, stress, work-life balance, empowerment, morale and opinions about the suitability of the structure.

6.1.2.1 Phases I and II

The results presented here are from the thirty-eight Round I interviews that took place in the second half of 2005, i.e. beginning eighteen months after the introduction of the matrix structure and six months after the creation of the position of Head of General Medicines. The data in Table 33 represent what interviewees felt had been the impact of *Bauplan* on the six unexpected outcomes. In each table, *N* represents the number of interviewees who provided data about the outcome.

Outcome			
Cynicism	<i>N=</i>	32	
	More	16	50%
	Same degree	16	50%
	Less	0	0%
Stress	<i>N=</i>	34	
	More	19	56%
	Same degree	15	44%
	Less	0	0%
Work-life balance	<i>N=</i>	31	
	Better	0	0%
	Same	17	55%
	Worse	14	45%

Outcome			
Empowerment	N=	31	
	More	1	3%
	Same degree	15	48%
	Less	15	48%
Morale	N=	33	
	Higher	2	6%
	Same	20	61%
	Lower	11	33%
Suitability of structure	N=	32	
	Very suitable	2	6%
	Suitable	9	28%
	Inappropriate	21	66%

Table 33: Unexpected outcomes – Round I interviews

Cynicism. Half of the interviewees made statements that indicated they thought that the *Bauplan* change had contributed to an increase in cynicism. There was little difference between Support Function staff and Business Franchise staff, nor between senior managers and the rest of the organization with respect to this response. Two typical comments were:

“Well, it’s almost a cynical joke within the company, ‘Here is the new structure, there’ll be a new one in two years’”. – Middle manager, Support Function.

“After this change [Phase II], sometimes I see in my view hard feelings lingering around, some cynicism.” – Senior manager, Support Function.

Reasons for this cynicism can be gleaned from the interviews. For example, it was quite frequently mentioned that people thought that the *Bauplan* change initiative was unnecessary:

“They talk about ‘Think globally, Act locally.’ But they don’t – they just impose what they want, so it doesn’t matter if it’s the right solution for Canada. Why worry? It’s going to change anyway soon enough.” – Senior manager, Support Function.

Stress. It emerged from the interviews that just over fifty percent of the interviewees felt that their stress level had increased with the introduction of *Bauplan*. There were four main themes to their comments about this topic. First, the introduction of a new structure and the resultant uncertainty was a contributing factor, being mentioned by twelve of the interviewees, e.g.:

“There was some sort of stress in every single team, because it’s a new president, and a new Head of General Medicines, so people didn’t know what to expect.” – Middle manager, Business Franchise.

Second, the nature of the new structure itself, which was being perceived as top heavy, was mentioned by interviewees. They drew attention mainly to the workload, e.g.

“So we are becoming very heavy at the top and leaner at the bottom, so the pyramid is turning upside down. Which increases stress and pressure – you know, too many bosses, too many chiefs, not enough Indians.” – Middle manager, Support Function.

A third reason that was mentioned particularly by staff in the Support Functions was related to the way they worked with the Business Franchises. Support Function staff still had to deal with, and be evaluated by, two different managers, even after the dual solid line system had been abolished. The comment of the head of a Support Function typifies what Support Function staff were saying:

“When we evaluate people, it can be very stressful for them, because they have to try to satisfy two people who may have very different management styles” – Senior manager, Support Function.

In addition, the fact that each Business Franchise had different ways of working was mentioned by several Support Function interviewees as a source of stress.

A further cause of stress was identified in the interviews with staff in the departments which were affected by the arrival of the Head of General Medicines (which is discussed further in Section 6.3.2). Some of these employees noted that the resultant reduction of empowerment and their job responsibility created a certain amount of stress.

As seen in Table 33, other interviewees (forty-four percent of the sample) did not feel that *Bauplan* had particularly affected their stress level. The majority of these interviewees, however, did refer to the fact that the stress level was already high. This is exemplified by what a middle manager in a Support Function said:

“The stress level is the same. When I joined everybody was saying, ‘Ah, you will see the stress level is very high’. So I find the stress level is pretty much the same, but it is high.”

One reason other than the *Bauplan* change given for the high levels of stress was the disappointing company financial performance in 2004 and 2005. For example,

“I think, given everything else that’s gone on in the environment, everything else that’s gone on – we’re having a challenging year in terms of numbers and so forth – all of a sudden that puts different pressures on people, and when that happens, stress levels go up.” – Senior manager, Business Franchise.

Work-life balance. A programme was in place at PCo Canada whose goal was to improve work-life balance. It included such features as a limit on when meetings could be scheduled (e.g. not on Friday afternoon or before 9 a.m.) and the introduction of technology (e.g. BlackBerry devices) to make it easier for staff to work away from the office. Despite this programme, comments from 14 of 31 interviewees who had an opinion suggested that they felt that *Bauplan* was contributing to a worsening of the work-life balance. Five of the seven Business Franchise staff who thought work-life

balance had worsened equated *Bauplan* with an increase in the number of reports and presentations that had to be produced. One comment exemplifies this point of view:

“Because there is another player involved, our workload has actually increased, that there is more expectations from [the Head of General Medicines] wanting to understand the dynamics so because we control a lot of the data, a lot of the information, we end up having to do a lot more reporting.” – Associate, Business Franchise.

For some staff in the Support Functions, the matrix structure was found to have added to the amount of work because they had to deal with several Business Franchises. Four (out of six) staff pointed this out. For instance, a Support Function middle manager said,

“I have some people who are so busy they cannot even stop to eat, because they are having to do the same thing two or three times for the BFs.”

As seen in Table 33, slightly more than half the interviewees (17 out of 31) did not feel that *Bauplan* was having an effect on their work-life balance. This did not mean that they were satisfied with their work-life balance, for a frequent comment was that the workload at PCo was always high. Most of these interviewees indicated that they had to work long hours not because of *Bauplan*, but because of the general business environment. For example:

“We always have to put in a lot of hours, especially now, when the business isn’t going as well as it could.” – Middle manager, Business Franchise.

“It’s quite simple really – if we don’t work hard, we’ll do even worse than we are.” – Senior manager, Business Franchise.

Empowerment. Nearly half the interviewees made statements suggesting that they believed that there was less empowerment than previously because of *Bauplan*. Among the reasons advanced were that managers who were higher in the hierarchy were taking

decisions that the interviewee used to take, that there was a tendency towards micromanagement by top managers, that they were left out of the decision-making process, and that the structure was too top heavy. Typical comments were:

“Even the VPs lost power because they don’t sit on the most senior committee any more.” – Associate, Business Franchise.

“My boss is deciding things that I used to decide.” – Middle manager, Business Franchise.

“Let’s be honest. There are too many chiefs, so they keep hold of any decisions as much as they can so they can play their games.” – Middle manager, Business Franchise.

Table 33 indicates that an equal number of interviewees made comments to the effect that their level of empowerment was unchanged because of *Bauplan*. These respondents tended to draw attention to what they perceived as the existing bureaucratic nature of PCo Canada. For instance, a middle manager said,

“I’m not sure that my ability to take decisions has changed because of *Bauplan*. After all, you’ve always had to get approval from someone above you anyway.”

One person did feel that there was more empowerment as a result of *Bauplan*. This was the head of a Support Function whose department was not directly affected by *Bauplan*.

Morale. The data in Table 33 indicate that the majority of interviewees (61%) did not explicitly believe that a change in morale was related to *Bauplan*. Rather, they usually related any change in morale to what was happening to the company from an economic point of view. For instance, a Business Franchise head said,

“I think morale has definitely dropped, but I think it’s because of what happened on the sales side, because morale was horrible in early 2005 because of the year we had in 2004.”

One-third of interviewees did express an opinion where they linked lower morale to the *Bauplan* change. The aspects of *Bauplan* to which they generally referred were decision making and empowerment, as discussed above. The comments of a middle manager in a Business Franchise are representative:

“When you lose power, or have to do more trivial tasks because your boss is doing the interesting jobs, then of course, you don’t feel as keen as you used to. That’s normal. And it’s not just me saying that.”

Two Support Function staff thought that morale was better due to closer relationships between Regulatory and Medical and because the dual reporting structure had been modified.

Suitability of structure. Two-thirds of all interviewees provided opinions which indicated that they felt that the matrix structure was not appropriate for the Canadian operation of PCo. Among the most common reasons provided for having this opinion were the large number of VPs and the small size of the Canadian office compared to PCo operations in countries like the US, Britain and Germany, which were much larger and therefore justified the matrix structure. There follows a representative selection of comments:

“My input would have been not to create too heavy a structure for the size of the company – which we did.” – Senior manager, Support Function.

“I don’t think we have the size that requires that kind of structure.” – Middle manager, Support Function.

“In a big country, where you have economies of scale, it makes sense. Here, though... I don’t think so.” – Associate, Business Franchise.

Two staff from the Regulatory department thought that the structure was very suitable because they felt that the merger of their group with Medical was beneficial. It should be noted that five of the nine interviewees who believed the structure was suitable did mention that the number of Business Franchises could be reduced from four down to two or three.

6.1.2.2 Phase III

Table 34 in this section presents data about the unexpected outcomes from the Round II interviews, which began in November 2006. This was three years after Phase I of *Bauplan*, nearly two years after Phase II, and six months after the beginning of Phase III. Based on the analysis that was done of the results from the first round of interviews, the script for Round II interviews asked specifically about unexpected change outcomes (see Appendix B). Occasionally interviewees did not have an opinion about the topic, so the maximum number of times that an outcome could be discussed was thirty (the number of Round II interviews). Interviewees were being asked to compare the situation at the time of the interview to that of the previous year (i.e. when the Round I interviews took place).

Outcome			
Cynicism		<i>N</i> =	26
	More		5 19%
	Same degree		20 77%
	Less		1 4%
Stress		<i>N</i> =	26
	More		0 0%
	Same degree		19 73%
	Less		7 27%

Outcome			
Work-life balance	<i>N=</i>	25	
	Better	5	20%
	Same	17	68%
	Worse	3	12%
<hr/>			
Empowerment	<i>N=</i>	27	
	More	10	37%
	Same degree	17	63%
	Less	0	0%
<hr/>			
Morale	<i>N=</i>	29	
	Higher	9	31%
	Same	20	69%
	Lower	0	0%
<hr/>			
Suitability of structure	<i>N=</i>	27	
	Very suitable	0	0%
	Suitable	6	22%
	Inappropriate	21	78%

Table 34: Unexpected outcomes – Round II interviews

Cynicism. As can be seen in Table 34, more than three-quarters of interviewees did not note any difference in these two time periods in the amount of cynicism that could be ascribed to the *Bauplan* change itself. One in five interviewees thought that there was more cynicism related to *Bauplan* than one year previously. The reasons advanced by these staff for this increase were that *Bauplan* was changing: two new Business Franchises had been created and that the Head of General Medicines had left without being replaced, so that the organizational structure looked as it had done when *Bauplan* was introduced. An associate in a Business Franchise said,

“Just like they always do, things go round in circles. That’s why I’m even more fed up than I was, because they always say ‘Things are different this time’, but they never are.”

Stress. Nearly three-quarters of interviewees felt that the level of stress was high at PCo generally, and that *Bauplan* itself had not affected the degree of stress during the previous year. Other factors that were said to be affecting stress levels in a negative way were work-life balance and the turnover in management and among colleagues (which is discussed further in Chapter 7). On the other hand, twenty-seven percent of respondents thought that stress had declined because of changes in *Bauplan*. They tended to attribute this decline to the fact that their decision-making power improved after the departure of the Head of General Medicines.

Work-life balance. More than two-thirds of interviewees did not think that *Bauplan* in itself had affected work-life balance in the previous year. Evidence of this was seen in comments like:

“We’re still spending a lot of time at the office, but I don’t think that this has anything to do with whatever has happened with *Bauplan*.” – Associate, Business Franchise.

“The government of Canada needs more and more documents, yet we have to meet our deadlines, so of course I have to work harder, but that’s not changed because of *Bauplan*.” – Middle manager, Support Function.

Table 34 also shows that twenty percent of the sample did make comments suggesting that their work-life balance had improved. They related this to the feeling that the VPs of their departments were asking for fewer reports, or that PCo Global was asking for fewer reports because the business situation of PCo Canada had improved.

One event unrelated to *Bauplan* was frequently mentioned when interviewees were discussing work-life balance. This was the visit of a top manager from PCo Global,

which caused a great deal of extra work. The impact of this visit is examined in Chapter 7.

Empowerment. Nearly two-thirds of all interviewees felt that *Bauplan* had not affected their feeling of empowerment during the previous year. This does not imply that they were satisfied with their empowerment, however. More than half of the seventeen respondents who felt that their level of empowerment was unchanged made comments like these:

“You’re asking about empowerment. Well, I don’t see I have more or less than when we met last year. I do know I don’t have enough, and I do know that I still have to go to people above me to make decisions that I should be able to make.” – Middle manager, Support Function.

“No difference as far as I can see. It’s a bureaucratic company.” – Associate, Business Franchise.

Table 34 indicates that developments in *Bauplan* affected favourably the feeling of empowerment of more than one-third of the sample. These interviewees tended to point to the removal of a level of senior management (i.e. the departure of the Head of General Medicines) as a contributory factor. The following comments are representative:

“One thing is for sure – there’s less micromanagement.” – Middle manager, Business Franchise.

“When there is one less layer above you, you feel that you are in a better position for taking decisions.” – Senior manager, Business Franchise.

Morale. It can be seen in Table 34 that sixty-nine percent of the sample did not believe that *Bauplan* had contributed to an increase or decrease in morale during the previous year. However, the fact that the company was performing better than before, and also

better than competitors, was mentioned by more than three-quarters of interviewees as being a reason for better overall morale at PCo Canada (i.e. not *Bauplan*). The following statements are representative of this:

“Morale is good. I think people are seeing things positively because the budgets are good for the products.” – Middle manager, Support Function.

“Morale is starting to come up again. I am optimistic in the sense that I think PCo is the place where everybody wants to work right now, the company itself is way ahead of other companies – we have a pipeline, we are growing.” – Associate, Business Franchise.

The change in *Bauplan* Phase III, where the Head of General Medicines was promoted and left PCo Canada, was linked by nine interviewees (of 29) to an increase in morale. Once more, morale was seen to be related to empowerment. “Naturally, if you can make decisions, you feel better than if you cannot” (Middle manager, Business Franchise) was a typical comment.

Suitability of structure. Little seems to have happened to persuade the staff at PCo Canada that the matrix structure was the appropriate one. More than three-quarters of all interviewees believed that the structure was unsuitable because of its top-heaviness (number of VPs) and heaviness (number of Business Franchises) in terms of the size of PCo Canada operations. A comment from a middle manager in a Business Franchise (who was interviewed for the first time during the Round II interviews) encapsulates the general sentiment:

“An awful lot of VP positions were created – too many for the size of the company, and that is not only my opinion, it’s the opinion pretty much across the board.”

To summarise: *Bauplan* had unexpected consequences which started to emerge when this change initiative was first introduced. The evolution of *Bauplan* did not appear to greatly affect these unexpected consequences, with two exceptions: feelings of empowerment and morale. In both cases, approximately one in three respondents felt that changes to *Bauplan* had contributed to improvements (i.e. feelings of more empowerment and higher morale). There is further discussion of these findings in the analyses of group and individual change processes in Sections 6.3 and 6.4.

6.1.3 Quantitative Data on Outcomes

This section reports on the quantitative survey which was the final data collection activity to be carried out. The questions in it dealt with themes at organization, group and individual levels. As previously noted in Chapter 3, the sample size was small (fourteen responses; only four responses from the Business Franchises). As such, the data presented in this section should be treated with caution.

The survey asked respondents about the overall impact that they felt various parts of the *Bauplan* change had on the organization as a whole, on their group, and on them individually. Respondents were asked to give their response using a five-point scale which had the following anchors: 1 = Negative to 5 = Positive. A score of 3 designated that the respondent felt that the change had not had an effect. In other words, the higher the number, the more positive the perceived impact.⁷⁷ The results are shown in Table 35. In this and subsequent tables, the results are presented for the full sample (All), and then

⁷⁷ There was also the opportunity for respondents to select 'Not Applicable' or 'No Opinion'. Where fewer than 50% of any group responded, the question has been ignored.

according to the group of which the respondent was a member (BF = Business Franchise, SF = Support Function).

	What has been the impact of these changes on PCo Canada?			What has been the impact of these changes on your group/department?			What has been the overall impact of these changes on you and your working life?		
	ALL	BF	SF	ALL	BF	SF	ALL	BF	SF
Creation of Business Franchise structure	2.21	3.50	1.70	1.86	3.00	1.40	2.00	3.00	1.56
Creation of position of Head of General Medicine	2.14	3.50	1.60	1.77	2.25	1.56	1.50	2.25	1.20
DRA becoming part of Medical	2.20	2.00	2.25	1.78	2.00	1.71	1.75	2.00	1.67

Table 35: Impact of Bauplan changes

Overall, the impact of these three aspects of the *Bauplan* change was perceived as negative at the level of organization, group and individual. Table 35 shows that each part of the change received a score that indicates a negative impact. Table 35 also indicates that there were some differences between groups, with respondents from the Business Franchises tending to be more positive than their colleagues regarding the impact of *Bauplan* on the organization, group and individual. There is one exception: Support Function staff were more positive about the impact on PCo Canada of the merger of the Regulatory and Medical groups.

A second set of questions asked about the impact of *Bauplan* on a number of specific outcomes that had been mentioned during the interviews. The five-point scale ranged from 1 = Decreased to 5 = Increased, and 3 = No Effect. The results are shown in Table 36.

What was the impact of the Bauplan change on the following at PCo Canada?	ALL	Business Franchise	Support Function
The overall morale at PCo Canada	2.29	2.25	2.30
PCo Canada's financial success	2.92	4.00	2.60
PCo Canada's competitiveness	3.33	4.00	3.20
The decision-making speed of PCo Canada	2.29	2.25	2.30
PCo Canada's external focus (i.e. being close to customers/patients)	2.46	3.33	2.20
PCo Canada's influence with PCo global	3.58	4.33	3.33

Table 36: Organizational outcomes – quantitative survey

In Table 36, the higher the number, the better the perceived impact of *Bauplan* on the outcome in question. Overall, the results of the questions indicate that respondents were neutral with respect to the organizational outcomes of *Bauplan*. Morale and decision making were seen as having been most negatively affected, while competitiveness and influence with PCo global were seen more positively. Again, Business Franchise respondents tended to be more positive than their Support Function colleagues. These results lend support to the analysis of the qualitative data.

A third set of questions was asked about outcomes at the group level, using the same scale as in the previous set of questions (i.e. 1 = Decreased to 5 = Increased). The results are provided in Table 37.

What was the impact of the Bauplan change on the following?	ALL	Business Franchise	Support Function
The ability of your group to work with other groups	3.00	2.33	3.20
The morale of the group	2.21	2.00	2.30
The group's productivity	2.54	2.67	2.50
The group's decision-making speed	2.29	2.00	2.40

Table 37: Group level outcomes – quantitative survey

Once more, the results of the full sample indicate that group level outcomes were, with one exception, perceived to be negatively affected by *Bauplan*. Respondents felt that *Bauplan* had little to no effect on the ability of their own group to work with other groups. There is little difference between the groups on how they perceived that *Bauplan* affected group level outcomes. The overall scores all point towards a perception that *Bauplan* brought about negative effects, especially with regards to decision-making speed. Unfortunately, the question about working with other groups was not as specific as it might have been: it did not, for example, ask Business Franchise staff to differentiate between working with other Business Franchises and with the Support Functions. Thus, it is difficult to interpret this question.

Finally, respondents were asked about the perceived impact of the *Bauplan* change on them individually, using the same five-point scale as was used before. Again, the higher the number, the better perceived impact of *Bauplan* on the outcome. The results are shown in Table 38.

What was the impact of the Bauplan change on you personally?	ALL	Business Franchise	Support Function
Your morale	2.46	2.33	2.50
Your productivity	2.62	2.67	2.60
Your stress levels	3.69	3.33	3.80
Your involvement in decision-making	2.62	2.00	2.80
Your commitment to the company	2.62	2.33	2.70
Your effectiveness in your work	2.62	2.67	2.60
Your career possibilities at PCo	2.92	3.33	2.80

What was the impact of the Bauplan change on you personally?	ALL	Business Franchise	Support Function
The feeling that you are part of a team	2.85	3.50	2.56

Table 38: Individual level outcomes – quantitative survey

The overall results indicate that the perceived impact of *Bauplan* on the various outcomes tended to be negative, with scores of below 3. Attention is drawn to the fact that stress levels receive a score of 3.69 (i.e. higher than 3), but this means that stress levels were perceived to increase because of *Bauplan*. It will be observed that the group membership did not appear to influence results for some of the outcomes. On the other hand, Business Franchise staff tended to be more positive than their colleagues about the impact of *Bauplan* on career possibilities and on whether they felt they were part of a team. Support Function staff were more positive about the impact of *Bauplan* on involvement in decision making.

6.1.4 Triangulating the Data

This section discusses two of the methods used to confirm the qualitative data and their analysis that came out of the grounded theory approach through triangulation. The quantitative survey was one method. Although there are clearly limitations due to the size of the sample, it appears that the evidence from the survey generally tends to support the qualitative data.

Another source of triangulation is the academic literature, so it is instructive to compare the findings presented in this section with a review of the extremely large literature about

the matrix organizational form by Ford and Randolph) (1992). These authors identify the significant disadvantages of the matrix structure:

- Creates conflict between functional and project managers;⁷⁸
- Violates single line of authority principles;
- Creates ambiguity over resources;
- Creates insecurity for functional managers;
- More costly for individuals in terms of role ambiguity, conflict, and stress; and
- More costly for organization in terms of more meetings and delayed decisions.

Such issues were indeed uncovered during the analysis of the qualitative and quantitative data. This also increases the confidence in the findings in this thesis.

There is further exploration of themes related to group and individual level change processes in Sections 6.3 and 6.4.

6.1.5 Summary of Outcomes

The *Bauplan* change was introduced to create new organizational arrangements in the shape of a matrix structure, which replaced the former arrangements that took the form of a structure based on functions. In this respect, *Bauplan* was 100% successful – it achieved the replacement of the previous organizational structure by a matrix structure.

It has also been shown that the intended outcomes of the *Bauplan* change were not perceived to have been achieved to any great extent. The prescriptive literature discussed in Chapter 2, with its linear view of change, would probably argue that a) a new

⁷⁸ Business Franchise leaders take the role of what Ford and Randolph call ‘project managers’.

organizational structure has been put in place to deal with certain challenges; b) this is supposed to bring about certain benefits; and c) if it does not do so, it is because of resistance, poor communication, wrong culture, bad management or a combination of those factors. The benefit of the processual-contextual approach is that it recognises that while *Bauplan* might appear simply to be a change limited to organizational chart slides (after all, before, during and after these changes, drugs still had to be marketed and regulatory approval still had to be obtained for drugs), organizations are more than a series of organizational charts. Organizations are composed of people – both as members of groups and as individuals. Therefore, as indicated in the introduction to this chapter, an analysis of change must take account of change processes at the level of the group and the individual and must keep in mind what was happening in the outer and inner contexts.

6.2 Changes in the Contexts

This section sketches developments in the outer and inner contexts that were found to play a role in the way the *Bauplan* change developed. Reference will be made to these developments as change processes are discussed.

6.2.1 Outer Context

Chapter 4 described how the pharmaceutical industry ('Big Pharma') was facing challenges due to the difficulty in finding new treatments, the large amounts of money spent on new treatments, and the rapid growth in sales of generic products. PCo Canada was not immune to these challenges. The outer context was challenging at the time of

Bauplan Phases I and II (introduced in late 2003 and 2005). Speaking in late 2005, a senior manager described the business environment in 2004 and 2005 as follows:

“There’s been overall market declines in terms of the size of the market, the growth in the market versus what we had forecasted; and even specifically within the brands, even in the markets in which we’re competing – those market growths have gone down, there’s been some competitive changes there.”

The head of a Business Franchise used an interesting metaphor to draw attention to the relationship between developments in the outer context and what was happening in 2005 inside PCo Canada:

“Somebody was calling it like ‘The Perfect Storm’, so many things happening at once, all working in a negative direction – of course it’s going to have an impact on your ability to achieve and succeed.”

One of the ‘things’ to which he was referring was the difficulty caused by the fact that a potential new blockbuster drug – *Loxige* – could not be brought to market in 2005. This was due to the *Vioxx* scare (discussed in Chapter 4), which led Health Canada to become more demanding in their requirements for drug approval, as several members of the company mentioned in interviews. The actual effect of this delay on the financial success of PCo Canada in 2005 and potential effect on subsequent years was described by the head of a Business Franchise in late 2005:

“Originally there were some growth prospects around some brands, most notably *Loxige*, and that has been delayed because of the *Vioxx* safety concerns, so that it is very logical as to what has happened. That product would have been launched by now, and was going to be – and hopefully will be at some point – a very big product for PCo. But it was never launched and so that impacts the growth prospects at least for the next two to three years for the organization.”

The difficult financial situation in 2004 and 2005 meant that there were cutbacks inside the organization. Looking back from mid-2005, the VP in charge of a Support Function

drew attention to the financial ups and downs of the company and how these related to what happened inside the organization:

“I’ve been here since 1999. 1999 was terrible, we had fantastic growth in 2001 and 2002 and the next year, when we were like flying, and there was money for anything – there was development and training and a new building and so on and so forth. And now it’s ‘cut, cut, cut, cut, cut’, and it’s ‘no more of this and no more of that’.”

The knowledge was widespread that PCo Canada was going through some financial difficulties in 2004 and 2005. During the Round I interviews in autumn 2005, more than three-quarters of all interviewees drew attention to them. One middle manager in a Business Franchise was quite explicit in saying:

“I think it has been pretty clearly communicated that we are going to have some short term pain because we are not hitting our targets”.

As was indicated in Section 6.1.2.1, these financial difficulties were causing some stress for staff:

“The businesses isn't going very well right now, so they [the associates] are afraid for their job, afraid for the future, for their career, about moving up...” – Senior manager, Support Function.

“I think you are seeing that everyone is more nervous, more dissatisfied...” – Middle manager, Support Function.

A further consequence of the difficulties in the pharmaceutical industry was that the job situation in Montreal – an important seat of the pharmaceutical industry – was no longer as good as it used to be. As noted in Chapter 4, employment in the pharmaceutical industry in Montreal fell by 1.4% between 2003 and 2005. This was referred to by several staff in late 2005, including a senior manager in a Support Function who suggested that this meant people were staying at PCo Canada rather than moving to another company:

“We don’t see the turnover because the market is so bad; especially in the Montreal area, the market is very bad.”

During 2006 there were no surprise developments in the prescription drug market in Canada; generic drugs were still important, and the rate of growth of the overall market continued to decline (6.5% growth in 2006, compared to 7.3% growth in 2005), although overall sales were up from \$16.6 billion to \$17.7 billion.⁷⁹ Despite this, two-thirds of interviewees in Round II interviews in late 2006/early 2007 believed that PCo Canada was doing better than it had been doing in 2004 and 2005. No figures were available, but the following are typical comments:

“I think that two years ago [i.e. 2005], the company wasn’t performing well, but the industry as a whole wasn’t performing well. And now I think PCo is coming out of that, and we are ahead of the other companies.” – Middle manager, Business Franchise.

“In general things are going much better than they were.” – Associate, Support Function.

One particularly important event that took place was that the drug *Loxige* was finally approved by Health Canada in November 2006. The milestone was celebrated with a party in the cafeteria because it meant that a very significant objective had been achieved, which was “to align the organizational structure with our #1 corporate priority: build a platform for creating 5 Primary Care Blockbusters” (PCo Canada, 2003: 7). While it was too late in the year for *Loxige* to have an effect on 2006 financial results, a brand manager in the Business Franchise that was responsible for the drug said,

“The approval of *Loxige* was excellent news. It should make quite a difference in 2007 and definitely 2008.”

⁷⁹ See Section 4.1.2.

6.2.2 Inner Context

One of the factors of the inner context is organizational structure. Changes to the structure at PCo Canada have been described extensively, but there were also changes in senior management during *Bauplan* that potentially influenced how the change developed. Exactly at the time that Phase II was introduced (January 2005), a new President arrived at PCo Canada. The senior management team remained stable for the rest of 2005, but from March 2006 there was quite high turnover in senior positions. For example, the following changes took place during the research period:

- the head of one Business Franchise became the head of a Business Unit (which later became a Business Franchise) and then left,
- one Business Franchise head became the head of a different Business Franchise, and his replacement came in from PCo Global,
- a third Business Franchise head left for another position with PCo, and his replacement came from inside PCo Canada,
- the VP in charge of one of the functions left the company and was replaced by a promoted candidate,
- there was a new VP of Sales,
- there was a new Chief Financial Officer, and
- the Head of General Medicines left (as discussed in Section 5.1.4).

The effect of these changes is discussed further in Chapter 7.

Organizational change affects morale, and morale affects responses to organizational change (Armenakis and Bedeian, 1999), yet organizational change may not be the only determinant of morale. A comment that a middle manager in a Support Function made in autumn 2005 indicated this:

“Now the business as a whole has hit an industry slowdown, our company performance and other companies’ performance have met difficult challenges. I think that has affected the employee’s outlook on PCo as a whole. People used to think it was a fantastic place, now maybe a lot of people are thinking ‘Hmm, it’s not so great’.”

On my return to PCo Canada for Round II interviews in late 2006/early 2007, I quickly gained the impression that morale was higher than it had been the previous year, and so I raised this topic during the interviews. Twenty-seven staff in the Round II interviews had been employees of PCo Canada for more than one year, and twenty-three of them confirmed the feeling that morale was higher. The following comments are typical in that they link the increase in morale to the competitive situation, the drugs pipeline (i.e. new drugs that are at various stages of development and approval) and the approval of *Loxige*:

“I think people recognise that although we are working hard, and are doing more with less, that we have a very good pipeline and a very good future ahead of us compared to other companies. That has helped bring down the tension and anxiety.” – Middle manager, Business Franchise.

“Probably over the last few months there has been an improvement...we are in a better position than our competitors, like [another company] who are slashing jobs. And the approval of *Loxige* helped.” – Middle manager, Support Function.

Table 39 shows the events in the outer and inner contexts in relationship to the *Bauplan* change. Grey bars represent a period of time.

	2003	2004	2005	2006	2007
Bauplan					
Phase I	X				
Phase II			X		
Phase III				X	
Outer Context					
Good business environment					
Poor business environment					
"Decent" business environment					
Vioxx 'scandal'		X			
Inner Context					
Financial cutbacks					
Loxige approved				X	
New CEO	X		X		
New CFO		X		X	
Head of General Medicine leaves				X	
New VP of sales				X	
New VP in Support Function				X	
Changes in BF Heads				X X	

Table 39: Timeline of Bauplan and inner and outer context changes

6.3 Bauplan and Groups

It was suggested above that an analysis of *Bauplan* involves an investigation of group change processes. Before examining group-level findings, it is appropriate to point out that specifying the group level assumes a certain degree of homogeneity. In other words, it assumes that members of the group are sufficiently similar to allow reference to the group as a whole (Klein et al., 1994). This section of the thesis looks at the *Bauplan* change through the eyes of three types of group that are homogeneous in different ways: function, hierarchical level and role.

- One form of homogeneity is that group members share a common set of tasks. For example, the Business Franchises carry out a range of activities related to brand management, and Support Functions carry out a range of activities that are intended to support the Business Franchises' activities. As mentioned in Section 3.5, the Business Franchises (as a group) and Support Functions (as a group) may be classified as *functional* groups.

- A second form of homogeneity is based on position in the company's hierarchy. The responsibilities of senior managers (as a group) are different to those of middle managers and associates (as a group). This type of group is referred to as a hierarchical group in this thesis.
- A third form of homogeneity that was noticed in the analysis was not found on organization charts, but was related to job tasks. For example, brand managers and directors may be members of different Business Franchises, but have similar activities related to brand management. This type of group is referred to here as a *role* group.

Figure 24 depicts several of the key types of group at PCo Canada that were identified in the grounded theory analysis. In this figure, BF1 and BF2 represent two of the Business Franchises, F1 represents one of the Support Functions that was directly affected by the *Bauplan* change (e.g. Sales & Marketing Capabilities), while F2 represents a function that was unaffected (e.g. Legal or HR). As an example, the diagram shows that A, B, C and G are all VPs, and D, E, F and H are middle managers or associates. A, B, D and E work in a Business Franchise, and C and F are in a Support Function. D and E are brand managers. G and H work for a function (e.g. Legal or Human Resources) that has not been directly affected by *Bauplan*. As seen in this example, data analysis indicated that hierarchical and functional groups overlap. Individuals can be members of more than one group (e.g. an individual can be a member of the Support Function group, and of the Senior Manager group, if she is a VP). While the focus of this section is the impact of change on the group, the importance of looking at individuals and change is recognized and covered in Section 6.4.

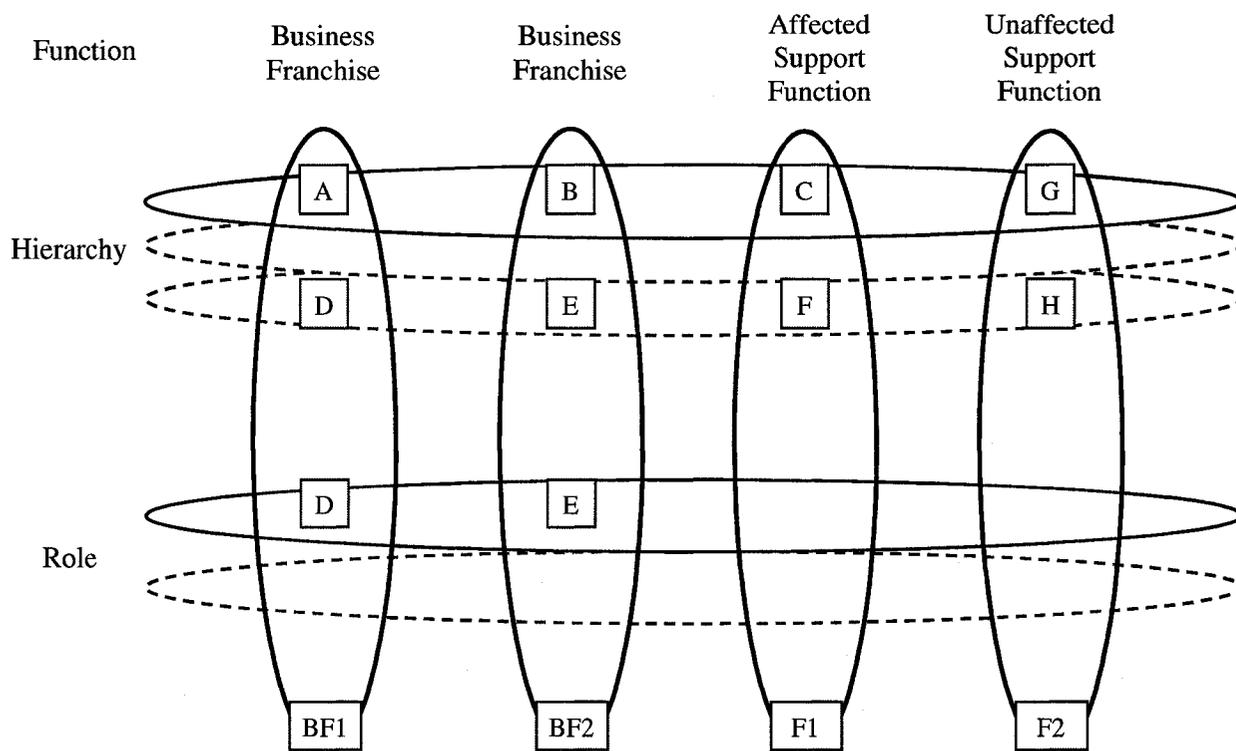


Figure 24: Groups at PCo Canada

The complex nature of groups was found to be a challenge for the analysis of the data from PCo Canada. It was observed during the analysis of the data that it was rare for all members of a unit to have exactly the same opinion and that the degree of unity within the groups depended on the issue being considered. As such, there are various degrees of unity within the groups. Klein et al. (1999) refer to this as within-unit agreement and disagreement. Consequently, this section of the thesis stays away from making absolute statements. On the other hand, within-unit disagreement can shed light on change processes.

This next part of this section (6.3.1) discusses *Bauplan* and functional groups. There is a discussion of the change processes of the Business Franchises and the Support Functions.

Data are presented which suggest that the two groups had different understandings of the *Bauplan* change. The analysis describes how the change processes of these groups affected change processes at other levels. In addition, changes in the outer context are shown to play a role in these change processes.

Section 6.3.2 then investigates *Bauplan* and hierarchical groups. Attention is paid to the way senior managers viewed the *Bauplan* change, and this is contrasted with the views of middle managers and associates. Sensemaking is then used as an analytic tool to try to uncover the relationship between views of a change and actions. Finally, some concluding comments about group change processes are made in Section 6.3.3.

Both Sections 6.3.1 and 6.3.2 describe how change processes at the group level affected intended and unexpected outcomes of *Bauplan*. Only outcomes where group change processes appear to have played a role are discussed in those sections.

6.3.1 *Bauplan* and Functional Groups

This section investigates how functional group membership (i.e. differences between groups that exist on an organizational chart – the ‘Business Franchises’ and ‘Support Functions’) affects perceptions of change processes and outcomes. These processes are reviewed in relation to the two intended outcomes that emerged from the data as being the most relevant for this discussion: efficiency in the way the Support Functions and Primary Care worked together, and increased alignment and synergies in Primary Care.⁸⁰

⁸⁰ The reader is reminded that Primary Care consists of the four Business Franchises.

During this analysis, the influence of functional group change processes on some unexpected outcomes is also discussed. Events in the inner and outer contexts of change are mentioned where they influenced the change process. Figure 25 shows the framework that emerged from the data and that was used to generate this analysis. This framework (and the one in the next section) used Strauss and Corbin's (1998) coding paradigm as a starting point.

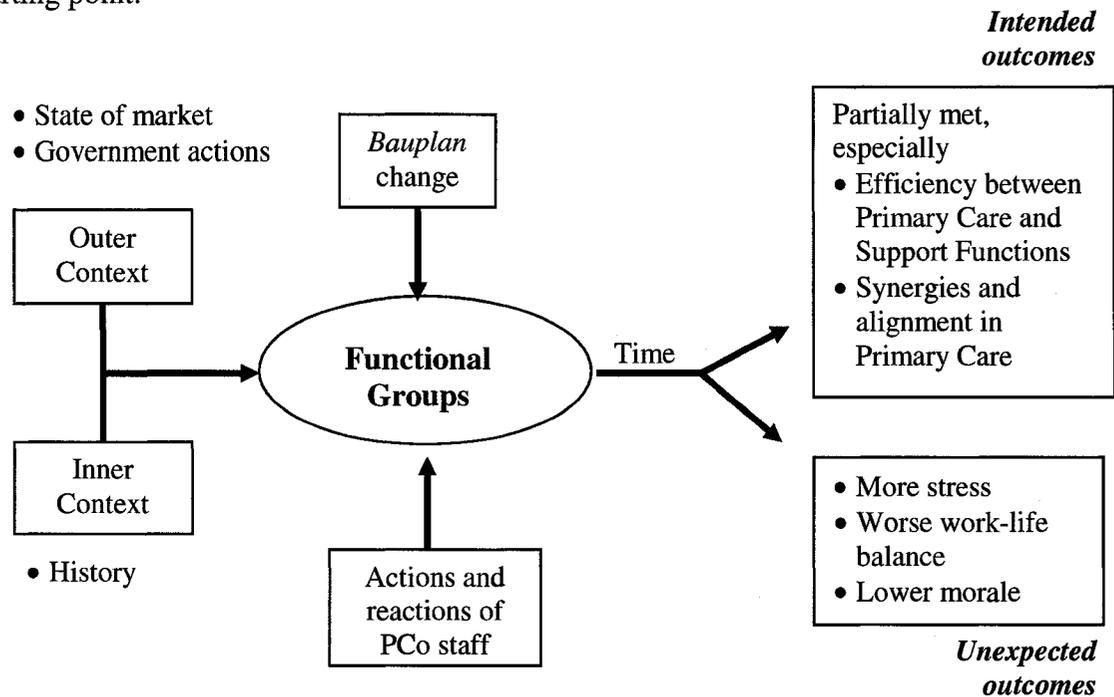


Figure 25: Schema – Functional groups and Bauplan

It should be emphasised that themes related to functional groups are not the only ones which play a role in the various change outcomes. For example, Section 6.3.2 describes how several issues related to hierarchical groups are also important.

Before moving to the analysis, however, this section presents the data that were used to generate the analysis. Table 40 shows the data related to group level change outcomes gathered during the Round I and Round II interviews respectively. The data in the tables

are grouped according to the functional group of which the respondent was a member. The data that are being presented are those that analysis revealed to be the most relevant for understanding how *Bauplan* affected the different functional groups, i.e. outcomes where there was no noticeable difference are not discussed.

	Round I interviews				Round II interviews			
	Business Franchise staff		Support Function staff		Business Franchise staff		Support Function staff	
Increased alignment and synergies in Primary Care								
<i>N=</i>	14		17		15		11	
Progress	1	7%	0	0%	2	13%	0	0%
Status quo	10	71%	8	47%	10	67%	9	82%
Lost ground	3	21%	9	53%	3	20%	2	18%
More efficiency between Primary Care and Support Functions								
<i>N=</i>	15		18		15		12	
Progress	6	40%	1	6%	3	20%	0	0%
Status quo	9	60%	11	61%	12	80%	8	67%
Lost ground	0	0%	6	33%	0	0%	4	33%

Table 40: Intended group level outcomes – Round I and II interviews

Table 41 shows the data related to unexpected outcomes. The data in the tables are also grouped according to the functional group of which the respondent was a member. Reference is made to these tables during the discussion.

	Round I interviews				Round II interviews			
	Business Franchise staff		Support Function staff		Business Franchise staff		Support Function staff	
Stress								
<i>N=</i>	15		19		13		13	
More	6	40%	13	68%	0	0%	0	0%
Same degree	9	60%	6	32%	7	54%	12	92%
Less	0	0%	0	0%	6	46%	1	8%

	Round I interviews				Round II interviews			
	Business Franchise staff		Support Function staff		Business Franchise staff		Support Function staff	
Work-life balance								
<i>N=</i>	15	%	16	%	13		12	
Better	0	0%	0	0%	4	31%	1	8%
Same	8	53%	9	56%	9	69%	8	67%
Worse	7	47%	7	44%	0	0%	3	25%
Morale								
<i>N=</i>	16		17		15		14	
Higher	0	0%	2	12%	7	47%	2	14%
Same	10	63%	10	59%	8	53%	12	86%
Lower	6	38%	5	29%	0	0%	0	0%

Table 41: Unexpected outcomes – Round I and II interviews

The discussion here pays special attention to the Support Functions. Analysis of the data suggests that this group, rather than the Business Franchises, was particularly concerned by how the *Bauplan* change affected the way the two groups worked together.

6.3.1.1 Functional Groups and *Bauplan* during Phases I and II

This section considers developments related to functional groups during the first stages of *Bauplan*. The discussion starts by considering the two group level intended outcomes, and then the unexpected outcomes are discussed. Finally, there is an examination of how events in the outer context of change affected the functional groups.

Increase alignment and synergies in Primary Care

Attention has previously been drawn (in Section 6.1.1.2) to the way some respondents felt that the four business franchises were working as silos. This was one reason why

more than half of the Support Function staff tended to feel that *Bauplan* had led to decreased synergies in Primary Care compared to the situation before (see Table 40). For example, an experienced Support Function manager said,

“It’s obvious really why it’s worse. It’s like four little companies – or kingdoms, actually – and they each do things their own way. Before, we used to go and see one VP to get agreement, and now we have to go and see four. And each of them wants something different.”

In contrast, Table 40 also indicates that in the first set of interviews nearly three-quarters (71%) of Business Franchise interviewees thought that *Bauplan* had little effect on between-group synergies (i.e. they indicated that the status quo was maintained). This can be contrasted to the fact that 21% of Business Franchise staff observed a deterioration in the alignment between the different franchises. Their reasons for coming to this conclusion were based on their feeling that under the pre-matrix system, brand managers and directors were able to share information more easily, according to one brand manager:

“One of the challenges when we moved to the matrix structure was that the ability to share among the marketing directors disappeared. Under the old structure, when there was a VP of marketing, there were regular meetings between the marketing directors.”

Each Business Franchise has a similar internal structure and each position has similar responsibilities, so that the brand director of Product A and the brand director of Product B do similar work. Despite this, three interviewees noted that the change to the matrix had made it much less possible for them to interact with each other across the Business Franchises, because there was no official way for them to meet and discuss topics of common interest. As another brand director explained, the matrix structure meant that

“We have compartmentalised so many things, there is just not the sharing of best practices so no one can pull the marketing department together any more to say ‘What are we doing in Ontario? In the overall organization, how are we approaching these things?’ Because every department is doing their own thing. I used to sit down with the brand managers of other products within PCo: ‘How do you solve this problem? How do you deal with this issue?’ You had shared learning, which you just don’t have any more.”

None of the heads of the Business Franchises shared this view. Consequently, it is suggested that this is an example of how membership of a ‘role group’ (as discussed in the introduction to Section 6.3) is related to one’s view of a change.

The above comments indicate that several staff viewed the matrix change as having affected formal communication between Business Franchises. Furthermore, the move to a new building in 2004 was mentioned by five brand associates, managers and directors as having affected any informal communication network that might exist between brand managers and directors under the new structure. The following remark from a brand director gives an inkling of this:

“We are on the third floor and everybody else is on the fifth floor, so unless I physically walk up and walk into people’s offices, we are not getting the interaction with our peers.”

Efficiency between Primary Care and Support Functions

As pointed out in the review of the processual-contextual literature, the perceived history of an organization can play a role in the way a change is viewed. This may be seen to have been the case at PCo Canada regarding the way staff from the Business Franchises and Support Functions tended to have different ideas about the way their groups worked together before *Bauplan*. It is therefore appropriate to discuss this aspect of the inner

context of change before paying attention to the outcome that is concerned specifically with the way these functional groups worked together. The relevant data are in Table 40, where it can be seen, for example, that six Support Function staff, but no Business Franchise staff, thought there had been a deterioration in the way the Business Franchises and Support Functions worked together.

The head of a Business Franchise, who had over ten years of experience at PCo in a variety of brand management roles, said:

“Before *Bauplan*, we were in more of a silo organization, and I was a marketing head, so it was one of my roles to get the functional areas working all together, which was much tougher, because sometimes you have diverging priorities between the function and the business.”

Forty percent of Business Franchise staff had the same point of view. For instance, the person who was in charge of one of the speciality medicine business units at the time of the first implementation of *Bauplan*, and who later took the position of Head of General Medicines, said,

“The structure we had before *Bauplan* just didn’t allow sufficient focus on the business, because it was hard to get all the groups pulling together.”

On the other hand, more than half the Support Function staff indicated in interviews that they did not feel that the pre-*Bauplan* structure prevented close cooperation between brand management and Support Functions like Regulatory and Sales & Marketing Capabilities. For instance, an experienced middle manager from a Support Function said,

“For us, working with brand management was never a problem. We always worked closely with them as long as I’ve been here.”

Such comments were made by many of the 61% of Support Function staff who did not feel that *Bauplan* had improved or damaged the way the groups worked together (see Table 40).

It is therefore suggested that the interpretation of PCo Canada's history by the two groups was different: staff in the Business Franchises tended to view the previous organizational structure as having been less satisfactory than Support Function staff were generally inclined to believe. It can be argued that these different starting points influence the way in which the two groups viewed the *Bauplan* change.

Despite the difficulties perceived by some Business Franchise staff regarding alignment between the Business Franchises, Table 40 shows 40% of Business Franchise interviewees in the Round I interviews thought that *Bauplan* had led to an improvement in the way the functional groups worked together. One head of a Business Franchise was representative of this point of view. He said,

“What I appreciated about the matrix structure was that it really allowed us to exchange, and it really allowed some of the departments that typically do not get close to marketing to feel part of the business, and what I appreciated here is that some of those departments, like regulatory affairs and medical were working very, very closely together. And I am keenly aware of issues that we are facing and they are keenly aware of the business issues that we encounter, and we are working closely together to address it.”

No Business Franchise interviewees thought that the introduction of *Bauplan* had led to a deterioration in the way the Support Functions and Primary Care worked together, and many were satisfied with the status quo. For example, an associate in one Business Franchise said,

“As far as working with Regulatory and other support groups is concerned, nothing has changed. But that’s OK, because we already were working well with them.”

Such views were also typical of the 61% of Support Function staff who made comments to the effect that *Bauplan* had not made any difference to the way the functional groups worked together.

In contrast, Table 40 shows that thirty-three percent of Support Function staff in the Round I interviews did think that *Bauplan* led to a deterioration in how the groups worked together. This view is exemplified in the following comments from two Support Function staff who represent two different hierarchical levels. Note that they mention the lack of alignment between the Business Franchises:

“We were working well together before [i.e. before *Bauplan*]. We just had to deal with one group. But now we have to deal with four BFs and they all want to do things in a different way.” – Senior manager, Support Function.

“What I can see right now because I work with different therapeutic areas, I can see a lot of differences to do basically the same thing; whatever the activity, there is a different way of doing it, depending on the therapeutic area. Before it was better.” – Associate, Support Function.

The Business Franchise Leadership Team (BFLT) meetings were a mechanism for managing the cross-functional teams. However, a senior manager in a Support Function said,

“The BFLTs: if you ask the Business Franchise heads, they will say these meetings are wonderful, they bring value and everything. If you ask the people from my team who have to go, they will say ‘I lost a day’, and that is the comment we hear from every function.”

In fact, this senior manager was correct. One Business Franchise head (one of the Business Franchise interviewees who thought *Bauplan* had been positive for the way the

groups worked together – see Table 40) referred specifically to BFLT meetings as an example of how things were working better, and four Support Function staff described them as a waste of time.

Unexpected outcomes

Stress. Overall, the data from the Round I interviews in Table 41 suggest that fewer Business Franchise Staff felt that *Bauplan* had led to any change in their levels of stress than was the case for Support Function staff. Sixty percent of people in the Business Franchises thought that *Bauplan* had not had an effect on stress, compared to only one-third of Support Function staff who had the same opinion. This section explores reasons for such a difference.

Forty percent of Business Franchise staff noted in the Round I interviews that *Bauplan* had contributed to an increase in stress levels. Several of them suggested the lack of horizontal communication increased their level of stress. For example, one individual said,

“Like I said, before I could go and drop in on my colleagues to see how they dealt with an issue. Now, you’re always kind of worrying if you’re doing things the right way, because we’re sort of reinventing the wheel in each BF and you wonder if your wheel is round or square!”

Other reasons for Business Franchise employees to link *Bauplan* to an increase in stress levels are discussed in Section 6.3.2.

In the Round I interviews, two-thirds of Support Function staff linked *Bauplan* to an increase in stress levels. The source of stress they mentioned most frequently was the dual reporting structure that was introduced in Phase I of *Bauplan*. In this structure, Support Function staff had a solid line to their manager *and* to the head of a Business Franchise. A manager in one of the functions who had people reporting both to her and to a Business Franchise head explained what this was like:

“But all my troop, for those people it was very stressful, being pulled and not knowing know where their attachment should be, and it was very confusing for them, where should their first responsibility lie?”

There was one individual in a Support Function who had *three* solid lines during Phase I because of the lack of resources in the Support Functions. This was a particularly difficult situation for this person:

“We needed a manager devoted to each business unit and we didn’t have enough managers, so I assumed responsibility for two business units because we had limited headcount – I had three bosses, solid line reports, kind of stressful, kind of stressful. It was difficult especially at my level. I was a senior manager at that point, you’re not so used to being managed by someone who doesn’t understand your business function. That was a new thing for me. And it was a bit difficult, because I was being measured... their expectation was for certain things, and they didn’t understand technically so much what I did, and they assessed me on that at the end of the year.”⁸¹

The ‘Pulse check’ carried out by PCo Canada (PCo Canada, 2004a) had indicated that dual reporting was not ideal, for it showed that the levels of agreement with the statement “Individuals who are in a dual reporting relationship are clear about their priorities” were low, i.e. associates gave a score of 2.4, indicating that they disagreed with the statement.

⁸¹ This is another example of how the Business Franchises were like silos.

Support Function staff often mentioned that a contributory factor to the stress caused by dual reporting was that each of their managers was equally responsible for setting objectives, performance assessment and career development. Several Support Function staff did not think that this worked well, as a senior manager in Primary Care pointed out, for example:

“You had all those double lines, and that created, I think, a schizophrenic attitude – people really didn’t know who their boss was.”

Morale. Generally, there was no difference between the functional groups from the Round I interviews regarding how *Bauplan* had affected morale. Table 41 indicates that around sixty percent of each group did not think *Bauplan* affected morale. While respondents from both groups reported lower morale, the interviews suggested that the reasons for the decline varied by group. This finding is investigated next.

Twenty-nine percent of Support Staff did link *Bauplan* to lower morale, however. Several of them mentioned that this was due to the degree of frustration caused by this aspect of the way the Business Franchises functioned. For example,

“The rules and regulations that we have to deal with are not implemented in the same way, some want to go up by the book, some are working in a fine grey zone, and some just don’t give a damn about the rules and regulations. And it gets very frustrating for me and my colleagues.

Question: How does that affect your morale?

Response: It certainly doesn’t help.” – Middle manager, Support Function.

A second cause of lower morale for Support Function staff was dual reporting. For example, one manager said,

“All we have seen with the double reporting and all those dotted lines is demotivation and confusion among the people. We chatted about this in the building, because you get two bosses with different visions, driving you and pulling you in different directions; and there is only one human being doing the job. So if you please one, you displease the other, and you pay for it at the end of the year through the performance evaluation.”

It was generally the view within the Support Functions that the dual reporting structure was unsustainable. A senior manager in one of the Support Functions also felt that dual reporting undervalued the functions:

“Moving away from two solid lines makes a lot more sense because I am responsible for [my function], and the people in the franchises have no real knowledge of what [my function] is. So how could they develop goals and objectives for my people? To me, it was undermining the effectiveness and excellence of the function.”

The Head of General Medicines mentioned in his interview that he felt the same, so he replaced the dual solid lines with a “one solid line and one dotted line” structure, where the solid line was to the manager in the Support Function. This took place during Phase II of *Bauplan*, but before the Round I interviews. This change did not appear to have had a significant impact on the stress levels of the people involved by the time of the Round I interviews (which took place about four months after this change). One Support Function manager whose staff had solid lines to her pointed out that some difficulties still existed because the ‘dotted line’ managers in the Business Franchises still had to give some input:

“How are the dotted lines working? It depends on the people you share the dotted lines with. It is rare that you will have individuals who see things exactly eye to eye. This is one of the very difficult parts of the double reporting. In my team there are many people with dotted lines, but the understanding of what that means is not clear to everybody, and I think it varies a lot among the BFs as to how it is interpreted and how it is used.”

This change to the dual reporting structure was mentioned by two of the four heads of the Business Franchises as having had a negative effect on their own morale. They felt that having direct control over these Support Function staff was a vital tool to help them meet their own goals, and that the replacement of a solid line to them by a dotted line was not helpful. One Business Franchise head articulated this analysis when he compared solid and dotted line reporting:

“I think the major difference is your ability to input on their objectives and what their final rating is for the year. For me that’s the most important thing. If I’ve got P&L responsibilities and I’ve got to manage this set of assets from Human Resources in order to be able to achieve that, my most important tools for that are making sure I’ve got people aligned, I’ve got to make sure their objectives are aligned, and I’ve got to make sure that I’ve got input in terms of have they achieved these objectives properly.

I think that ultimately you need to have that authority there, otherwise the VPs – BF heads rather – are struggling to make much of an impact with only dotted lines. I personally think we should have just stuck with the dual reporting.”

This change was, however, mentioned by two Support Function staff as having had a positive effect on their morale.

Table 41 shows that 38% of Business Franchise staff mentioned morale was lower because of *Bauplan*. Apart from the effect of the abolition of dual reporting on two senior managers, other reasons cited by Business Franchise employees for lower morale are not related to functional group issues, but to hierarchical group issues. These are discussed in Section 6.3.2.

Work-life balance. The data about work-life balance from staff in the functional groups showed virtually no difference in the way they felt their work-life balance had been affected by *Bauplan*. Table 40 shows that slightly more than half of respondents did not

associate *Bauplan* with a change in this outcome, while the rest did associate it with a deterioration in this regard. Only one theme related to work-life balance emerged from the data as being related to functional groups and *Bauplan*. Several Support Function staff mentioned an increase in workload as an effect of the silo-like functioning of the Business Franchises. A middle manager in a Support Function said:

“Obviously, if you have to do the same thing in two or three different ways, then that means you have to do more work. But you have to do it in the same time, nobody in the BFs says, ‘You do the work for the other guys first, we’ll wait.’”

Impact of the outer context

The analysis in Section 6.1.2.1 suggested that *Bauplan* was not the only factor that affected the unexpected outcomes mentioned in Table 41. In fact, interviewees identified two events in the outer context as having an effect with regards to functional groups at PCo Canada: the difficult business environment, and the ‘Vioxx’ affair.

The disappointing business environment in 2004 and 2005 had several consequences. It meant that it was difficult to hire new staff, so workload for Support Function staff increased as demands on the Support Functions increased. The head of a Support Function said,

“For me to support four or five therapeutic franchises is not the best use of my resources. I am a small department and I do not have the resources to dedicate to this complex matrix, and I can’t get them.”

Indicating that this was an issue seen at all levels of the Support Functions, an associate said,

“It is very hard to meet all the challenges if you have resource constraints - those are like handcuffs, very tight steel handcuffs.”

A further effect of the difficult business environment was that it increased pressure on the Business Franchises, which in turn increased the pressure on the Support Functions, according to the head of one Business Franchise. He said,

“Obviously, when times are hard, it ratchets up the pressure on us, because we have to try to make our numbers even though it’s extremely, extremely difficult.

Question: How does that affect your relationship with Regulatory and Medical and the other functions?

Response: Well, as you can imagine, when things get tough for us, things get tough for them because we have to get them to do things for us as soon as is humanly possible.”

One result of the pressure caused by the difficult business conditions, according to several interviewees, was that each Business Franchise became even more competitive for the resources of the Support Functions. As one middle manager in a Business Franchise put it,

“More diplomacy was used before, you didn’t have to be as aggressive, you could just sit around a table and say calmly what you had to say, people would listen, and actions were taken. Now I find it more aggressive; people talk louder, they are more impatient, the one that screams the loudest is the one that is going to have priority.”

Five Support Function staff mentioned that their stress levels and workload were affected by the extra pressure that was being put on them by the Business Franchises. They explained this as a consequence of the effect of the business conditions on the Business Franchises. An experienced associate in a Support Function described the situation as follows:

“It’s obvious what happens. The BFs start screaming at us because they’re not getting their numbers. So we try to turn things round more quickly, which means working late, working weekends even. So you don’t look forward to coming in on a Monday morning because all you’re going to hear from the BF is ‘Have you finished yet? Why not?’”

Business Franchise staff mentioned that the difficult business conditions also affected their own stress levels. One brand manager’s comments are representative:

“Right now, it’s difficult to make our numbers, and the industry isn’t going that well, so what that means is that all of us – from top to bottom – are under a great deal of pressure to achieve results.”

The second event in the outer context was the ‘Vioxx’ affair, which led Health Canada to become more stringent in its requirements. According to several interviewees in the Support Functions, this in itself contributed to an increase in the workload expected of staff in the Medical and Regulatory departments. No Business Franchise staff mentioned this, but several Support Function staff did refer to it, e.g.

“Things are much more scrutinised since the Vioxx debacle and unfortunately we have been on the receiving end of the fear that has created, the paralysis almost, that has created at the level of government.

Question: what do you mean, ‘receiving end’?

Response: Governmental pressures and governmental changes in terms of drugs and new guidances, new ways of reporting safety issues, and new ways of posting information to the public have become much more invasive and much more excessive.” – Middle manager, Support Function.

The following comment from a middle manager shows how an increase in workload caused by both *Bauplan* and outer contexts affected morale and stress within a Support Function. This particular manager was a director, and supervised eight associates and two managers, so it is suggested that his point of view was representative:

“We posted a manager position across the company and not one person put their hat in the ring for it, because it is known as a Support Function and we are just workhorses here. So people don’t want to come into this department, they don’t want anything to do with it, because of the nature of the department. People don’t want to come in, and a lot want to get out. I don’t want to burn my people out, I don’t want to... it’s an important department, you can learn a lot, but it is... there has to be some work life balance for some of these individuals.”

6.3.1.2 Functional Groups and *Bauplan* during Phase III

As the *Bauplan* change evolved in 2006, more than two-thirds of interviewees in both the Support Functions and Business Franchises reported *status quo* during the Round II interviews regarding the two group level intended outcomes. These are discussed in this section, as well as the unexpected outcomes.

Increase alignment and synergies in Primary Care

No respondent from the Support Functions said during the Round II interviews that there was any sign that the Business Franchises were more aligned than they had been one year previously (see Table 40), and four-fifths of them indicated that the situation was the same as before. For example, a middle manager said,

“There is still not a lot of uniformity. And to make things even worse, some of my managers still have more than one brand they work on, and sometimes the two brands are in two different Business Franchises, and that is where we will see the difference. What one Business Franchise considers an adequate job, another Business Franchise would consider a tremendous job, and another Business Franchise would put you on a performance improvement plan.”

Table 40 also shows that two-thirds of the Business Franchise staff also saw neither improvement nor deterioration during the previous year in alignment between the

Business Franchises. Comments in support of such opinions tended to be like this one from a middle manager:

“I know that we still do things one way here in this BF that they do differently on the floor above [i.e. in another Business Franchise].”

Two Support Function interviewees did think the Business Franchises were even less aligned than before. One said,

“Actually it’s worse now that [the Head of General Medicines] left. He’d been able to get their act together a little bit, not a lot, but a bit.”

Similarly, three brand managers and directors thought that there was a deterioration in horizontal communications, making the Business Franchises even more silo-like. As one said,

“The insane amount of work that we had to do for the visit of [the Head of PCo Pharma] meant that we had even less time to see what the other guys were doing.”⁸²

In contrast, the heads of two Business Franchises did think there had been some improvement. They were of the opinion that the departure of one layer of hierarchy made it easier for them, as VPs, to discuss matters with each other. One VP mentioned that he believed that the Head of General Medicines was working with Business Franchise heads individually and not so much collectively. With this most recent change, however, he felt that

“One area that has improved, from my perspective at least, I think that as a management team we are much clearer of the decisions we have taken and why we have taken them, and everybody understands each other’s reality as it pertains to that decision. It’s a little bit more transparent.”

⁸² The visit of the Head of PCo Pharma is discussed further in Chapter 7, because as this comment indicates, it had a large impact on the organization.

Efficiency between Primary Care and Support Functions

Table 40 shows that two-thirds of Support Function interviewees in Round II felt that there was no improvement during the previous year in the efficiency of the way that the Support Functions worked with the Business Franchises. During the Round II interviews, one Support Function head described the continuing difficulty for the Support Functions:

“Where the challenge is: let’s say one Business Franchise says a brand should become a priority for them, then it’s pulling resources from other Business Franchises and other resources. So you have one business saying ‘This is a priority’, and another business saying ‘This is a priority’ and another one saying ‘This is a priority’. So you still have all the functions saying, ‘Where the heck is my priority?’”

This was no different from what the Head of Primary Care said eighteen months before:

“Supporting these Business Franchises is a little bit more difficult – everyone looks after their own business, everyone wants a little bit more out of the support groups.”

Indeed, one-third of Support Function staff thought that the situation was worse than one year before, and they tended to relate this to the silo-like nature of the Business Franchises.

On the other hand, while four-fifths of Business Franchise interviewees in Round II thought that the situation was the same as before, the other fifth of these staff (compared to no Support Function staff) did think there had been improvement in the way their groups worked with Support Functions during 2006 (see Table 40). One of them cited the new blockbuster drug *Loxige* as an example. The approval of *Loxige* was a big boost for the company, and meant that a very significant objective had been achieved, which was “to align the organizational structure with our #1 corporate priority: build a platform for creating 5 Primary Care Blockbusters” (PCo Canada, 2003: 7). *Loxige* would have been

approved whether or not the matrix structure was in place, according to a senior manager directly involved with this new product. He did give qualified support, however, to the idea that there was an improvement in the way he could collaborate with the Support Functions in the new structure on an important launch, compared to a year before:

“It probably has improved. I am thinking about it more from our experience with *Loxige*, because surround 60 to 80% of my time was dealing with *Loxige*. When you are launching a brand you are bringing together a number of different departments, and everyone is committed to making that launch successful, so my response is probably coloured by the fact that we were looking at launching an important new brand - a key brand for the organization. So there is a tendency for people to give it more importance and to support it fully.

So when I compare that to what happened on [another drug], a year before, where it was going through some tough times, some challenging times, it's two different situations.”

Unexpected outcomes

Even though the economic situation of the organization was reported to have improved in 2006 (see Section 6.2.1), no Support Function interviewee mentioned that this changed the expectations on them from the Business Franchises in terms of workload or stress during Phase III of *Bauplan*. As a middle manager from a Support Function put it, each Business Franchise was “still counting how many hours they get from one support group or other.” The situation remained difficult because – according to a senior manager – the Support Functions still did not have the resources to dedicate one person to every Business Franchise, despite the better business environment. Therefore, there are still staff who have to deal with several Business Franchises, and this continues to make life difficult for them in terms of workload and stress.

Table 41 shows that only one Support Function interviewee noted an improvement in work-life balance during 2006, while three felt there was a deterioration. In each case, these three respondents had to deal with more Business Franchises than they had in the previous year. Despite this, no Support Function staff believed that *Bauplan* was causing more stress than it had before, but this may be related to the previously noted finding that employees reported that stress was generally high at PCo Canada.

It will be noted that Table 41 indicates that nearly half (46%) of Business Franchise staff reported that there had been a decrease in *Bauplan*-related stress. The data suggested that this was due to the way *Bauplan* affected hierarchical groups, and this is discussed in Section 6.3.2.2. This is also the case for the improvements noted by Business Franchise staff in Round II interviews concerning work-life balance and morale (31% and 47% respectively)

6.3.1.3 Concluding Comments on *Bauplan* and Functional Groups

This discussion of the *Bauplan* change and functional groups has shown how the introduction of a matrix structure was – generally – viewed differently by different groups. This section provided evidence that Support Function staff tended to view aspects of the *Bauplan* change related to functional groups more negatively than their Business Franchise colleagues. There were differences regarding the intended outcomes at both times data were collected, and this strengthens our confidence in these findings.

As it evolved, *Bauplan* contributed to a worsening of the cooperation between functional groups, at least from the point of view of a number of staff in the Support Functions. Their colleagues in the Business Franchises tended to feel differently, however. Many staff, particularly in the Support Functions, saw the Business Franchises as being silo-like. This appeared to create difficulties for Support Function staff, and affected some members of the different Business Franchises, who found that they were less able to communicate between each other.

The unexpected outcomes of *Bauplan* can be seen to have different causes, depending on the group of which one is a member. For instance, the dual reporting introduced with *Bauplan* was a stressor for some Support Function staff, but not for any Business Franchise employee, while the silo-like nature of the Business Franchises affected staff in the Support Functions more than those in the Business Franchises themselves in terms of workload and stress.

The outer context, in terms of the business environment, was seen to play a role in increasing the workload and stress levels of all staff, but changes in Health Canada's procedures affected Support Function staff in particular. The discussion has also indicated how change processes at the level of the group can be linked to those at other levels (such as the level of stress felt by an individual).

6.3.2 *Bauplan* and Hierarchical Groups

The second theme that was viewed as being promising for helping the researcher to come to an understanding of *Bauplan* involves hierarchical groups at PCo Canada. Two such groups were identified. First, the group 'senior management', which comprises the VPs in the Business Franchises and Support Functions, and second, the group 'staff', which consists of the middle managers and associates.

The existence of differences in the way hierarchical groups viewed the *Bauplan* change can be seen in the results of the initial 'Pulse check' on the matrix change (PCo Canada, 2004a). This survey indicated that the staff were less positive about the outcomes of *Bauplan* than the VPs in the company. As seen in Section 6.1.1.1, the 'Pulse check' asked respondents to indicate the extent to which they agreed with a series of nine positive statements about the benefits of *Bauplan*.⁸³ The scores of the VPs regarding the extent to which they agreed with those statements were in every single case higher than those of the staff. The average score for all statements from the VPs was 3.67, while the staff members' average score was 2.40. Analysis of the data led to the following framework (Figure 26), which was found to be useful for understanding hierarchical groups and *Bauplan*.

⁸³ The scale was 1 = Strongly Disagree, 2 = Disagree, 3 = Somewhat Agree, 4 = Agree, 5 = Strongly Agree, so the higher the score, the greater the level of agreement.

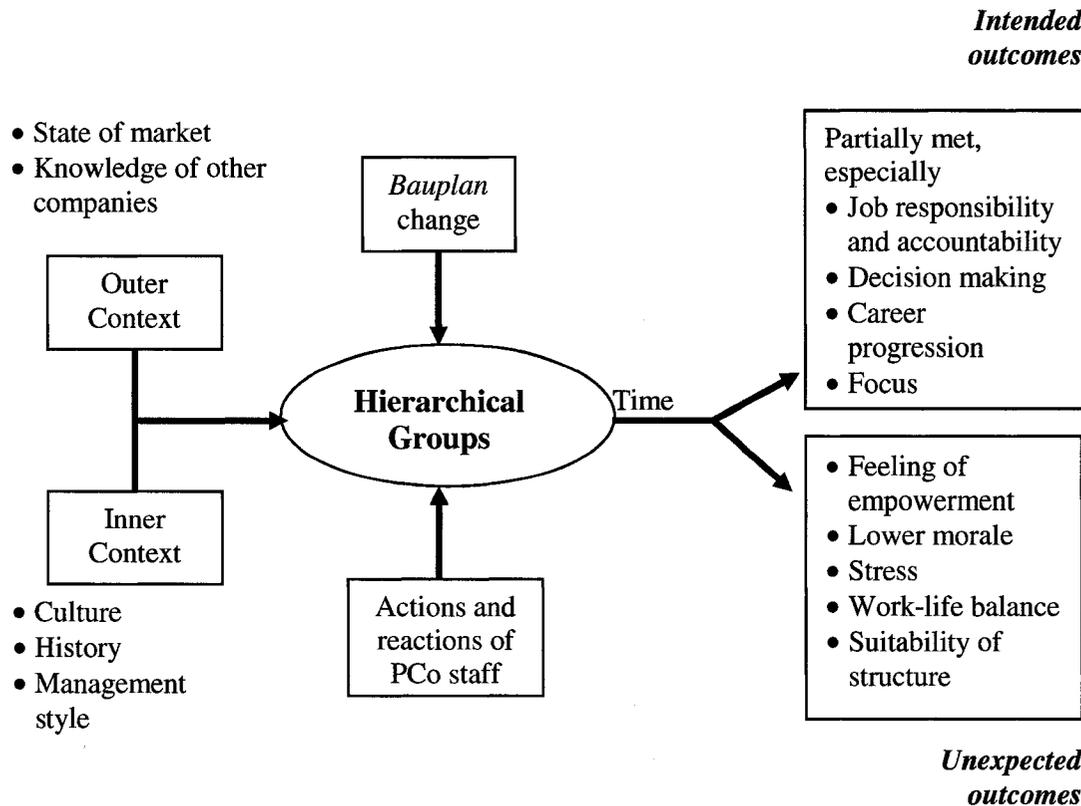


Figure 26: Schema – Hierarchical groups and Bauplan

This section is organized as follows. First, relevant data from Round I and Round II interviews are provided. The data are grouped according to the hierarchical group of which the respondent was a member. Table 42 presents data about intended outcomes, while Table 43 presents data about unexpected outcomes. This is followed by a discussion of *Bauplan*-related change processes in the hierarchical groups 'senior management' and 'staff'. The relevant intended and unexpected outcomes are discussed, and comparisons are made of the perceptions of *Bauplan* of the hierarchical groups. In addition, the analysis pays particular attention to the way in which the *Bauplan* change could have an effect on one hierarchical group, and how the effect on that group could in turn affect the other hierarchical group. The final part of this section (6.3.2.4) is a

discussion of how sensemaking can be applied to the change processes of senior management.

	Round I interviews				Round II interviews			
	Staff Members		Senior Managers		Staff Members		Senior Managers	
More focus on the business								
N=	25		7		23		6	
Progress	4	16%	2	29%	2	9%	2	33%
Status quo	14	56%	4	57%	18	78%	4	67%
Lost ground	7	28%	1	14%	3	13%	0	0%
Improved decision making								
N=	24		9		23		7	
Progress	0	0%	2	22%	14	61%	3	43%
Status quo	10	42%	2	22%	9	39%	4	57%
Lost ground	14	58%	5	56%	0	0%	0	0%
More job accountability and responsibility								
N=	24		8		23		7	
Progress	2	8%	1	13%	11	48%	3	43%
Status quo	10	42%	3	37%	12	52%	4	57%
Lost ground	12	50%	4	50%	0	0%	0	0%
Career progression								
N=	23		7		20		6	
Progress	0	0%	1	14%	5	25%	2	33%
Status quo	19	83%	2	29%	15	75%	4	67%
Lost ground	4	17%	4	57%	0	0%	0	0%

Table 42: Intended outcomes – Round I and II interviews

	Round I interviews				Round II interviews			
	Staff Members		Senior Managers		Staff Members		Senior Managers	
Stress								
N=	26		8		21		5	
More	14	54%	5	63%	0	0%	0	0%
Same degree	12	46%	3	37%	15	71%	4	80%
Less	0	0%	0	0%	6	29%	1	20%

	Round I interviews				Round II interviews			
	Staff Members		Senior Managers		Staff Members		Senior Managers	
Work-life balance								
<i>N</i> =	25		6		20		5	
Better	0	0%	0	0%	4	20%	1	20%
Same	14	56%	3	50%	13	65%	4	80%
Worse	11	44%	3	50%	3	15%	0	0%
Empowerment								
<i>N</i> =	25		6		21		6	
More	0	0%	1	17%	8	38%	2	33%
Same degree	12	48%	3	50%	13	62%	4	67%
Less	13	52%	2	33%	0	0%	0	0%
Morale								
<i>N</i> =	26		7		23		6	
Higher	2	8%	0	0%	7	30%	2	33%
Same	15	57%	5	71%	16	70%	4	67%
Lower	9	35%	2	29%	0	0%	0	0%
Suitability of structure								
<i>N</i> =	25		7		21		6	
Very suitable	1	4%	1	14%	0	0%	0	0%
Suitable	5	20%	4	57%	3	14%	3	50%
Inappropriate	19	76%	2	29%	18	86%	3	50%

Table 43: Unexpected outcomes – Round I and II interviews

6.3.2.1 Hierarchical Groups and *Bauplan* during Phases I and II

This section discusses the first stages of *Bauplan* and hierarchical groups. The discussion starts by considering the intended outcomes, and then pays attention to unexpected outcomes. The reader is reminded that the Round I interviews started around six months after *Bauplan* Phase II was initiated.

Job accountabilities and responsibilities

The data discussed in this section suggest that there is a relationship between changes in the job accountabilities and responsibilities of senior management and staff members.

Senior Management. This section begins by presenting what senior management thought about their job responsibilities and accountabilities during Phase I, and then discusses the finding in Table 42 that half of the senior management (four of eight) were of the opinion their job accountabilities and responsibilities changed for the worse during Phase II of *Bauplan*. First, though, there is a description of the responsibilities of the VPs during Phase I, as this became an important topic as *Bauplan* evolved.

It was pointed out above (Section 5.1) that the position of head of a Business Franchise was compared to that of a CEO in the sensegiving by top management at the time of the change to a matrix structure. The Business Franchise heads had responsibility for profits and revenues for the products that were assigned to their Business Franchise. Under their direct control were the staff in their Business Franchise. In addition, at the time of Phase I of *Bauplan*, they had some control over the staff from the Support Functions who had dual solid-line reporting into their function and into the Business Franchise. The VP in charge of one of the Support Functions described the role of head of a Support Function as follows:

“What we have to do is use our resources in the best way possible so that the BFs can get on with making money!”

No comment was made during the interviews with the Support Function heads that indicated that their situation as VPs during Phase I had been anything other than what they expected. The Business Franchise heads also said in the first interviews that they generally believed that they had the amount of freedom in their role that they expected to have during Phase I of *Bauplan*. One of them put it as follows:

“When [the previous President] was here at the time the matrix came in, I never felt that there was much of an issue regarding being able to do what we wanted or needed to do. We had enough leeway, I think, with the exception of the sales guys.”

The “exception” was that three of the Business Franchise heads had no control over the sales force, which was under the VP of Sales. This occurred even though the costs of the sales representatives were in the Business Franchise’s budget. This meant that the heads of the Business Franchises had to go to the VP of Sales and negotiate for resources. One Business Franchise head said,

“The thing that frustrates me the most is not having control over the field force in the way I want, which is a huge expenditure for me.”

The head of a different Business Franchise made a similar point:

“I just think that the official control with the sales force that I need to have to pull all the levers that I need to pull in order to achieve P&L objectives isn’t there.”

The head of the fourth Business Franchise did not have the same issue, because his Business Franchise had sales representatives reporting into it. He felt that he was in a better position than his colleagues were:

“Would I rather be in my position than in my colleagues’ shoes? There’s no question.”

He gave several examples of why he preferred his own position and how much he had benefited by having direct control over his sales force, such as:

“We just got the results of a study a very good study on [Drug A]. In no time at all we were able to get the people together, put together a plan of action, and really focus the troops on the study. In our case we have a national sales director, and district managers, and that’s it. So it is very easy to turn around, get alignment, and make sure everybody understands the priorities.”

Phase II of *Bauplan* was marked by the appointment of the Head of General Medicines. The heads of the Business Franchises now reported to him and no longer sat on the Pharmaceutical Executive Council (PEC), but rather on the Primary Care Executive Council (PCEC). The same was true for the head of the Sales & Marketing Capabilities Support Function. At the same time, the Regulatory Department was merged into the Medical Department. Under this new structure, the affected VP began to report to the head of the newly merged department. (In the discussion that follows, the terms ‘affected VPs’ and ‘affected senior management’ refer to the VPs who no longer reported to the President.)

The new President told the VPs whom Phase II affected about it in individual meetings, and then he announced this change in a General Associates Meeting. One participant at that meeting described the reaction of the affected VPs:

“For the VPs, it was not a good thing for sure. And you saw it the day of the announcement from facial expressions showing disappointment. And some of them were down and they are probably still adjusting.”

The comments of the Head of General Medicines confirmed that the Business Franchise heads – as a group – were disturbed by his appointment, and he gave his explanation for this:

“I understand, when it’s explained to me now why, I understand. ‘I thought I was being demoted, I was close to the president, now I am no longer’ – I would also be upset. Because, you know, people are complaining about it, and I understand why. You know like my direct reports, and maybe they seem like ‘I got demoted’, because they were part of the operating committee [PEC] and now I’m in, and they are no longer on the operating committee. And so they’re that not all that happy about it because they’re not as exposed to the President, and I understand that.”

It emerged in the interviews that one reason for their disappointment was the decision by the Head of General Medicines to embark on a drive to reduce the number of layers in the Business Franchises. He said it was done to “eliminate the directors of marketing, and so make the leaders of the Business Franchises a little bit closer to the business, in some cases.” The head of one Business Franchise described how this had a major effect on his job responsibilities:

“The job of the VPs of franchises is becoming more like the directors who used to report to me, because we cut one level of management. And I used to have a director of marketing, with product managers reporting to that director of marketing. The person who had that job was promoted and not replaced, so now I have brand managers reporting to me. So as a VP I am now drawn into every single detail.”

Two of his colleagues made a similar point.

A second reason why half of the VPs (as shown in Table 42) felt that their accountabilities and responsibilities were diminished during Phase II was that the Head of General Medicines (as he confirmed in his interview) took over some of their responsibilities. For example, several Business Franchise heads felt that their ability to

meet their accountabilities for generating revenue was even more complicated than it had been before Phase II because of the role that the HGM had. One said,

“Now it’s a little bit like in my mind, I’m thinking some of those ways of controlling your business and moving your business forward are a little more difficult, because now you have someone who’s reporting between you and the big guy, so in some respects your ability to control and influence that has changed.

Question: Does that mean that you can’t make decisions like you used to be able to?

Response: I guess that’s about it.”

In the Round I interviews, three senior managers noted no difference in their job accountabilities (see Table 42). Two of them were in Support Functions, and the appointment of the Head of General Medicines had not directly affected them.

Staff. The Head of General Medicines thought that only his direct reports were affected by his appointment in Phase II of *Bauplan*.

“But what I’m surprised at is the people under them. Because the people under them have not been impacted from my perspective.”

A senior manager in a Support Function confirmed this impression:

“The perception was at the time that there was no other impact other than the five or six people involved at the top.”

Moreover, one Business Franchise head asked rhetorically,

“What has changed? If your boss hasn’t changed, or your level hasn’t changed, then what has changed?”

In fact, this section discusses how changes that directly affect one hierarchical group (in this case, senior management) actually did affect another hierarchical group (staff members), which is the opposite of what the senior managers believed to be the case.

Table 42 shows that fifty percent of staff also felt that their job accountabilities and responsibilities had been affected negatively. The reasons for this are discussed next.

Ten of the twelve staff members who thought that their own job responsibilities got worse during Phase II (compared to Phase I) referred to a perceived impact of the Phase II change on the job responsibilities of the VPs. As one experienced director put it, “the VP has less to do”. He explained that a consequence of the arrival of the Head of General Medicines was that the VPs started doing tasks that used be the responsibility of the directors:

“Now the vice presidents had way too much time on their hands, so when they have too much time on their hands... let’s be honest, [the HGM] took away a lot of their work. Then it became a much more scrutinised environment where we were already pretty bureaucratic before, but now when you’ve got a group of five or six VPs who don’t know what to do, things just become more scrutinised and they start putting themselves into other peoples’ roles, because they had to fill the time, and it’s weird to use that term but that’s what they are doing.”

He was not alone in this assessment. Another brand director made a similar point about all the Business Franchises. He said,

“The VPs started to get more involved in day-to-day work. And I’m not only speaking of my own Business Franchise, but this is absolutely true.”

Another example of the same phenomenon was provided by a manager in a Support Function:

“I used to work with my US and UK and Italian colleagues much more closely in the old structure than I ever did in the *Bauplan*. Why? Well, why should I be involved, that’s the vice president’s job.” – Support Function manager.

Other brand directors confirmed that as the heads of the Business Franchises started getting into more detail, they took away part of the jobs of the people under them – the

brand directors. This in turn was found to affect the brand directors' own roles and responsibilities, and a similar process unfolded, where the brand directors took some of the tasks of the brand managers, and so on. One brand director explained this:

“They started taking the exciting part of the job away from a lot of the people who have become directors. A lot of the things I enjoyed doing as a director, and I know other directors said the same thing, VPs consider, ‘That’s my new job.’

That is the stuff I liked. I liked working with the director of sales, I liked working with the director of medical, so that I could really rally everyone behind the brand. In the new structure, that is the vice president’s job. And what happens is, if I lose half my job, right, well then *I* start getting more into details.”

This development was confirmed by several interviewees, as this comment from a brand analyst shows:

“Now I find that some of the interesting work has been taken from me by [a director in his Business Franchise]” – Brand analyst.

In addition, managers and analysts in particular reported that they had to prepare more reports and do more presentations than ever before, because, they said, the VPs were getting more involved in details and wanted more documents from their staff.

The 42% of staff whose Round I interviews did not identify a deterioration in their job accountabilities and responsibilities tended to be more junior or recent arrivals to the organization.

Decision making and empowerment

Issues related to decision making were mentioned many times during the interviews (as described in Table 15), and from these the concept 'decision making' emerged, as shown in Table 44.

Concept	Decision making			
Properties	Speed	Who	Topic	Style
Dimensions	Slow ↔ fast	Senior managers ↔ lower level managers	Strategic ↔ detail	Autocratic ↔ inclusive

Table 44: Concept: Decision making, with properties and dimensions

The data discussed below indicate that *Bauplan* affected decision making for senior management, and that this in turn had an effect on the way staff members perceived decision making and *Bauplan*.

Senior Management. Table 42 indicates that five of the nine senior managers interviewed in Round I (i.e. 56%) were of the opinion that decision making in the organization lost ground during Phase II, and there was evidence that each of the properties of decision making was affected during Phase II of *Bauplan*. According to each of these VPs, an important reason for the finding that decision making suffered was that decisions that used to be taken by them were now being taken by the Head of General Medicines (i.e. the 'who' changed'), and that this slowed decision making (i.e. the speed of decision making changed).

A change in decision-making style was also mentioned by two VPs during the interviews. They suggested that it had become more consistent with the organizational culture at PCo Pharma. It was noted in Section 4.2.2 that the tendency at PCo Pharma was to favour a 'command and control' culture, i.e. a decision making style that was more autocratic than inclusive. In addition, the topic of the decisions that were being taken by VPs changed and became tactical, rather than strategic. As one said,

“I used to make strategic kind of decisions, but now it's more day-to-day stuff because the strategic decisions are in the hands of someone else.”

The comments about decision making are related to the previous discussion that VPs tended to feel that their job accountabilities had suffered. They also provide some background to the finding in Table 43 that one-third of the VPs thought they were less empowered than before, while one respondent (the Head of General Medicines himself) thought he was more empowered. Half of the VPs thought their level of empowerment was the same as before, but it is important to note that the arrival of the Head of General Medicines had directly affected them. These VPs were also among those in Round I interviews that thought that *Bauplan* had made no difference to decision making (two of nine) or improved decision making (also two of nine).

Staff. As Table 42 shows, nearly sixty percent of staff members thought that decision making had suffered during Phase II. This part of the section looks at the following aspects of decision making: who is making the decisions, decision making style, the topics about which decisions can be made, and the speed with which decisions are made (as shown in Table 44).

More than half of the staff members expressed the view that their empowerment was lower than before Phase II (see Table 43). This result is connected to the previous discussion, which demonstrated that the Head of General Medicines became a key decision taker, and took decisions that had previously been taken by the VPs who reported to him. This development was seen to affect the middle managers and associates in the organization, because, as many of them pointed out during the interviews, their own decision-making ability diminished as a result. Among the comments from managers and directors that reveal this are:

“I’m a director, but I have so many other people over my head who are making the decisions.” – Business Franchise.

“I *used to* [emphasis in voice] take decisions about marketing campaigns, stuff like that.” – Business Franchise.

“And I feel that we are being somehow left out now from the decision-making process.” – Support Function.

“The only decision-making power I have now is: do I ask for a decision, or do I just let it fly? Because if I make a decision I am going to get to shit on. That’s the decision-making power I have; I am being a little facetious here...but it’s not that far from here.” – Support Function.

Six of the nine associates interviewed in Round I mentioned the change in decision-making ability. One talked about her own manager, who was at the level of director:

“She is more limited in her decisions because he [the Head of the BF] is involved in everything, she would probably say that she has seen a difference.”

The head of a Support Function that was not affected by Phase II of *Bauplan* summarised the situation for directors:

“This is the forgotten layer; they have become fully moved out of any kind of formal decision-making, because by taking down the Business Franchise heads one notch, it took everybody else down.”

Nearly half of the staff members interviewed (11 of 24) indicated that the decision-making style of the Head of General Medicines tended to be non-participatory (as pointed out previously, this is consistent with PCo's 'command and control' culture). For instance, a middle manager in one of the affected Support Functions said,

“You're going along and then these huge arbitrary decisions come down the pipeline.”

A brand manager made a similar comment:

“And I can also see some decisions from the brand teams: we might all decide one thing and he decides something else, and we do the something else.”

At the same time, these middle managers tended to note that the decisions that were being taken away from them were not only the more strategic ones, but also ones that were in their field of competence. For instance:

“We needed to hire two new analysts in the entry position at PCo, and he [the HGM] was quite involved in who these persons should be, which I don't think he should be, not at that level, because we actually know best what the job is.” – Middle manager, Business Franchise.

Several other interviewees felt that senior management was getting involved in smaller and smaller problems. Among decisions of this type that were mentioned were which brands analysts should report on, and how many columns there should be on a particular report. A final example is provided by a manager, who was describing a (for her) minor training issue:

“Not one of us was consulted, not one of us was asked, they didn't want our opinion. So a decision is made and you are left wondering: 'How the hell did that decision get made?' You don't feel empowered: I'm a manager, yet am I really?”

There was a widespread belief that *Bauplan* Phase II did bring about a change in decision-making speed – but in the wrong direction: nearly sixty percent of staff interviewees (14 of 24) mentioned that they felt that decisions were taking even longer to make than before. Many staff felt that the insertion of another decision maker into the decision-making system was a contributing factor:

“If you look at the *Bauplan*, the Primary Care side [i.e. the new position], it probably added an extra layer of top management, which maybe slows down things.” – Middle manager, Business Franchise.

“Oh, decision making has slowed down and ground almost to a full halt because you have another layer in there.” – Associate, Support Function.

“When you have four Business Franchises and the decision impacts all the Business Franchises, the Support Functions and the Head of General Medicines, you need all these people in a room at some point to discuss this issue before a decision is taken. So it’s much longer, it takes longer, more people involved. So as a result of that it’s more bureaucratic.” – Middle manager, Support Function.

A middle manager in a Support Function with over ten years of experience described how he believed decision making worked under the previous structure:

“When you had a Marketing and Sales operation [the previous organization structure], it was two guys talking to each other and decisions were made and then you moved forward.”

Some middle managers also suggested that the increased involvement of the VPs in the details of their subordinates’ work was a contributing factor to a slow down in decision making, because it meant that the VPs were constantly asking for new justifications and arguments, especially when they needed to go and ask for a decision. The comments of two directors – one from a Business Franchise and one from a Support Function – show how decision-making speed could be affected:

“I am looking at a situation where in the past, you didn’t have the opportunity to challenge the decision eight or nine times, because things just had to move on and you just couldn’t keep up with the workload. Now you can challenge things eight or nine times, so the ability to move is very difficult because everybody wants to have their say.” – Middle manager, Business Franchise

“We don’t seem to make a decision and go. This is it. There is always going to be better, more optimal ways, maybe, and that’s what we’re always being told to go and look for, but at one point you have to say ‘Let’s make a decision and go.’” – Middle manager, Support Function.

While forty percent of staff members did not think that *Bauplan* had contributed to a change in decision making at PCo Canada (see Table 42), they tended to make comments to the effect that the various aspects of decision making were generally weak. For instance, one veteran staff member said,

“For as long I’ve been here, decision making has been slow, and decisions have been made at the top and passed down.”

Career progression

Senior Management. A perception that they had been pushed down one level led 57% of the VPs to the conclusion that this new structure had a negative impact on their career (see Table 42), as comments from three of them indicate:

“Before, when I was reporting to [the previous President], it was a little more clear – for sure, you’re a VP.” – Support Function.

“As a VP now, I’m no more than what I was before, when I was a marketing director for a franchise.” – Business Franchise.

“Basically what I’m doing now is what I was doing as marketing director. I don’t mean to make a big deal out of it, but I guess it’s not as meaningful as when I first came to take this position.” – Business Franchise.

The loss of access to the President of PCo Canada and the loss of a seat at the PEC was not compensated for by a seat on the PCEC, which was seen as “a junior committee to the PEC” by one Business Franchise head.

The feeling that their career paths were affected arose despite the message that was passed on to the affected VPs, which was “... it's not you, it's the structure, you're in the wrong box” and “it's not you, it's the top eight [countries]”. For instance, the VP whose group became part of the Medical Department was told,

“This was not a performance issue, it is just that in other countries and at Global they felt that regulatory and clinical-medical are part of a continuum of development and approval, and therefore everybody should be in the same department with one head.”

The overall conclusion of the affected VPs was expressed by one of them:

“The role of Business Franchise head became a lot less than what it used to be, as did my role.”

Two Support Function VPs did not think that their career progression had been affected – each continued to report to the President.

Staff. The findings from the interviews with staff members with regards to career progression were quite different from those of the senior managers. Table 42 shows that 83% did not believe that *Bauplan* had affected their career progression either positively or negatively. A typical comment came from a director:

“In all honesty, I don't think that the arrival of [the Head of General Medicines] has made any difference to how my career can develop here.”

Focus on the Business

Table 42 shows that the majority in each hierarchical group thought that *Bauplan* did not cause any change in focus on the business. There were respondents in both groups who thought that PCo Canada had an internal focus in any case. During the Round I interviews nearly one-third of respondents mentioned, without prompting, that PCo had a ‘PowerPoint culture’. For instance, one senior manager noted,

“PCo is known for that, even outside the company, beyond these walls! People say, ‘PCo? I don’t want to go there, all they do is make presentations!’”

and another manager joked,

“In the world of PCo, never let the market get in the way of doing a slide deck!”

Only one senior manager linked *Bauplan* to a reduction in internal focus, and this VP ascribed this to the frequency of organizational changes. It should be noted that this interviewee had been affected by the arrival of the Head of General Medicines.

Staff members were more likely to be critical in regards to this outcome. Some of the 28% of staff (i.e. 7 of 25) who thought that there was less focus said that the changing nature of their work – i.e. the production of more reports – was a contributory factor. A middle manager articulated the way in which this exemplified an internal focus by the organization, rather than an external focus:

“And I think general medicine is too internally focused – I was actually talking to some of the VPs early today and they said ‘You know what, I wonder how many people are actually working on slides right now?’”

Another middle manager made a similar point:

“I think we have been too internally focused, because I am a big believer in.... let’s say I have five hours available to me, I personally think I should spend at least four hours moving the business forward, anything that genuinely at the end of the day is going to contribute to the business. Instead what I know happens is we spend way too much time making pretty presentations.”

A number of the staff also linked what they tended to perceive as unnecessary structure changes with an internal focus; three of them made this link. For example, one staff member said,

“We spend so much energy redesigning the inside, I think there are a lot of careers being built on re-engineering the inside, and we are losing focus on what we should be doing.” – Middle manager, Support Function.

An associate in a Business Franchise made a similar point:

“The more we keep changing our structure and getting more bureaucratic and heavy inside, the less we are focusing on our customers.”

The respondents who linked *Bauplan* to an increase in focus on the business (four of twenty-five staff members (16%), and two of seven senior managers (29%)) came from the Business Franchises, and generally referred to the way the Business Franchises and Support Functions worked together (as discussed in Section 6.3.1).

Suitability of the Structure

Senior Management. Each of the VPs was asked about whether the *Bauplan* structure was appropriate when it was introduced (i.e. during Phase I). Without exception, the Business Franchise heads thought that it generally worked well, as this comment illustrates:

“When we introduced the matrix, I think it helped the organization to become more focussed. Of course, there were some problems, nothing is perfect, but it was OK.”

However, as Table 43 shows, two of the senior management (both heads of a Business Franchise) thought that the organization structure was inappropriate during Phase II. In each case, this was because they thought that the position of Head of General Medicines had unnecessarily added another layer to the structure. The majority of senior managers (57%) thought the structure was appropriate. They did not make any comments about the top-heaviness of the organization, nor about the ‘heaviness’ of the organizational structure (in terms of the number of Business Franchises, for example).

Staff. A much higher percentage of staff members than senior managers thought that the structure was not suitable. As seen in Table 43, 76% of staff members (compared to 29% of senior managers) thought that the organization structure was inappropriate. First, staff thought that the structure was top heavy. Some representative comments are:

“Adding a general medicine head on top of what we had, what we can see is that we are getting extremely heavy in top management at the expense of the bottom.”
– Middle manager, Business Franchise

“The number of VPs is unsustainable. How many Vice Presidents do we have?” – Middle manager, Business Franchise.

“It’s extremely top-heavy, it’s ridiculous.” – Associate, Business Franchise.

There were frequent statements about how common this view was: “this is not only my opinion, it’s the opinion pretty much across the board”, or “Everybody in my department, they all chat and I hear it – too many chiefs, and not enough Indians.”⁸⁴ Some of the VPs themselves were aware that this view was common; the head of one Business Franchise said about the staff in his group,

⁸⁴ The ‘chiefs and Indians’ metaphor was a very common one.

“I kind of sense that from their perspective they may say ‘Why are we creating these new management positions, when really we need less chiefs and more Indians?’”

The Head of General Medicines thought that the belief of staff that PCo Canada was top heavy was because the Business Franchise heads were called VPs, when they had what were, in effect, the responsibilities of a director:

“The issue, and it is an interesting one, is: is it too top heavy? I don’t think so, but if you go in any company, you’ll always have a director who directs the marketing group, right? The issue we have here is, we call them VPs, *that’s* the issue.”

Indeed, two-thirds of staff mentioned this in the Round I interviews. They raised the issue of whether the people who had the VP title and VP level compensation were actually doing ‘VP type’ jobs (just as the affected VPs themselves had done). For example, a Business Franchise middle manager referred to the rewards given to the VPs and to the kind of work they were doing, and said,

“Although they have the VP title and VP salary and VP car and VP benefits, they are acting as directors.”

Some experienced PCo Canada staff partially formed their opinions about the validity of the VP title based on what they knew from the industry in Montreal. For example, I was told:

“Many of my colleagues at [Company R] and [Company S] and other companies don’t consider them to be vice presidents. They say they are directors. They can call themselves whatever they want regardless, but that is a director role.”

A second reason that was mentioned for the feeling that the structure was not suitable was the ‘heaviness’ of the organization. Sixteen staff members referred critically to the number and size of the Business Franchises in a relatively small-sized operation. These

comments are representative of what these interviewees were saying about the number of Business Franchises:

“When you look at the size of this place, you ask yourself, ‘Do you need four BFs?’ I really don’t think so”. – Middle manager, Support Function.

“Four BFs!? It’s at least two too many for the amount of business we do in Canada.” – Middle manager, Business Franchise.

The comments of one interviewee about one particular Business Franchise are representative of the interviewees who referred to the small size of some Business Franchises. First, she pointed out that one particular Business Franchise consisted of a VP and eight other people – one brand director, three brand managers (one of them had the title ‘associate director’; two of them had nobody reporting to them), two administrative assistants and two analysts. She then said,

“Three products and a marketing director for two brands in one BF... on paper it looks weird, it doesn’t make sense. And to have a VP in charge of a small group like that makes no sense either.”

Morale

Senior Management. Table 43 shows that 71% of senior management did not link *Bauplan* with any change in their morale. For example, one of these senior managers said,

“I know some of my colleagues have been making a fuss, but I really don’t see what that’s all about. As far as I’m concerned, [the Head of General Medicine’s] appointment has been a good thing.”

Two senior managers did, however, report lower morale during Phase II, and they related this partly to the fact that they had to report to the Head of General Medicines. They said:

“I think nobody liked it. A VP reports to the President usually, he doesn't report to a VP, so obviously there is a feeling that you are pushed down to a more junior position, so everybody felt that way, which is a normal feeling, normal behaviour”

“I know just from coffee talk, I know some of us are ticked off about the status, reporting to [the HGM].”

These VPs also mentioned that their morale was affected by the way in which they were told about the change. Those involved who found the individual meeting with the President to be rather ‘cold’ and formal:

“People were called in one by one. It was fine with me, because I'm pretty easy going. But I don't think it is the best way to do it across an organization. It's always unnerving to people when you walk in there and the head of HR is sitting there, and it's not a scheduled meeting. Am I fired? Has someone died? Is [the President] leaving already? So it puts people in an alarmist mindset, where they don't really listen to what you're saying, they don't understand it, they don't ask questions, and all that. It was a little just over the top. I mean almost as if they expected people to flip out, they needed the head of HR there.”

“It was a very formal one-on-one meeting, with HR sitting there as if I had done something wrong. It was very bad actually. I'm sure it was necessary on the legal side – but very cold.”

The overall impression that emerged from the interviews with the affected VPs was that there was a great deal of disappointment with the *Bauplan* Phase II change, as these comments from two of them show:

“VPs who were kicked out [of the PEC] are losers in a way. And I told them, right off the bat, this change, it affects my CV, and I don't like it. I can no longer say ‘reporting to the President’, which I had, and which I lost.” – Support Function.

“I think people need to feel they have a certain status in the organization and people are trying to maintain that, they see the role of that, but when you create a separate meeting, people may have the impression that there has been a sort of, not a demotion, but the feeling that this layer of management is not as important as it was.” – Business Franchise.

Staff. Staff tended to be somewhat less positive than senior management about morale. As mentioned, 71% of senior management thought that *Bauplan* had not had any impact on morale, while 57% of staff members had the same opinion (see Table 43). In addition, a slightly higher percentage of staff members reported a negative impact on morale compared to senior managers (35% and 29% respectively).

Among the reasons cited by staff members for a reduction in their morale were issues related to the way the functional groups worked (as discussed in Section 6.3.1.1). Another reason mentioned for the reduction in morale was a perception that the nature of staff members' jobs had changed for the worse. Among the comments that make this connection was one by a brand director:

“I have to say, I was happier before. I mean, when you're doing interesting work that's challenging and rewarding it's OK, even if you have to work hard. But since [the head of a Business Franchise] is taking over those tasks, well, I'm not really a happy camper.”

Work-life balance

Approximately half of both staff and senior managers reported that *Bauplan* had contributed to a deterioration in their work-life balance (see Table 43). The following discussion shows that what happened in one hierarchical group (senior management) because of Phase II of *Bauplan* affected the other hierarchical group (staff).

Senior Management. The management style of the Head of General Medicines was perceived by several staff at all levels to be very detail oriented. One VP said,

“It’s an environment where you are expected at all levels, and a few others have commented on this as well, to know every detail. It’s not acceptable as head of a department to say, ‘Well, you know what, I don’t know that detail.’”

This detail-oriented management style was seen by several senior managers to be part of the culture of PCo Pharma. The style of the head of PCo Pharma reflected this and had an effect at the local level, according to one Business Franchise head:

“[The Head of Pharma] is very hands-on. And I can’t believe the amount of detail that guy can keep in his head, about statistics, about the business, about Canada, my franchise. It’s unbelievable. His memory is a trap, he gets really into it. So when you have the CEO at that level, doing hands-on kind of work, it’s really hard for everyone underneath him, reporting to him ... it sets the tone right from the top.”

The comments have a bearing on the finding that half of the VPs thought their work-life balance had suffered because of *Bauplan*. They reported that getting more involved in details increased their workload.

Staff. Table 43 shows that forty-four percent of staff members (compared to fifty percent of the senior managers) felt that their work-life balance had deteriorated. Many of them connected this to the changing role played by the VPs, and specifically to the increasing amount of time that the VPs were spending on detail (as mentioned just above). The comments of one analyst are typical:

“When they want more details, it creates more work, and by that I mean more presentations.”

Analysis of the data also indicated that developments in the outer context – i.e. the disappointing economic situation – also contributed to the workload, according to several interviewees at all levels (ten of them made this link). Some of them pointed out that PCo Global was putting the pressure on PCo Canada top management and was keeping a very

close eye on what was happening. Comments were made along the lines of, “Global is getting more and more involved”, or as one manager put it, “The company is on the radar screen right now”. This in itself increased the number of presentations and reports to be written, and hence the workload in the organization.

Stress

Senior Management. Nearly two-thirds of senior managers reported that *Bauplan* had contributed to their levels of stress. The interview data suggest that there were a number of reasons for this. First, several VPs indicated that the perceived negative impact on their job responsibilities and on their career progression played a role. For example, one of them said,

“From the outside, someone might say all the BF heads are losers, because they’re not on the PEC any more, not reporting to the President any more, if you want to look at it that way. When this happens to you, and people are thinking you’re a loser, it starts to take a toll and you get a bit worried about what people are thinking.” – Business Franchise.

A second reason that emerged from the interview data related to decision making and the loss of empowerment. One senior manager expressed the relationship as follows:

“We’re having a difficult time in the market, so that creates some stress because we’re trying to make our numbers. Then on top of that, decision making has slowed down, so that adds more stress, because we’re waiting while the competition is pushing on. And what makes it worse is that we’re waiting for decisions that I used to make in hours, not days.”

Staff. Fifty-four percent of staff members (Table 43) thought that they were experiencing more stress. The nature of the work-life balance – as discussed above – was identified in

several interviews as a contributing factor to the stress levels that were being experienced. For instance, one employee said,

“My last comment on that [work-life balance] was to my boss: ‘I don’t know, I don’t care, give me as many reports as you want, I will get more workload. But one morning I will come in crying, and you will give me a leave of absence for three months and I will go home, and I will enjoy my three months.’”

As with senior managers, the impact of Phase II of *Bauplan* on job responsibilities and decision making was mentioned as being related to a perceived increase in stress levels of staff members. One middle manager’s comments are representative of the staff who made the connection:

“What’s happening is that every single decision we at my level try to make is questioned. Same thing with presentations. You send it up, and wait for the hammer to come down that it needs more details or better statistics or whatever. So you’re always kind of on the edge of your seat waiting to get blasted.”

6.3.2.2 Hierarchical Groups and *Bauplan* during Phase III

More than four out of five respondents in both hierarchical groups expressed the view during the Round II interviews that the most significant aspect of Phase III of *Bauplan* was that the Head of General Medicines left and was not replaced. It will be seen in the discussion of Phase III in this section that this was indeed an important event for *Bauplan*. Just as the arrival of the Head of General Medicines was seen to have an impact on both senior management and staff members, so too did his departure.

The reader is reminded that Phase III started in mid-2006, and the Round II interviews took place between November 2006 and March 2007. Because of the relatively short time

between the beginning of Phase III and some of the interviews, it was not uncommon for interviewees to indicate that it was difficult for them to say whether Phase III had played a role in some of the outcomes discussed below. For this reason, the emphasis below is on the data that indicate that Phase III had either a positive or a negative effect on a change outcome.

Job accountabilities and responsibilities, and career progression

This section describes how the job accountabilities and responsibilities of senior management were affected during Phase III. It then provides evidence that what had happened in the senior management group influenced the way in which the work of staff members was affected by *Bauplan*.

Senior Management. Phase III of *Bauplan* involved a change in the reporting structure of sales representatives because some representatives started to report into each Business Franchise instead of into the Sales Department. This change is reflected in Table 42, which shows that three Business Franchise heads were of the opinion that there had been improvement since Phase III began in the way they perceived their job accountability and responsibilities. One reason for this was directly related to the fact that they had control over sales representatives. As one of the VPs put it:

“It’s only been a short while that they have come into the franchise, but I certainly think it’s going to be helpful in getting things done.”

A second reason is related to a change in how decisions were made. (This is discussed further below.) These senior managers were of the opinion that they were once more taking more strategic decisions. As one of them put it,

“I think that we’re more involved in strategic-type decisions again, so I suppose you could say that our job responsibilities have improved simply because we’ve got more responsible decisions to make.”

Two Business Franchise heads mentioned specifically that the departure of the Head of General Medicines was beneficial from a career point of view, because they were once more reporting to the President (see Table 42).

Staff. Just under half the staff (eleven of twenty-three staff interviewees) made comments that indicated they felt that there had been an improvement in their job responsibilities and accountabilities under Phase III. This improvement could be seen to be the result of how the Phase III affected senior management as a group. For instance, several staff members reported that senior managers were getting less involved in tactical issues and details. One consequence of this was that the staff members felt that they were suffering from less interference from above:

“I would say that the kinds of things I do in my daily work are more like what I was doing a couple of years ago.

Question: Can you explain that?

Response: What I mean is that last year my boss started doing some of what I used to do. Now I’m doing those things again.”

A second consequence that was identified by six staff members was that there was a reduction in the number of detailed reports and presentations that they needed to prepare.

A number of staff whose VP had been reporting to the Head of General Medicines commented that they felt their career progression possibilities had improved because their VP now had better access to the President, which meant that they in turn had more visibility within the organization.

Decision making and empowerment

The evidence presented here suggests that the views of staff members about the effect of Phase III on decision making were influenced by how Phase III affected decision making for the senior management group.

Senior Management. Each VP who had been directly affected by the departure of the Head of General Medicines (i.e. three of the seven interviewed in Round II – see Table 42) reported that they felt there was an improvement in decision-making speed. One of them said, “We are coming to conclusions more quickly”. Two reasons were mentioned: first, the VPs could go straight to the President if they needed a decision at that level, and second, the scope of their decision-making ability returned to what it had been in the first phase of *Bauplan*. One of the Business Franchise heads expressed it in this way:

“When [the HGM] was here, he was basically doing things, taking decisions and so on, that we used to do. Now, from that point of view, it’s gone back to the way it was before.”

As Table 43 indicates, two VPs indicated that they felt more empowered during Phase III. For instance, one Business Franchise head felt that his ability to make decisions had changed, because he had more latitude in the decisions he was making. His comments

suggest that his self-image as a VP was also improved. Comparing how he perceived his position (and that of his peers) now that he was once more reporting directly to the President, he said,

“Maybe speaking from a personal standpoint, and also information received from others, at one point you were reporting into [the President] directly, and then all of a sudden there is another layer of management, it just - maybe symbolically - diminishes your role within the organization. I don’t know if it really did, but people had that perception. And then you lose a little bit of access to the President and to the decision-makers. You feel, are you really a Business Franchise head or really at a director level?”

But that is sort of in a process of change. I think that having done both, I probably enjoy this role more because we are taking decisions a lot quicker, and being exposed more to [the President] and how he works and what he is looking for. It is certainly beneficial for my career development to see how he operates, to see if there are things that I could benefit from.”

Staff. The departure of the Head of General Medicines marked the removal of one level of decision makers, and this in turn could be linked to an improvement in decision making that sixty-one percent of managers and associates identified (see Table 42). The relationship can be seen in the following representative comments:

“I think it’s more clear what the VPs can take decisions about, so that’s helped.” – Middle manager, Business Franchise.

“There’s one less person to stick their oar in, so it does make a bit of a difference.” – Associate, Business Franchise.

While these staff did indicate that there was an improvement in decision-making speed in Phase III, it should be pointed out this should not be interpreted as a sign of satisfaction with the new speed. Two-thirds of the staff who mentioned that decision making had become faster in Phase III of *Bauplan* still believed it was very slow because of the nature of the matrix structure. For example,

“There was a slight improvement, but overall, I have just got used to the fact that we are a slow organization. When you want a decision, you often need to get a lot of people in a room.” – Middle manager, Business Franchise.

“Now some decisions can be faster than it was [sic], because it is easier to talk to your VP and he can make decisions, but he still needs quite often to talk to other VPs, and like I said, there are a lot of them!” – Middle manager, Support Function.

“Even though there is now one less layer, this company still has too many layers, it still takes too long to reach a decision, there are too many fingers in the pie.” – Associate, Business Franchise.

A commonly noted effect by staff members was the same as that indicated by the VPs at the same stage of *Bauplan*: a feeling of more empowerment. Thirty-eight percent of staff members mentioned this (see Table 43). For example, the following exchange took place during an interview with a Support Function manager:

Question: “Since [the HGM] has left have you noticed any differences?”

Response: Oh, yes. Much more empowerment.”

Other staff had similar sentiments:

“There needed to be a change in empowerment so that we could make those [day-to-day] decisions again. That change is now definitely noticeable.” – Middle manager, Business Franchise.

“I lost empowerment over the year [when the HGM was there] because my VP was making decisions on my behalf. Now my ability to decide on things is returning.” – Middle manager, Support Function.

“We had a senior level VP deciding on entry-level hires. I can do that. That person has to be strategic - resource allocation - and should not be concerned with entry-level hires. Now I can do my own hiring again.” – Middle manager, Business Franchise.

Such comments emphasise that the way in which Phase III affected the senior management hierarchical group played a role in how this phase affected the ‘staff

members' hierarchical group. While 62% of staff did not indicate that they felt their degree of empowerment had changed because of Phase III (see Table 43), many of them suggested that it was too soon to make any comment about this outcome, and several staff members pointed out that they were too junior to notice any difference.

Focus on the Business

More than two-thirds of all respondents in both hierarchical groups stated that Phase III of *Bauplan* had not had a positive or negative effect on focus on the business. When respondents had noted either an increase or decrease in focus, this was not due to anything related to hierarchical groups. An increase in focus was ascribed to the greater number of external activities of the President, while a decrease in focus on the business was linked by several staff members in the Support Functions to the way they worked with the Business Franchises. No staff members linked the previously identified reduction in the number of presentations and reports with an increase in focus on the business.

Morale and Stress

Senior Management. As has been shown, senior managers were generally quite positive about Phase III; for no single outcome did any senior manager indicate that the situation was worse than before Phase III, as Table 43 shows. It can be argued that it was for this reason that one-third of senior managers reported that morale was higher, as indicated in

Table 43. Indeed, one senior manager even noted a reduction in the degree of *Bauplan*-related stress he was feeling.

Staff. The interview data suggest that the perceived improvement in the level of empowerment is related to the increase in morale that nearly one-third of middle managers and associates reported (see Table 43). Among the comments that indicate this relationship are:

“The effects of this change at the top have frankly been positive for the majority.”
– Associate, Business Franchise.

“I never really understood why that level [HGM] was there. I feel more comfortable with the way it is, which is the way it was before.” – Middle manager, Business Franchise.

“Since he left, if I had to say one thing, I would say things are a little more positive.” – Middle manager, Support Function.

Once more, these comments suggest that the way a change unfolds for one hierarchical group can affect the change process of another hierarchical group.

Forty percent of middle managers and associates (see Table 43) made comments to the effect that their level of stress related to *Bauplan* became lower during the previous year.

For many of them, this was due to changes in decision making. For example,

“You’ve probably seen that this is quite a stressful place, but I think that what happened after [the Head of General Medicines] left was that everyone could breathe a bit easier because you weren’t as subject to as many out-of-the-blue decisions.” – Associate, Business Franchise.

“Always having everything questioned time and time again caused a bit of strain, and that’s not happening as much, so it’s not as bad.” – Middle manager, Business Franchise.

Work-life balance

As previously noted, the financial performance of PCo improved during 2006 (i.e. during Phase III). Several staff members pointed out that this meant that there was less pressure on the Canadian organization from PCo Global. They stated that this meant a reduction in the number of presentations and reports to be prepared for PCo Global, which contributed to a reduction in workload for all of PCo Canada, but particularly for staff members. Once more, there is evidence that the way the *Bauplan* change unfolded in the hierarchical group 'senior management' influenced an outcome in the hierarchical group 'staff members'.

Senior Management. Four-fifths of senior managers did not identify a significant change in work-life balance because of Phase III of *Bauplan* (see Table 43). One senior manager did say that his work-life balance had improved because he no longer needed to be as involved in details as during Phase II of *Bauplan*.

Staff. The data in Table 43 indicate that nearly two-thirds of staff members also saw no *Bauplan*-related positive or negative effect on their work-life balance. Four staff members did suggest that their work-life balance had improved, and they mentioned that one reason was the improved ability of the VPs to take more strategic decisions. It was felt by these interviewees that, as a consequence, the VPs were getting less involved in details than they were previously, so they did not need to be provided with details by their staff. For example, a brand director said,

“Now it’s more clear that the VPs have the portfolio and the brand directors have their product or silo if you like, so we [brand directors] can drill down just on the brand and you don’t have the VPs asking about every single detail any more”

(Note that the staff members who indicated there was a deterioration in work-life balance related this to the demands from the Business Franchises on the Support Functions.)

Suitability of structure

Senior Management. Despite their generally positive view of Phase III, three of the senior managers suggested in Round II interviews that the structure was inappropriate. Two of them had made this comment during the Round I interviews, while the third interviewee who had this opinion was interviewed for the first time during Round II. This VP said,

“To be honest with you, we have too many BFs, there’s no doubt about it. They should merge some of them. But I will say this, even if there are too many, I’m happy I’m in charge of one of them! [laughter]”

Staff. While the data indicate that there were some changes for the positive during Phase III of *Bauplan* from the point of view of associates and middle managers, this does not necessarily imply that there was a change in their view of the value of the matrix structure. The large majority of managers and associates – 86% – still thought that the matrix structure was inappropriate for the Canadian operation (see Table 43).

6.3.2.3 Concluding Comments on Hierarchical Groups and Bauplan

This discussion of the *Bauplan* change and hierarchical groups at PCo Canada has shown that different hierarchical groups can have different views of about aspects of an

organizational change. For example, senior managers were generally more positive than staff members about the suitability of the structure.

This discussion has also demonstrated how aspects of an organizational change that directly affect one level in the hierarchy can have an impact on other levels in the hierarchy. This was seen to be the case even when the staff members who were the most directly affected by a change – the VPs – did not expect that employees lower down in the hierarchy would be affected. One example of this is the organization level intended outcome ‘improved decision making’. During Phase II, senior managers found that their scope for decision making changed for the worse. The data suggested that, as a result, the scope of the decision making by staff members also changed for the worse. On the other hand, when the scope for decision making of senior managers improved in Phase III, so too did the scope for decision making of staff members. It was also shown that hierarchical group level change processes affect organizational outcomes (like decision making) and individual outcomes, like stress and morale.

6.3.2.4 Sensemaking in *Bauplan*

It was suggested in the literature review that sensemaking could be a useful tool in the analysis of change processes. In order to try to confirm if that is indeed the case, this section uses sensemaking to see if it can contribute to an analysis of how one’s views of a change affect one’s actions. It should not be inferred that sensemaking is the only way of analysing the data that were gathered during the interviews. Rather, the intent here is to establish the usefulness of sensemaking as a tool for studying group change processes.

The concept in sensemaking of ‘frameworks’ is used to analyse the way senior managers in the Business Franchises experienced *Bauplan*, and how this related to their actions. This group was selected for this analysis because of the central role they played during this change initiative, and because the discussion in Section 6.3.2 about senior managers and *Bauplan* suggested that the VPs of the Business Franchises were quite homogeneous in the way they viewed this change.

The following diagram (Figure 27) illustrates the sensemaking of Business Franchise heads that is described in this section. It may be summarised as follows: A sensemaking trigger leads to the development of a sensemaking framework, which in turn plays a role in the behaviours that are observed. When another trigger becomes evident, the framework is adjusted, and consequently the behaviours change. Each set of behaviours influences the intended and unexpected outcomes of the change.

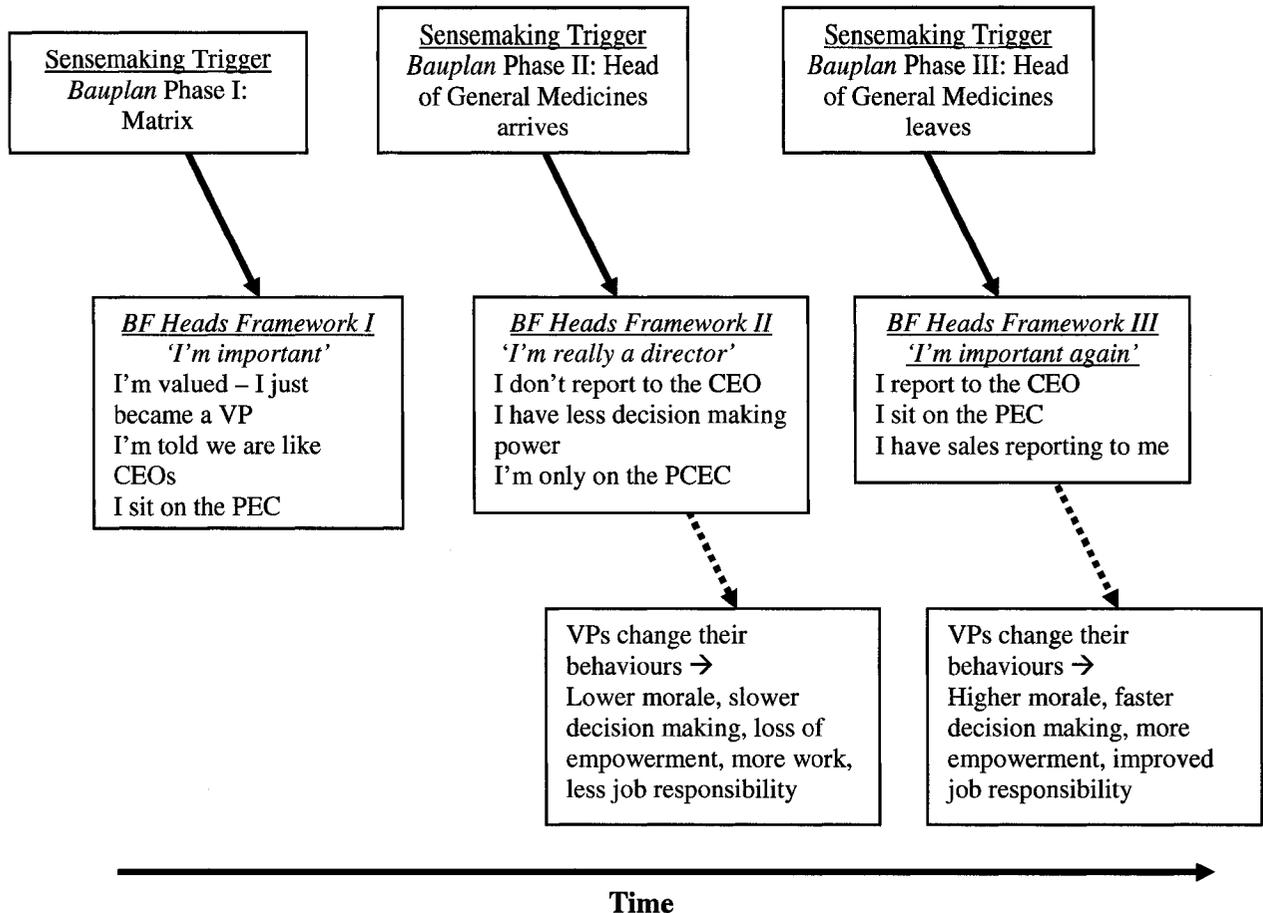


Figure 27: Sensemaking of Business Franchise heads

Sensemaking at a fundamental level “involves the placement of items into a framework” (Weick, 1995: 6), i.e. the ordering of these items within a general perspective (Weber and Glynn, 2006). Frameworks therefore serve as templates for understanding and interpreting events. The discussion here is about shared frameworks. In Weick’s terms (1995: 71), this is the intersubjective level, which is the point when

“individual thoughts, feelings and intentions are merged or synthesized into conversations during which the self gets transformed from ‘I’ into ‘we’.”

Frameworks get changed when there is a trigger, and it is suggested that during the *Bauplan* change there were three such triggers for the heads of the Business Franchises:

- The creation of the Business Franchises (identified above as Phase I of *Bauplan*),
- The introduction of the role of Head of General Medicines (Phase II), and
- The departure of the HGM (phase III).

Support for identifying three triggers is provided by the way the opinions of the VPs were shown in Section 6.3.2 to be different in each phase of *Bauplan*.

One of the seven properties of sensemaking (see Chapter 2) is that sensemaking is grounded in *identity construction*. “Sensemaking begins with a sensemaker” (Weick, 1995: 18), and what is sensed bears on the individual’s identity (Weber and Glynn, 2006). After Phase I of *Bauplan*, the heads of the Business Franchises tended to indicate during the interviews that they felt that they were in important positions. It is suggested that this occurred in part because the sensegiving by top management constantly referred to the Business Franchises as mini-companies and the Business Franchise heads as being like CEOs.

It could be argued that this feeling of importance of the Business Franchise heads was strengthened by several other cues, such as the fact that they reported to the President, sat on the PEC and, importantly, held the title of ‘Vice President’. In addition, their compensation emphasised their status, as mentioned previously. Moreover, I was told a story by several interviewees that emphasised the status of the Business Franchise heads: these interviewees commented that they had heard about two VPs getting new

administrative assistants at a time of cutbacks, and they expressed the belief that, as one middle manager said, “It’s easier for a VP to get resources than for everybody else.”

Just before Phase II of *Bauplan*, the sensemaking framework of the heads of the Business Franchises, as revealed in the interviews, could arguably be summarised as “I’m a VP and I’m important.”⁸⁵ The individual meetings of the VPs with the new President and the Head of the Human Resources department at the beginning of Phase II could be said to be a trigger for a re-evaluation of the existing framework. Some of the cues which had led the VPs to believe they were mini-CEOs disappeared: they no longer reported to the President, they no longer sat on the PEC, and they lost some of their scope for decision making. The discussion of the reactions of the Business Franchise heads (Section 6.3.2) showed that there was a great deal of disappointment on the part of the VPs about this.

Sensemaking is *social*, because “what a person does internally is contingent on others” (Weick, 1995: 40). The general view of middle managers and associates was also that the Business Franchise heads had lost power and status during Phase II, and were not doing ‘real’ VP jobs (see the discussion in Section 6.3.2.1 of the perception that the organization was top heavy). The Business Franchise heads were aware of such rumours and gossip. This was indicated by the comment of one Head of Business Franchise that

“I kind of sense that people are saying ‘we are creating another level of senior management, the VPs aren’t as powerful’”.

⁸⁵ Evidence for this suggestion is based on the comments made by the VPs about how they felt when the Head of General Medicines arrived. They tended to report a feeling that they lost status at that point, which implies that they felt they had higher status before he arrived (i.e. during Phase I).

It is suggested that the heads of the Business Franchises had a new sensemaking framework during Phase II, which can be summarised as “I’m really a director, not a VP.” Evidence of this was introduced in the discussion in Section 6.3.2.1, where the VPs’ comments on the changing nature of their jobs were presented. Sensemaking is *enactive*, meaning that “in organizational life, people often produce part of the environment they face” (Weick, 1995: 31), and sensemaking is “first and foremost about action in the world” (ibid.: 36). Sensemaking theory would therefore suggest that the VPs perceived the world of PCo Canada in a certain way and acted accordingly. It is further argued that their actions were related in part to their identity construction, and that their actions during Phase II were intended to recreate the feeling of being a ‘mini-CEO’, and not a ‘director-with-the-title-of-VP’.

The interview data would suggest that it was at least partly in order to recreate identity of a mini-CEO that the heads of the Business Franchises began acting in the ways that were observed by their staff and described in Section 6.3.2.1, (e.g. getting very involved in details), and in Section 6.3.1, where the silo-like nature of the Business Franchises was mentioned. A possible interpretation of their actions follows:

Being a mini-CEO implies being independent, and independence can be made most obvious by behaving differently from others. Because of this, the Business Franchise heads may have tacitly, and perhaps unconsciously, supported the development of their groups into the silos that staff in the Support Functions and some of the managers inside the Business Franchises observed. Since they felt they lost some of their power after

Phase II, they tried to justify their existence as VPs by, for example, not taking brand directors or brand managers to meetings with the President. In addition, some staff within the Business Franchises reported that at this time there was a tendency for Business Franchise heads to keep information to themselves (e.g. the minutes of meetings were not distributed). This would also help the VPs to feel that their role was important. It can also be argued that the increased frequency with which the Business Franchise heads asked for reports and got involved in details, as described above, was because they were taking actions to maintain their identity as VPs.

This analysis, then, using sensemaking as a tool, produces one explanation of how Phase II of the *Bauplan* change affected the VPs and staff of the Business Franchises. This could also be seen as an example of how actions are influenced by one's view of an organizational change – the VPs viewed Phase II of *Bauplan* as having led to a reduction in their importance and therefore took actions intended to counteract this perceived loss of status.

The departure of the Head of General Medicines marks the trigger for yet another modification of the sensemaking framework, as sensemaking is *ongoing* (Weick, 1995). One effect of Phase III was that the Business Franchise heads tended to feel that they had more decision-making ability (as discussed in Section 6.3.2.2), and some of the cues used by this group in their sensemaking during Phase I reappeared: they reported to the President and sat on the PEC. In addition, some of the sales representatives started reporting to them. There was evidence in the data that the Business Franchise heads were

more content with their roles and responsibilities in Phase III than they were in Phase II. It is proposed that this third sensemaking framework could be called “I’m important again.” The feeling of more empowerment that some middle managers and associates reported (see Section 6.3.2.2) suggests that the change in Business Franchise head sensemaking is having an effect on their actions, in that they are again getting less involved in details and allowing more scope for others to take decisions.

It is emphasised again that the use of sensemaking as an analytic tool in this section does not imply that no other interpretations are possible of how the Business Franchise VPs experienced the three phases of Bauplan and how this affected their actions. It is, however, suggested that the concept of sensemaking does have value, because it seems able to shed some light into the relationship between views of change and individual’s actions.

6.3.3 Summary of Group Change Processes

One of the topics about which this research wanted to gain insight is how views of a change are affected by one’s place in the organization and the stage a change initiative has reached. This section of the chapter has defined some of the types of groups that researchers into change should consider. There are formal groups, which exist on the organizational chart, and informal groups. Formal groups discussed in this thesis included groups which are defined by the organizational structure (i.e. Business Franchises and Support Functions) and the hierarchical structure (i.e. senior management and staff

members in the Business Franchises). The informal group discussed existed as an informal network (i.e. the brand managers and directors).

Similar views about various aspects of *Bauplan* tended to be expressed by members of particular groups. Here are some examples:

- Staff at all levels in the Support Functions were quite likely to feel that Business Franchises were like silos;
- Brand managers and directors in the Business Franchises were inclined to the opinion that communication between themselves got worse as a result of *Bauplan*, while senior management in the Business Franchises did not identify this as an issue;
- Senior managers in the Business Franchises were more likely to favour the initial reporting structure (dual solid lines) than senior management in the Support Functions did not. When the reporting structure changed, these positions were reversed;
- Associates and middle managers tended to be less positive about the introduction of *Bauplan* than senior managers.

These examples suggest that one's place in the organization does affect one's views, and that 'place in the organization' should not be seen only in hierarchical terms, but also, for example, in terms of which department one is in, or the role one has. The discussion of the sensemaking by the Business Franchise VPs also provided evidence that actions are affected by one's view of a change.

6.4 *Bauplan* and Individuals

The title of one of the chapters in *The Handbook of Organization Studies* is ‘The Individual in Organizational Studies: the Great Disappearing Act?’ (Nord and Fox, 1996). The aim of the present section is to make the individual reappear by considering a question that was at the core of the interviews: “How did *Bauplan* affect you personally?” Like the previous section, this one considers the research questions “How are views of a change affected by one's place in the organization and by the stage a change initiative has reached?” and “How are responses and actions affected by one’s view of the change?”

There are two main parts to this section. First, the stories of three individuals are presented in order to illustrate the change processes that take place at the level of the individual and to demonstrate how their view of the *Bauplan* change influenced their responses and actions. These stories also serve to make explicit the way in which change processes at the organization and group level affect individuals. It is suggested that the three individuals whose experiences are described are typical of the interviewees who took part in this research effort. The second part of this section (6.4.2) presents findings from the data about three reactions to the *Bauplan* change: cynicism, resistance and stress.

6.4.1 Individual Stories

The purpose of this section is to look in detail at what the *Bauplan* change meant for some individuals. The stories of these employees are told largely using their own

words.⁸⁶ The choice of these three individuals owes something to this researcher's initial academic training in literary theory. The Hungarian theorist, Georg Lukács, developed the concept of 'typicality' to convey the idea that characters in literary works are "at once both uniquely particularized, and at the same time representative of broader, deeper trends" (Fowler, 1987: 261). In other words, the characters have their own individual characteristics, but simultaneously reflect reality as experienced by a broader group. In presenting the stories of these individuals from PCo Canada, the argument is being made that their experiences are 'typical', and that the value in telling the three stories below is that they demonstrate very well the change processes that happen at an individual level. It is also suggested that descriptions of individuals' change processes add richness to a processual-contextual account of change.

The change processes of these individuals demonstrate how their responses and actions are affected by their views regarding the *Bauplan* change:

- AA was directly affected by *Bauplan* Phase II, which was interpreted by AA as being an effective demotion from reporting to the President. AA consequently decided to leave the organization.
- BB was not personally directly affected, except that s/he had a new boss. For BB, this change was just one more in a long line of changes, and, as such, one more factor in what can be termed 'change fatigue'.
- CC did not like the *Bauplan* structure, and there was an indirect impact on him/her at Phase II, leading him/her to take action by changing position. One of CC's other responses to *Bauplan* was to have a more negative opinion of the organization after *Bauplan* than before.

⁸⁶ I have changed the initials by which I have been referring to these individuals in the previous part of the chapter. This is to further protect their identity. In addition, in order to hide the gender of the interviewee, I repeat their pseudonym more than good style recommends.

It is contended that these individuals are ‘typical’ in that they experienced the unexpected outcomes of *Bauplan*, as well as lived with the varying degrees to which the intended outcomes were achieved.

6.4.1.1 Story 1: Down in the Organization and Out of the Organization.

AA was promoted in Phase I of *Bauplan* to the rank of VP of one of the most important groups. When *Bauplan* Phase II was introduced, AA no longer had a place on the PEC and no longer reported to the President. The news of the change in reporting structure was a blow to AA:

“In principle *Bauplan* is a good idea – sort of – but what was not thought of is: how would people react by being told, ‘One year you’re “it”, the year after you’re nothing’. I mean, I’ve been performing and working like a dog for five years, and they just say ‘It’s structure not people.’”

AA was particularly affected by no longer being a member of the PEC.

“What I don’t like is the absence from decision making, and that didn’t necessarily have to go with it. That’s the piece that glitched with me from the start – the removal from the scene. And in the *Bauplan* they brought in new people in decision making at director level that are right now at the table, and I’m a VP and I am not at the table.”

Not being “at the table” meant that AA felt less able to support the team:

“And what I can see, which is dangerous, I am self motivating and it’s not a big issue for me, but I don’t feel any more that I am part of the decision making. Decisions are made for my team without me being consulted, and I am told like ‘trust us’. I should be involved in the decisions and I was before. So that is different and that is more difficult to live day by day, it does trickle my down to my group at some point. They see I don’t have the level of power I used to before.”

AA was typical of the VPs who began to report to the Head of General Medicines, in that several of their responsibilities were taken by the Head of General Medicines and that these were viewed as being among the most interesting parts of their jobs:

“And it’s probably why it had such a big impact on me, is that in the *Bauplan* it basically took away from me what I like the most. And I was basically split between functional and strategic, and they took the strategic part away and kept me to functional.”

The process of transition was described by AA as follows:

“The first month I was completely outraged, because after again, and it is probably more my fault because I have invested so much in the previous years, you know I got into the VP role... but at the time, for me, it was a big wrist slap because of that, because I had given over and over and above, like big time, and then I got hit by this arbitrary decision, which was ‘Sorry, you’re in the wrong box’. So from then on my whole corporate values, you know, like ‘Work is rewarded’, ‘Hard work is rewarded’, and I had great performance all through, so the whole thing fell apart, like regardless, like ‘Shit, what is this for?’, ‘Is it worth it?’

And then it’s a step back career-wise, you think ‘Shit, why are they doing something like that when I was doing so well? Why are they slapping me at that point?’ and on the other hand they kept telling me like ‘You’re helpful, and you’re this and you’re that’ and then they just demoted me! [laughter]. And the reaction from the leaders was like ‘Move on’ so there wasn’t a lot of patience shown.”

It took AA quite a long time to adjust:

“So what’s really tough to realise too is that moving into deceleration mode takes months, which is what I found out, which is not to say I don’t work but I no longer work seven days a week. But what I found difficult it is not being part of that game any more. It’s like things are happening upstairs and I’m not in. And it’s driving me crazy but I have to say ‘You know what? Whatever...’

I started to find new ways of making myself happy through my work and investing in other areas, going into other functional areas and working closer with my guys, finding a way by myself, I have to say [laughter], because the organization wasn’t there for me.

I’m still a little bit in the reaction mode, but there could be a blessing there for me because it did offer an opportunity to move to a level that maybe is more sustainable in terms of workload and life balance.”

What emerges from this narrative is that AA went through an individual change process, whose stages are typical of the stages of grieving identified by Kubler-Ross (1973):

- shock – “I was told officially at the end of December how it would impact me specifically”;
- anger – “The first month I was completely outraged”;
- sense of loss – “It basically took away from me what I like the most”;
- bargaining – “moving into deceleration mode takes months”; and
- acceptance – “I started to find new ways of making myself happy through my work.”

It is suggested that AA’s individual change process is similar to that of the Business Franchise heads as a group. Particularly evident here is the impact of this change on AA’s identity as a VP; AA comments several times about having the title of VP, yet being cut out of strategic decisions, and generally being out of the decision-making loop because of having moved down in the organizational structure. There is also some evidence that AA felt a degree of betrayal, since he/she did not get the career advancement that he/she felt she had been promised.

AA’s view of the *Bauplan* change was negative. While agreeing that it may make sense at the organizational level, AA perceived the change to be detrimental at the individual level. AA provides a clear example of how an individual’s actions are affected by their view of the change: within a year of Phase II of *Bauplan*, AA moved out of the organization and left PCo Canada.⁸⁷

⁸⁷ Efforts to contact AA after this departure failed unfortunately.

6.4.1.2 Story 2: Resigned to Change

BB is a veteran of PCo Canada, having worked there since before the merger. At the first interview, when asked to rate the frequency of organizational change on a scale of 1 (very rarely) to 5 (very frequently), BB answered, “6”. BB’s small department has experienced changes in the organizational structure independently of *Bauplan*, but also as part of *Bauplan*. In Phase II of *Bauplan*, the department was moved from one group to a different one:

“The department keeps moving around, one minute it’s here and the next minute it’s somewhere else. Now we are kind of back to where we were two years ago.”

In addition to BB’s department’s moving from one place in the structure to another, life was complicated by the fact that there was no continuity in the actual person BB reported to:

“Now with this change, this is going to be my sixth boss in two years. I think six bosses in two years, I have a record.”

BB’s reaction to this number of changes included both personal concerns, and a concern for the team:

“It’s too much. Yeah, it’s too much. The tough aspect of it is to ensure continuity, for me and my team because moving from one person to another person is [sighs].”

“And I set my goals with one individual, and I had my mid-year appraisal on Friday with another individual, and it is for sure that my next year’s goals will be with someone else. It doesn’t work, there is a cost to that. I pay this cost.”

BB accepts that the changes are happening, and finds a way to deal with the situation. One of BB’s actions is to be prepared for change, while at the same time behaving as if his/her department is almost separate from the rest of the organization:

“Finally at the end of the day, I should say that we are kind of almost on our own, because by the time the new boss gets into the business he changes.

I have a binder for this department that I hand out to my new boss. If I was into wait and see, we wouldn't do anything because I would have been waiting for directions for the last three years. So each time I say, 'This is what I'm doing, this is where we are going, if you don't agree say so, because this is where we're going.'”

BB has gone through a process of experiencing many organizational changes, and, by the time of *Bauplan*, had reached the stage of 'acceptance'. In BB's case, though, acceptance is equivalent to indifference, since BB's actions help BB to treat any change in the organizational structure as just one more change that can be managed with the binder that BB hands out to the new boss.

BB felt that s/he could deal with any individual change, but the sheer volume of changes was a real challenge, which s/he dealt with by using 'the binder'. Ultimately though, there was an impression of being overwhelmed by changes:

“The frequency of change is the issue for me now. I hope people understand what changes mean. A change is a change and triggers all kinds of things and has consequences. So going change after change like this, each time those changes have to be managed and have consequences and so on. I think it's enough. But I'm not sure that people realise that at some point, they have to say 'OK, this group has changed five times and that is enough.'

Each time it's a change, they don't see it as 3, 4, 5 changes, they don't see it in context.”

Some of the themes of BB's story are picked up again in Chapter 7, especially the insight that often people do not realise what the consequences of organizational change are, because they do not see change in context. This explains BB's final comment,

“Let's work with this structure for a few years. Slow down change, slow down...”

6.4.1.3 Story 3: Strong Feelings

CC is a middle manager with many years of experience in the pharmaceutical industry, and has been at PCo Canada for several years. CC stated,

“I guess I just don’t agree with the *Bauplan*, so that’s my biggest fundamental issue.”

CC was particularly scathing about the top heaviness that s/he perceived, and about the inward focus of the organization:

“You have vice presidents of *two* brands. You have the Vice President of a franchise that sells less than \$12 million. Christ, other companies don’t even put brand managers on it, we have VPs on it!”

“We are very good at staring at our navels. I look at it from outside and I say, ‘Shit, there is a lot of wasted energy!’”

CC’s negative feelings about these problematic aspects of the company that were caused by *Bauplan* led CC to have lower morale and a somewhat pessimistic view of the future.

In the first interview we had, CC made the following comment:

“I think we are going to sustain a crisis, I think we are not too far away from it, I think the whole structure will collapse and morale will drop to the floor, and it is already pretty low. I think we will see a mass exodus of people and we have already started to see some of these people leave, because they feel the tide turning.”

I asked if CC’s view of the organization had changed because of *Bauplan*. CC replied,

“I would think so, it’s more negative. I have to say that from when I joined PCo up to recently, it had been a great, great company – and I am sure we are going to come out of it – but in the last 18 months, and particularly since the *Bauplan*, and really in the last six months, it has been much more negative. I just feel the company is in an out-of-control spiral. No one seems able to stop this downward spin, no one seems to be willing to stop this downward spin, and we are going to spin until we hit bottom – and I don’t even know when that is.”

CC was particularly affected by the fact that his/her VP took over the most interesting part of CC's work after Phase II, and moved to another position. CC explained,

“You know, just to do [detail work]... I had no growth opportunity left. Three or four years ago I would have loved this because I didn't know it, but now I know it, and I can do it with my eyes closed, and it is time I did something different. So I moved somewhere, and [one of my peers] moved somewhere else, because you have to do something different, this is just killing me...”

CC took refuge in the fact that s/he liked the new work s/he was doing. In a second interview, about one year after the first interview, I asked CC what had changed in the time between the first and second interviews, now that *Bauplan* had been in existence for a while. CC replied,

“The term I would use is ‘I'm content in my job’. But do I come in with absolute excitement? Not like I used to. And I think that's a general statement. Because everyone has been telling us they are going to change the process and they don't. Not wanting to speak negatively, but at this point, it's not going to change.”

However, the overall opinion that CC had about the *Bauplan* structure had not changed, although there was an appreciation that the Phase III change of bringing some sales representatives into the Business Franchises was positive. CC was still concerned about top-heaviness and the titles of the Business Franchise heads:

“I guess I am stuck with the sense that the Business Franchises, the way they are structured, with having VPs in those positions, it does just not make sense. But I would take the current VPs and make them directors - maybe you want to call them executive directors, to me they are not VPs. And brand directors, which we have here, everyone else calls either senior brand managers or brand managers. There has been an inflation of titles and I don't think it has been healthy for the organization.”

CC's responses to the *Bauplan* change were based on his/her view in a direct way. CC changed position because s/he perceived that his/her own job was negatively affected by

what happened during Phase II – VPs in the Business Franchises started to take interesting work from their staff. Just as it could be argued that the VPs' self identity as VPs was threatened by the appointment of the Head of General Medicines, it is reasonable to conclude that CC's self-identity was threatened by the loss of interesting work – "I had no growth opportunity left". As a consequence, CC moved to a new position.

The attitude that CC had about the organization was very heavily influenced by the perception CC had of the *Bauplan* change and awareness of the outside environment. These opinions were expressed in very strong – almost irate – terms. Using Kubler-Ross' (1973) stages, CC's change journey in the period when we met includes the stages of anger (e.g. harsh description of the organization), bargaining (moving to a new position) and acceptance ("Do I come in with absolute excitement? Not like I used to").

6.4.2 Individual Reactions to *Bauplan*

Reported in the literature on the effects of change are stress (e.g. Stuart, 1995; Vakola and Nikolaou, 2005) and cynicism (e.g. Doyle et al., 2000). There were signs of each of these responses to the *Bauplan* change, as has been mentioned in the discussion of unexpected outcomes in Section 6.1.2, and then in the discussion of the change processes of functional and hierarchical groups in Section 6.3. This section summarises the findings from the interview data regarding cynicism (6.4.2.1), resistance (6.4.2.2) and stress (6.4.2.3).

The effects of change on individuals that were observed in this study were negative. While Buchanan et al. (1999) found that that managing change can be exhilarating, but there was no evidence in the interviews that I carried out that any manager, at any level, found the process of managing the *Bauplan* change to be anything other than challenging.

6.4.2.1 Cynicism

“Cynicism about change involves a real loss of faith in the leaders of change and is a response to a history of changes that are not entirely or clearly successful” (Reichers et al., 1997: 48). Such cynicism was in evidence at PCo Canada. Table 45 presents the data gathered from the interviews. It shows that more than 50% of respondents linked *Bauplan* to an increase in their cynicism during the Round I interviews, while five mentioned during the Round II interviews that the changes of Phase II increased their cynicism.

Cynicism	Round I		Round II	
	N=			
More	16	50%	5	19%
Same degree	16	50%	20	77%
Less	0	0%	1	4%

Table 45: Cynicism and *Bauplan*

A common comment by employees who had been with the company for more than five years before the *Bauplan* change initiative concerned the sensegiving associated with each structural change initiative. They reported that each new structure was introduced as an improvement on the previous one, even though the new structure was similar to a structure that had previously been replaced. Staff wondered why top management were making these changes:

“What I find funny about PCo, in that the first thing that was told to me when I joined, is that we’ve had all these levels of hierarchy but after the merger they disappeared. But now we are going back to all these levels of hierarchy. And it didn’t work then, so why should it work now?” – Middle manager, Support Function.

“But after being here for 14 years, and I feel like some patterns are coming back, they come, they go, they come, they go. You restructure and then, oh! - we lived that structure before, it is coming back. How come did it go? And it is now coming back?” – Associate, Business Franchise.

“But we have been through a lot of structure changes, and people come in with these new structures and they think they just invented something huge. But we have been there in the past. I’ve been here for 16 years, I have seen it.

So the new Business Franchises we have now, it was introduced like the biggest novelty since sliced bread – been there, done that years ago at [pre-merger Company A], where this matrix was called business unit. Now we have changed the name to Business Franchise and that is probably the only novelty. It lasted only for less than two years, and we reported back to a normal structure.” – Middle manager, Support Function.

Around one-third of the interviewees who associated *Bauplan* with an increase in their degree of cynicism mentioned that they became indifferent or took a wait-and-see attitude. For example:

“What I hear most commonly is that people who think it is not a good idea, they will just wait, live it through because it is going to change in two years anyway.” – Middle manager, Business Franchise.

“We have seen the picture before. Maybe not having VPs in every franchise, but we have been through it all before - having all cardiology, all dermatology...and then with the new CEO it all changes and with the *Bauplan* it is all coming back again. Is it good? Is it bad? My thought personally, I don’t really know, but you go with the flow!” – Associate, Business Franchise.

Another source of cynicism that was identified relates to sensegiving during the change process. As described in Section 5.2, a significant part of the sensegiving by top managers about *Bauplan* was that this change was carried out for reasons related to efficiency; it has also been pointed out (in Section 6.3.2.1) that many staff members felt

that the organizational structure was inappropriate for the size of PCo Canada operations.

For instance:

“The *Bauplan* says one thing, but does the *Bauplan* fly in a country like Canada? Or is Canada at the point where it’s just in between, you know? In other words, is there the critical mass here?” – Middle manager, Business Franchise.

“I think it is a great structure at the global level, where you are big and you do not have any implementation level. When you get to a country that is as small as Canada, no, I don’t think that is an appropriate structure.” – Middle manager, Support Function.

“I think it is a heavy structure for the size of the business, and I think a lighter structure should still do it.” – Associate, Business Franchise.

This opinion about the unsuitability of the structure, coupled with its perceived imposition by PCo Global, was mentioned by several interviewees as having contributed to the degree of cynicism. Indeed, three ‘veteran’ senior managers from the Support Functions themselves spoke of some cynicism, particularly since there was no opportunity even at their level to have any input into the structure to align it more with local needs. For instance, one senior manager said,

“It was purely top down⁸⁸, we had no input. They have this concept of ‘Think globally, act locally’, and I think this should have been least discussed with the local competent people. But to be imposed – one day you are told, well, from tomorrow your reporting structure will change because the *Bauplan* says all the top 10 countries will be like that – it makes you a little bit cynical, perhaps.”

Cynicism is a form of resistance through which employees can distance themselves from what is happening in the organization, while at the same time, they can continue to perform their work as required by the organization (Fleming and Spicer, 2003). Other varieties of resistance are discussed next.

⁸⁸ The culture of PCo Pharma, as described in Chapter 4, is ‘command and control’, so to a certain extent, these comments are unsurprising.

6.4.2.2 Resistance

A common theme in discussions of organizational change is resistance, as pointed out in the literature review. There are many forms of resistance (Edwards, 1979), which range from obvious forms like strikes and sabotage to acts of misbehaviour like falsifying reports (Sewell and Wilkinson, 1992). Such forms of resistance were not observed at PCo Canada. This section concentrates on Phase II to identify other behaviours and reactions from the *Bauplan* change process that may be understood as forms of resistance.

Three forms of resistance were mentioned in interviews in relation to the VPs who were affected by the arrival of the Head of General Medicines. One form – arguing – was tried by one of these VPs immediately after being told about the change. This VP said,

“I think I was very outspoken in the early times, thinking maybe again that I could actually change something, but I realised quickly that I couldn't. I couldn't resist it: it happened.”

It was also noted by two (non-affected) VPs that the behaviour of some of the affected VPs reflected their resistance to the change. They observed a second form of resistance – behaviour that might be described as passive resistance by these individuals:

“You could see it [the VPs resistance] outside of meetings, conversations in the hallway, and in body language and attitudes during meetings.”

“Some people said ‘No problem, I'll do my job’, but with others it was obvious just from the way they were being – and they spoke to HR and they spoke to people. So to think about resisting it, it was more of that – behind the scenes, negativity, that kind of stuff.”

It is also suggested that the actions of at least two of the people most affected by *Bauplan* can be understood as a third way of expressing resistance – they left the company. They include one VP (whose story is told in Section 6.4.1.1) and a director who worked closely

with that VP; this director was very outspoken during the interview about the direction the organization was taking because of *Bauplan*. I was told by people who are still at PCo that these departures were directly because of *Bauplan*.

Another reaction that could be classified as a form of resistance to change is to be concerned only by one's personal work. This behaviour marks an attempt to withdraw from the change environment, and is an endeavour to retain or create some autonomous space. The stories below of BB and CC both include elements of this kind of reaction, which is a kind of resignation.

Overall, the scope for resisting an organizational change like *Bauplan* seemed to be extremely limited. I asked one very senior manager who was directly involved,

Question: "Is there any way of resisting these changes?"

Response: No. Resist... no."

The change was imposed from the top, from outside, and even senior managers said they had no opportunity to provide input to protect themselves or their departments.

6.4.2.3 Stress

The discussion of how functional groups and hierarchical groups experienced the *Bauplan* change drew attention to the causes of *Bauplan*-related stress that were mentioned by interviewees. This section summarises those findings. Interview data concerning stress and *Bauplan* are shown in Table 46.

Stress	Round I		Round II	
	N=			
More	19	56%	0	0%
Same degree	15	44%	19	73%
Less	0	0%	7	27%

Table 46: Stress and Bauplan

It should be pointed out that more than three-quarters of all interviewees mentioned that the stress level at PCo Canada was high regardless of *Bauplan*. For example, attention was drawn by respondents for example to the economic situation, the general pressure of meeting deadlines and to other changes which are described in Chapter 7.

Four main themes from *Bauplan* were identified as being related to the stress levels of PCo Canada employees. First, the introduction of a new organizational structure was identified as a stressor because of the uncertainty that it entailed. Second, the structure itself was thought by a number of associates and middle managers to contribute to their stress levels because of its top-heaviness; this increased their workload, and this in turn had a negative effect on their stress levels.

A third source of stress was said to be related to empowerment and job responsibilities. During the first round of interviews, it was mentioned on several occasions that a lessening of the ability to take decisions was a contributing factor to stress. In addition, the changes in job responsibility that were caused by the arrival of the Head of General Medicines were seen by some staff as stressors. Indeed, during the second round of interviews a number of employees stated that their level of stress had declined because of a higher level of empowerment.

Fourth, numerous staff in the Support Functions mentioned that dual reporting and the resulting lack of clarity about priorities was a factor that related to stress. Linked to this was the silo-like nature of the Business Franchises, where there was felt to be little consistency about performance standards.

6.4.2.4 *Bauplan* and Individuals

The analysis done for this thesis suggests that group level and organizational level factors, in conjunction with the inner and outer contexts of change, can play a role in explaining individual reactions to change. Justification for this observation is given below.

One organizational level factor that was reported to affect stress levels at PCo Canada was the financial pressure that the company was under during Phase I and Phase II of *Bauplan*. This financial pressure was in turn influenced by developments in the outer context (like the ever-increasing sales of generic drugs). The stress felt by individuals was also a reflection of the situation in their group. For instance, the discussion of dual reporting suggested that this had a profound influence on the stress levels of staff members. The story of CC below is an example of the finding that stress rose because of dissatisfaction with the way the VP took away interesting work.

Similarly, there appears to be a relationship between cynicism and organizational level factors. For example, the history of frequent changes of organizational structures seems to contribute to cynicism. A possible reason for this lies in difference between the

sensegiving by senior management that each new change represents progress and the sensemaking of individuals who observe that the organization moves from Structure A to Structure B back to Structure A. Cynicism may increase as individuals wonder why the organization is going back to Structure A if this particular structure had previously become so unsuitable that it was necessary to replace it with Structure B.

This investigation therefore lends support to Bliese and Jex's (2002) argument that one of the benefits of a multilevel analysis of change is that it allows the researcher to look at factors at other levels that influence the reactions of individuals.

6.5 *Bauplan*, Processes and Contexts

This final section of the chapter summarises what has emerged from a processual-contextual approach to the study of an organizational change. In order to illustrate the processual-contextual approach, this section presents three diagrams.⁸⁹ Each of them illustrates the complex nature of change processes at the different levels, and how these relate to the outcomes of change.

6.5.1 *Bauplan* and Processual-Contextual Research

“The irreducible purpose of a processual analysis remains to account for and explain the what, why and how of the links between context, processes and outcomes.” (Pettigrew, 1997: 340).

⁸⁹ These illustrations follow one of Langley's (1999) suggestions for describing process data.

It is suggested that Chapters 4, 5 and 6 have provided a description and analysis of the *Bauplan* change process, as defined by Pettigrew (ibid.: 338): “[a process is] a sequence of individual and collective events, actions, and activities unfolding over time in context.” As described in Chapters 2 and 3, and based largely (but not only) on Pettigrew’s work (e.g. 1985, 1987, 1997; Pettigrew et al., 2001), a processual-contextual approach to the study of organizational change has certain core components. I now use these to explore the *Bauplan* change process and to bring together themes that have cropped up in several places in this and previous chapters.

6.5.1.1 Description of the processes under study

Change processes at three levels have been described: organizational, group and individual. The change process at the *organizational level* really began, not in late 2003, when Phase I was implemented, but over six years previously, when a merger led to the creation of PCo. From this point, two paths led to the implementation of the *Bauplan* change at PCo Canada. The first path starts with the reorganization at PCo Pharma in 2000 when the drugs portfolio was divided into two main segments – Primary Care and speciality drugs. At that time, Business Franchises were created within the Primary Care Business Unit for dealing with specific therapeutic areas; this organizational structure is the model which *Bauplan* was intended to implement. The second path starts with a decision at PCo Pharma that all the top ten countries (in terms of sales) would share a common organizational structure. These two paths came together in Canada in 2003 with *Bauplan* Phase I.

Three phases in the organization level change process of *Bauplan* were described: introduction of the matrix organization; creation of the position of Head of General Medicines; departure of the Head of General Medicines and moving some sales representatives into the Business Franchises. While this process continued, several change processes at the *group level* were taking place simultaneously. There is evidence that the *Bauplan* change was experienced differently by the Support Functions and the Business Franchises, and by senior management and the rest of the staff. *Individual level* processes were also described, with particular attention being paid to the change processes of three individuals and to three effects of *Bauplan* on individuals.

6.5.1.2 Description of the contexts and levels of analysis

As just discussed, three levels of analysis were identified, and there has been an examination of the contexts that may affect them. After identifying developments in the pharmaceutical industry as being part of the *outer context*, Chapter 4 emphasised the increasing pressure on the pharmaceutical companies from generic competition, from the increasing difficulty in creating blockbusters, and from government regulatory bodies. Such pressures were shown to exist both internationally and in Canada. Locally, the outer context also includes the fact that Montreal is an important hub for the pharmaceutical industry.

The discussion of the *inner context* related the history of PCo Pharma and PCo Canada. The history of organizational structures at Global and in Canada before *Bauplan* was described, as was the culture. Chapter 4 showed how PCo Pharma's culture was based on

that of one of its pre-merger companies which favoured control over empowerment. The change climate at PCo Canada was seen to be one where change is a frequent occurrence.

6.5.1.3 Linking the processes with the contexts and levels of analysis

Bauplan change processes are embedded in their outer and inner contexts, both present and past. The relationship between the organizational histories and cultures of PCo Pharma, PCo Canada and *Bauplan* has already been mentioned in this section, in that *Bauplan*'s roots lie in the past. The history of PCo Canada was seen to play a role in individual and group change processes; for example, the interview data suggested that one reason for cynicism lay in the high turnover in organizational structures that had been experienced.

The physical location of PCo Canada played a role in group and individual change processes. The fact that PCo Canada is in Montreal – a hub of pharmaceutical companies – means that its staff have a very good idea of what is happening in other organizations, because many of them either worked there themselves, or know people there through some of the industry-related organizations that there are in Montreal. The interview data suggested that it was through a comparison of PCo Canada with other organizations that some individuals formed the opinion that the organization was top heavy, and that the VPs in charge of the Business Franchises were not really doing VP jobs.

The business environment appeared to be influential. The difficult times that PCo Canada experienced during *Bauplan* Phases I and II led to decisions to cut at the organizational

level These financial difficulties were said by some interviewees to have indirectly contributed to an increase in workload, and hence an increase in stress. Workload and stress were also affected by Health Canada following the *Vioxx* affair, according to some interviewees in the Regulatory Department; the government agency became more demanding, which increased the workload on staff in that group. At the same time, this was reported to have increased tensions between the Business Franchises, who obviously wanted to see their products released as quickly as possible, and the Regulatory Department, who had to follow Health Canada's more stringent requirements. The change process involving these two groups was influenced, then, by developments in the outer context.

Figure 28 provides an illustration of how processes are linked with contexts and levels of analysis. It covers the change processes involving functional groups (discussed in Section 6.3.1). It depicts some of the change processes involved and illustrates how change processes at the level of the group interact with change processes at other levels. Expressed in words, the diagram shows how the creation of the Business Franchises initially affected staff working in the Support Functions. The Business Franchises also started to act as silos, and this created difficulties for some Business Franchise staff, as well as for the Support Functions. Meanwhile, events in the outer context played a role in the way the change processes in the functional groups developed, and these in turn affected the individuals in the groups.

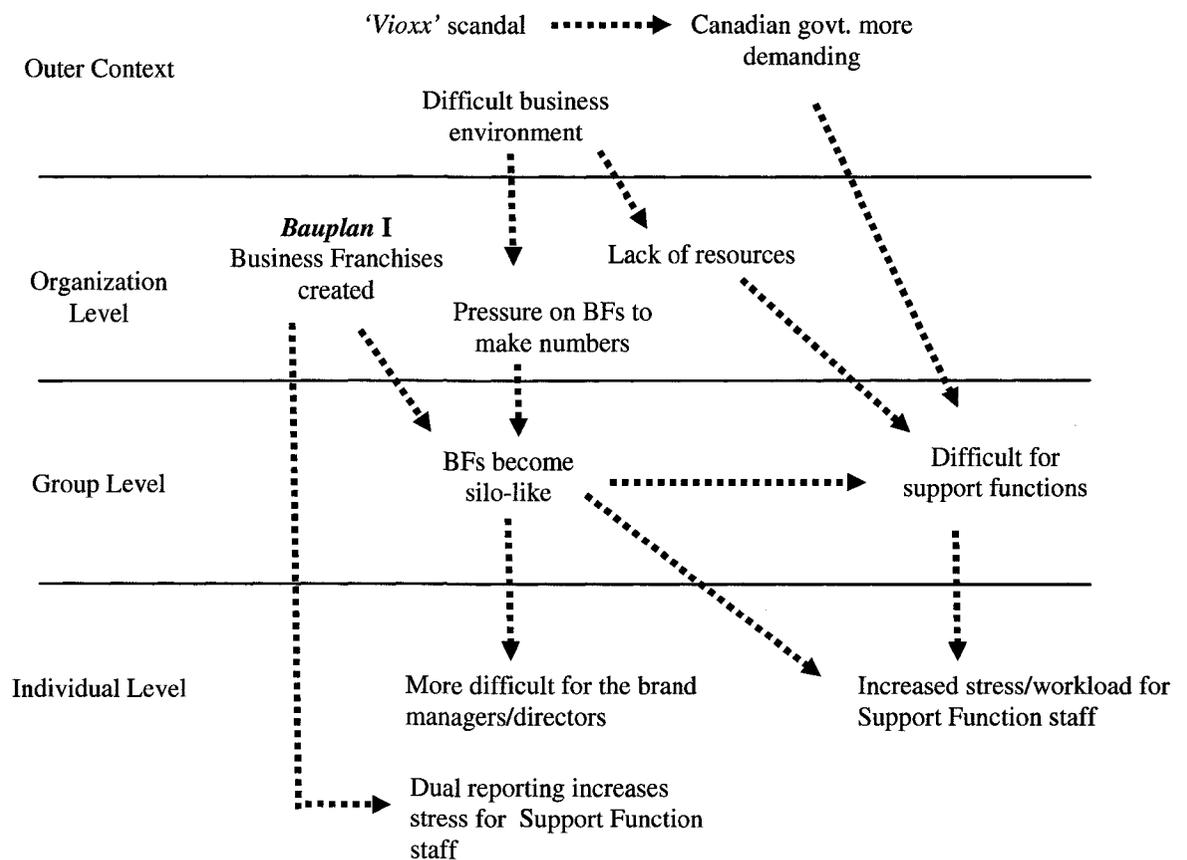


Figure 28: Bauplan processes, contexts and levels of analysis

6.5.1.4 Linking the process of a change to change outcomes

Reference has been made to the outcomes of the *Bauplan* change, and these have been linked to change processes at the various levels. For example, it was contended that the outcome 'improved decision making' was linked to the process of change in the hierarchical groups, and that the outcome 'more efficiency between Primary Care and Support Functions' was linked to the process of change in those functional groups.

Figure 29 is provided to illustrate the results of the analysis that is presented in Section 6.3.2.1 about how the *Bauplan* change had an effect at the level of senior management,

and which then affected staff members lower down in the hierarchy. It shows how an analysis of how group change processes interact with each other can shed light on change outcomes.

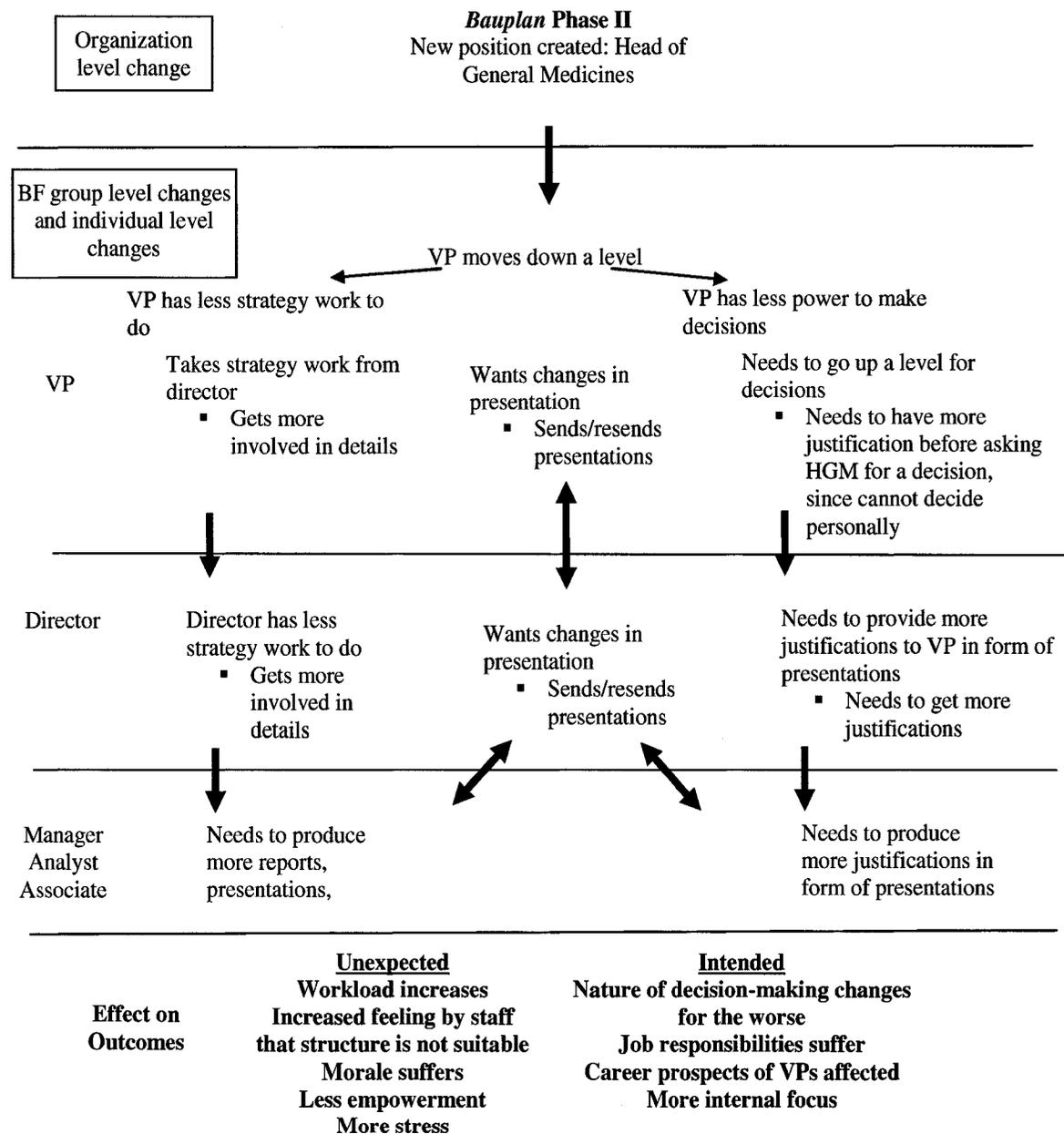


Figure 29: Bauplan Phase II – hierarchical group processes

Figure 30 also illustrates the change processes related to hierarchical groups to show how the process of a change can be linked to outcomes. This diagram presents a multilevel view derived from the interview data that summarises how the arrival and departure of the Head of General Medicines, as well as factors in the outer and inner context, affected hierarchical groups and some of the intended and unexpected outcomes of *Bauplan*. It complements Figure 29 by taking account of time, so the diagram makes clear that change outcomes do not remain static while a change process is still unfolding.

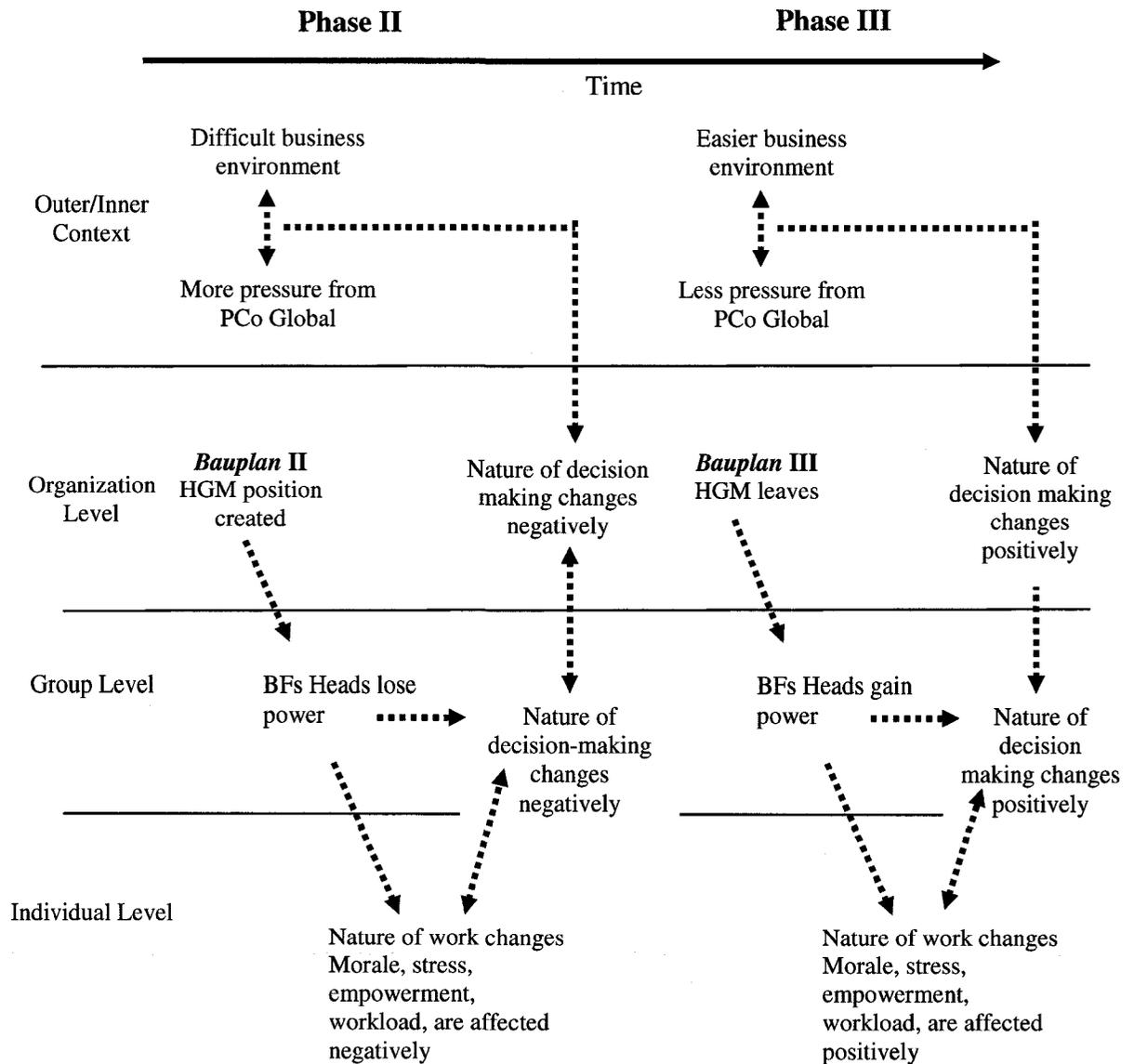


Figure 30: *Bauplan* Phases II and III – Processes and outcomes

The discussion so far has been considering processes and contexts only through the prism of *Bauplan*. It is tempting to assume that the outcomes observed during the *Bauplan* change were caused only by *Bauplan* change processes. However, during the research process at PCo Canada, I encountered other events that merit consideration when analysing *Bauplan*. These events are the subject of Chapter 7.

7 *Bauplan*: Not the Only Change

A relationship between *Bauplan* change processes and other changes was observed in the story of BB in Chapter 6. The reaction of this individual to *Bauplan* was influenced by the fact that BB had experienced many other changes, and BB was far from being atypical. It was noted by the researcher during the first round of interviews in autumn 2005 that many interviewees mentioned changes that were taking place at PCo Canada that were not part of *Bauplan*. In the 38 interviews that were carried out in Round I, 36 PCo Canada staff mentioned changes that were not directly related to *Bauplan*. (This chapter uses the term ‘other’ changes to distinguish these changes from the *Bauplan* change initiative.) As if to emphasise this point, the last two interviewees I met said:

“We have about 30 changes on our plate, it’s insane.”

“I guess change is good, but too many changes cannot be *that* good.”

During these interviews, it became clear that many of the outcomes that were associated with *Bauplan* were also associated with these ‘other’ changes. Consequently, the script for the Round II interviews contained specific questions about such ‘other’ changes (see Appendix B). Table 47 lists the other changes that were most frequently mentioned during the thirty Round II interviews.

Change	Level	Times mentioned
Instability at top	Organization	26
Visit by Head of PCo Pharma	Organization	25
‘Culture change’ programme	Organization	5
Reorganization of group	Group	13
New Business Franchise Head	Group	13 (of 16 BF interviewees) ⁹⁰

⁹⁰ Note that the heads of the Business Franchises of five of the interviewees had not changed.

Change	Level	Times mentioned
New Support Function Head	Group	10 of 14 SF interviewees ⁹¹
People frequently change positions	Group/Individual	25
Departure of colleagues	Group/Individual	21
New colleagues	Group/Individual	18
New manager	Group/Individual	17
New/changed work processes (including new IT systems)	Individual	28
Moving to a new position	Individual	12

Table 47: 'Other' changes at PCo Canada mentioned in Round II interviews

The first part of the chapter (7.1) discusses these 'other' changes and their outcomes. The second part of the chapter (7.2) introduces the proposition that a single organizational change – like the *Bauplan* change – takes place in a *change context* which consists of a number of change processes that may interact with each other.

7.1 'Other' Changes

During the interviews with staff, several 'other' changes were mentioned repeatedly, as Table 47 shows. These changes are discussed in this section. It will be noted that a multilevel approach is used to discuss these particular changes, because of the important characteristic that a change at one level influences processes at other levels. The first part of this section (7.1.1) discusses three changes whose initial impact is at the level of the organization. Following this, Section 7.1.2 investigates several topics that emerged from analysis of the interview data relating to 'other' changes that were at the level of the group. In Section 7.1.3 there is a discussion of 'other' changes which affect the individual. During the analysis of these 'other' changes, the relationship between the

⁹¹ Note that the heads of the Support Functions of seven of the interviewees had not changed.

outcomes of these changes and those of *Bauplan* is investigated. This last part of this section (7.1.4) presents some concluding comments on 'other' changes.

7.1.1 Organizational Level 'Other' Changes

This section discusses the three most frequently mentioned 'other' changes that occurred at the level of the organization. These changes are: changing President (as an example of what was perceived by many staff to be instability at the top), the changes to the organization that were caused by the visit of the CEO of PCo Pharma, and a culture change programme. This programme was introduced just as the last few interviews were taking place, which is why it was mentioned only five times. Nevertheless, it is suggested that the scale of this programme merits its inclusion in this discussion.

During the discussion of these changes, attention will be drawn to evidence that they have an effect on individuals, as well as on the organization as a whole. For instance, reference will be made to cynicism and work-life balance.

7.1.1.1 New President

Analysis of the interview data suggested that many employees believed that there was instability at the top of the organization because of the frequency with which there was a new President and Chief Financial Officer. Table 48 shows the four main themes that emerged from analysis of the interview data pertaining to instability at the top of PCo.

Theme	Codes	Mentioned by (N=26)
Creates other changes - negative	Not enough stability Lack of continuity Change for change sake More internal focus Unable to build external relationships	24
Focus only on short term	more tactical less strategy internal focus lack of a vision too focussed on short term work only on a day-to-day basis don't worry about 2008	18
Cynicism	Make their numbers and go In it just for himself More concerned about career than Canada	17
Creates other changes – positive	Fresh ideas New dynamic	6

Table 48: Themes related to instability at the top

In order to investigate this theme, it was decided to concentrate on one example: the arrival of a new President.

Just as Phase II of *Bauplan* was being implemented in January 2005, a new President arrived. This was normal for Canada, because Presidents tended to stay in place for only around two years. As one respondent noted,

“I’ve been through six CEOs in fifteen years.” – Middle manager, Business Franchise.

The choice of key managers is one of the mechanisms through which headquarters can influence the local organization (Bartlett and Ghoshal, 1995), but several senior managers in Canada suggested there was another reason for the frequent changes of President, which was that Canada was seen as a training ground for senior managers by PCo Global. For example, one senior manager said,

“Obviously Canada is positioned where it is a laboratory for talent management. I think from a talent development point of view it is a good thing – from a macro perspective.”

Another senior manager identified the reasons for the Canadian CPO’s being a training ground:

“Canada is a small country, but at the same time sophisticated. Then it becomes almost the ideal training ground, because if you do some damage, it’s not huge, it’s half a billion dollars which you know, in a company probably making \$20 billion, is not huge. At the same time you have the sophistication of Europe and the United States, so if you have an up-and-coming strong guy, like our President who has impeccable credentials, what happens is that Canada becomes a great place to learn.”

Creates other changes. Regardless of any changes to the organizational structure that might be taking place, the arrival of a new President every two years was, in itself, believed to have a deep effect on the organization because traditionally a new leader meant that there would be major changes. For example:

“The culture is changing when we change the head of the organisation. Which I think in my opinion is another downside, changing so often the CFO and CEO and so on. It brings all these changes and they mean a new culture each time.” – Associate, Business Franchise.

“I would say it takes six months to find out what Canada is, then they have to present their first budget, they do everything to make sure their first budget looks good, and then they prepare their exit. And how do they prepare their exit? They do things *differently*.” – Middle manager, Support Function.

For several interviewees, the changes that were initiated by the new President were not viewed as being necessary, but were intended as a way for him to make a mark on the organization. For instance, a middle manager who had worked for three Presidents said,

“I would also say – speaking candidly – that it seems with every new President there are things that they do that you have to say, ‘Well, why bother changing that, when it was working well?’

Question: Any examples?

Response: I'm thinking of things like changes to the way we are doing our reporting."

Six interviewees identified some positive aspects to the frequency of change of President.

A typical comment was,

"I think it's actually OK, because what happens is that you get new ideas, new ways of looking at things." – Middle manager, Business Franchise

Focus on short term and cynicism. According to 18 of the 26 interviewees who mentioned the frequency of change of President, one of the effects on the corporate culture is that frequent changing of CEOs leads to a focus on the tactical, not the strategic. These staff tended to feel that since Canada was viewed by PCo Global and the incoming President as a training ground, and since the new Presidents were only there for a limited time, they concentrated on the short term. Managers who had over five and fifteen years of experience with the company respectively described what happens:

"The question is always: If we spend money now, will it bring us money this year? Well, if the answer is no, they do not do it because in fact it is a short-term focus."

"If you are a President, you're coming in for two years, you want to make your numbers for those two years, irrespective of what happens year three, year four, and year five. Everyone coming in has an extremely, very, very short sight. They want to make their profit margin, that's all they are concerned about."

There was also some evidence of cynicism, as seventeen interviewees talked about an element of 'short-termism' that they perceived. For example:

"Lately there has been a lot of discussion about this among my peers and other associates in the organization, the feeling is the CEOs are not accountable for anything." – Associate, Business Franchise.

“Unfortunately the running joke around here is they make the numbers for two years, then they don’t care and they move on.” – Middle manager, Support Function.

In the view of some of the senior managers, the short-term focus was partially explained by the difficult business conditions, which meant that the focus had to be on bringing in revenue as quickly as possible:

“It’s a question of closing the revenue gap and making our numbers.” – Senior manager, Business Franchise

As with *Bauplan*, several PCo staff made comparisons with the situation with competitors in the local Montreal area (i.e. the outer context). Thus, compared to another company, the turnover of Presidents at PCo Canada was believed by several of the more experienced staff to limit the ability to be focused externally and to increase the degree of internal focus:

“And I think that changing our top management so often, you don’t give time to establish relationships and so on, compared to another organization like [Company X, with a large operation in Montreal], where the CEO has been there for the last 15 years.” – Middle manager, Business Franchise.

“Part of the time and energy that should be devoted to the customer is spent on the new structures and processes [that the President introduces on his arrival], what are his likes and dislikes, how to present a report, what to say and what not to say.” – Middle manager, Support Function.

More than half of the interviewees held the opinion that while PCo Global benefited from the frequent CEO changes, this was happening at the expense of the stress levels of PCo Canada staff:

“For associates, it is obviously pretty difficult, reporting to a new top boss every other year, different style, different objectives and that creates some pressure.” – Middle manager, Business Franchise.

Concluding Comments. So while the *Bauplan* Phase I change process was still under way, and Phase II had just started, yet another change process came into being, and this one was initiated by the arrival of a new President. The *Bauplan* change has an impact at different levels, and so does the change of President; it affects the organization and individuals, as is summarised by what I was told by the head of a Support Function:

“We have had three presidents in four years, which is probably a record in the pharmaceutical industry, which of course creates a bit of anxiety, instability, because the President has to put a little bit of a personal imprimatur so to speak, and a little bit of a personal vision.”

Sometimes, though, the importance of a change lies in the fact that it does *not* take place. Such was the case with the President who arrived in January 2005. He is staying for a third year (i.e. for 2007), which marks a break in the pattern. The fact that he was staying was welcomed by more than ninety percent of the interviewees (including some of those who saw positive aspects to the frequency of change) because it meant that there would be some kind of continuity and a greater emphasis on the strategic aspect of the business:

“This is helpful, and he obviously has a good understanding of what is happening in the market. And he is committed to the cycle, when he looks at a budget for the next year, he is part of that. In the past when people are committed to a position for 18 months, they are not as committed as if they had to deliver the result in the next year.” – Senior manager, Business Franchise.

7.1.1.2 Arrival of a Visitor

During the third quarter of 2006 there was an event which found to be worthy of mention by twenty-five (of thirty) PCo Canada employees. This was not an organizational change as is usually understood in the literature, but it was something that had a profound effect on their working lives. This event was a visit to Canada by the Head of PCo Pharma (the

HoP). The HoP is the CEO of the pharmaceutical division of PCo, which means that he is responsible for revenues of over \$20 billion and over 50,000 employees. This was the first visit by the HoP for more than four years. The significance of the visit is suggested by what a Business Franchise associate said:

“It was like a tsunami, it hit and everybody was affected by it.”

Table 49 presents the main themes that emerged from analysis of the interview data relating to this visit. Each of these themes is discussed below.

Theme	Codes	Mentioned by (N=25)
Work-life conflict	Extremely long hours Working at weekends Vacations cancelled	25
Stress	Burnout Stress	22
Internal focus	Other business shut down Not looking at what was happening outside Generating ‘useless’ reports	15
Cynicism	What was the point?	11
Management style	Details, details Nit-picking	10

Table 49: Themes related to visit of Head of Pharma

Work-life balance, stress and management style. The burden of the huge amount of work that was involved with the preparation for the visit was felt by many people, as these descriptions show:

“He generated a kind of panic in the building and an amount of work in many departments that was astronomical, the amount of things that we prepared ‘in case of’, oh God, it was astronomical and we had no choice. It was nights and weekends, and leave the building at one o’clock in the morning and be back at six o’clock. Some people were almost working round-the-clock.” – Middle manager, Support Function.

“It created frenzy around the building prior to that visit. My marketing colleagues were bouncing off the walls, things had to be redone and repeated, redone and repeated, vacations were cancelled.” – Middle manager, Business Franchise.

Given the amount of time and effort that had been put into preparing for this visit, I had made a certain assumption about the length of the visit, but to validate this, I asked a specific question about the visit, and the answer greatly surprised me,:

Question: “So he [the HoP] was here for a week or so, was he?”

Response: No. He arrived one afternoon, had dinner with the senior people in the evening, then there was the presentation the next morning, and then he left. So he was here about 1½ days.”

The revelation that so much work was done for so short a visit led me to ask why there was so much pressure; ten interviewees suggested that that the management style of the HoP played a role. For example, one manager who was closely involved said,

“He reads everything though, so the deck that was sent ahead had to be perfect. You are not allowed one mistake – if you say 12.3 on slide one, and 12.4 on slide 300, he will be in your face in the first minute, so that makes everybody nervous, even for a typo, he doesn’t accept typos, so there was no room for error.”

The *Bauplan* change and the situation in the pharmaceutical sector have all been shown in the previous chapter to contribute to feelings of stress, and the impact on individuals of this visit added to the level of stress, as the following representative comments illustrate:

“It created a stress level that wasn’t human.” – Middle manager, Support Function.

“People came back from vacations [after the visit] and said ‘I slept for those two weeks’ and everybody was so tired, and burned out, because we pushed everybody to the limit.” – Senior manager, Business Franchise.

All the staff had the perception that the presentation was well received, as the President passed on this message:

“We met that objective [doing a good presentation] with glowing remarks.” – Middle manager, Business Franchise.

“It went well, it was well-received, which was positive for us as a team, as an organization.” – Senior manager, Business Franchise

Internal focus. Despite the positive response to the presentation, there was evidence in the interviews of frustration about the cost that preparing for the visit had on the business. It has been previously mentioned that staff felt PCo Canada was too internally focused, and the visit of the HoP confirmed that aspect of their sensemaking. Two-thirds of the interviewees made the point that that preparing for the visit meant that there was no focus on the business, only on getting a presentation ready:

“We were even doing an analysis of what happened in 2003 and 2004, and that is not motivating, it is not providing value.” – Associate, Business Franchise.

An example of the internal focus was provided by a manager in a Support Function, who found that even talking to people in the Business Franchises became extremely problematic:

“I needed to talk to those people, and it wasn’t that they did not want to, but they didn’t have time, they were in meeting rooms doing PowerPoint slides.”

The effect was that for a long period, the focus of the business was purely internal, as one senior manager in a Support Function said,

“For six weeks if you asked any of us how things were going on the outside, apart from the sales numbers in the morning – that was as much as we could tell you.”

The way a Business Franchise middle manager described the visit summarises this point of view:

“When the HoP came things stopped. Let’s be honest: six weeks before he arrived, nothing was done here - nothing. I mean it’s hard to explain what nothing is, but the entire organization stopped functioning. He came, and then literally, for four to six weeks after, people were away on holiday at different points. So for six weeks before to four to six weeks after, not one piece of work got done. Then everyone spent another couple of weeks picking up all the things that needed to be

done. For all intents and purposes, for 25% of our year, we were told not to do anything.”

Cynicism. A degree of cynicism was observed when staff were considering the price people had had to pay to prepare for the visit. This is demonstrated by these comments:

“And after we had maybe three bullet points on what he is expecting from Canada, and there is nothing really new in there... he just put more pressure, which I think we already had.” – Middle manager, Business Franchise.

“For me, that was a lack of respect on his part.” – Middle manager, Support Function.

“I’m not sure if [the HoP] is conscious of the amount of work, or even if he cares.” – Associate, Business Franchise.

Of the eleven interviewees who had similar opinions, ten were middle managers or associates, i.e. senior managers did not appear to have the same perception.

This discussion of the visit by the HoP and the effects of changing President every two years has provided some evidence of how some of the outcomes that were associated with *Bauplan* were also influenced by other events. Internal focus, work-life balance, stress and cynicism are among the themes that were felt by PCo staff to have been affected by these ‘other’ changes.

7.1.1.3 Culture Change Programme

A PCo Pharma culture change programme started to be implemented in February 2007, and was unknown at the time of most of the interviews. This initiative – *Strive*⁹² – is being presented as,

- “A top priority
- A change in mindset and attitudes
- Many different levers, not a magic bullet
- A sustained, multi-year evolution of our culture” (PCo 2007b: 6).

The initiative will be rolled out globally, and there will be the usual ‘Pulse checks’ and follow up meetings. Among the goals of *Strive* are “eliminating bureaucracy and redundant processes” (ibid.: 7), and it will “unleash the full potential of our people” (ibid.: 9). Interestingly, some of the suggestions deal with issues that have been mentioned in the last chapter. For example, there will be training on how to run effective meetings (cf. the comments in the last chapter on BFLT meetings) and presentations to senior management should be reduced to ten slides (plus ten back-up slides). There is an extensive package of individual activities and initiatives to deal with other perceived problems, including several ‘Pulse checks’.⁹³

This change programme is mentioned as yet another example of a change process that is going to be taking place while the third phase of the *Bauplan* change is still evolving. It can be argued that the *Strive* initiative is an example of a continuous radical change, as

⁹² Not the real name of the programme.

⁹³ There is a large amount of cynicism about these ‘Pulse checks’, as one experienced middle manager told me: “One of the habits that PCo has is going out and getting feedback and not doing anything about it, it is a chronic issue. Upper management will say ‘So that is how you feel about it, well you’ll just have to deal with it’. Then just don’t ask me! That is a huge frustration around here!”

described in 2.4.2, because its goal is a “new level of excellence and achievement” (PCo, 2007b: 7), achieved through a series of small changes. *Strive* takes account of local conditions and emphasises adaptability. This is in contrast to the majority of culture change programmes, such as some of those described in the literature review, which want to impose a single new culture everywhere in one fell swoop.

7.1.2 Group Level ‘Other’ Changes

Several group level ‘other’ changes were identified during analysis of the interview data, as Table 47 indicates. Two of these ‘other’ changes are discussed here: the arrival of a new head of department (Section 7.1.2.1), and then the turnover of staff within the department (Section 7.1.2.2). During these discussions, reference will be made to themes that emerged from the interview data when respondents were discussing these group level ‘other’ changes. Table 50 provides information about the most common themes.

Theme	Codes	Mentioned by (N=28)
Management style	Different way of running things Reorganization of group	25
Stress	Uncertainty when boss changes Loss of knowledge of others who leave Learning to work with new colleagues	24
Learning	Learn new ways of doing things Improve knowledge of industry Learn new jobs Respond to challenge	22
Internal focus	Groups unstable for internal reasons Reinventing wheel Coming up to speed	19
Work-life balance	Covering for people who have left	11

Table 50: Themes related to group level ‘other’ changes

It will be noted that some of these themes involve the effect of a group level change on individuals.

7.1.2.1 New Head of Department

Over a period of about twelve months, there was a great deal of turnover among the ranks of senior management (VPs and above). Three of the four Business Franchises had a new person in charge, there was a new VP at the head of one of the key Support Functions, a new VP of Sales and a new CFO. Evidence that emerged from the interviews suggests that a change at this level has a similar effect within the group that changing the CEO has at the level of the organization.

Management style and stress. When a new VP became the head of one of the Business Franchises, it was reported by several of the members of that group to have created some turmoil, as one of the more senior managers in the group explained. His tone of voice suggested that he was being ironic and was understating the difficulties of this particular change process:

“We have a new VP, he started several months ago. He came from outside, and, I would say, had a different outlook, different perspective, different techniques, different behavioural management style which took the team by surprise.”

Eventually, the team was able to adapt, but this took time according to this manager, who felt adaptation was possible because

“the whole team is made of strong individuals and kept the business running, so fortunately it didn’t have much impact on the business.”

The same kind of teething period was reported by several staff from a second Business Franchise, where one director described a difficult experience:

“It’s difficult when there’s a change: every VP has their own way of running things, like [our BF Head] is extremely detail oriented, he is very demanding with very, very high expectations, and I know that many people have not survived well under that.”

These comments suggest that the arrival of a new departmental head can be a stressful experience. Indeed, more than three-quarters of interviewees suggested that this could be the case. For instance:

“When you get a new VP, you have to learn fast what he wants. Because if you don’t, that can get you in a lot of trouble.” – Middle manager, Business Franchise.

“I’ve lived through a lot of bosses, and each time the one that comes in wants something different from the one before. And here, when they’re giving you your appraisal, they can sometimes hammer you and that’s not good, so you need to really be on your toes more than you normally would.” – Middle manager, Business Franchise.

In one Business Franchise, the new head changed the structure in such a way that the brand director of a blockbuster product had to share some of his resources with other brand directors (who had been brought in from the outside by the new Business Franchise head). The established brand manager did not respond well to this change, and reportedly refused to share his resources. The Business Franchise head told me that,

“He [the brand director] resented losing the resources because he was used to being the key person in the group because [the blockbuster drug] that he was responsible for brought in most of the money for a long time.”

After a great deal of discussion the brand director did finally agree to share the resources, but it was said that he became negative and eventually was put on a Performance Improvement Plan. Unfortunately, this did not result in the hoped for improvements and the brand director was asked to resign. The case of the brand director is an extreme one, but is nevertheless instructive because it demonstrates how changes at the group level have an effect at the level of the individual.

At the same time, the fact that a new head of department may have a different management style was viewed by many interviewees to be significant, but not necessarily negative. For example, a director in a Support Function found that the impact of her new VP was very positive:

“When [my boss] left it had a huge effect. [My new boss] has a totally different style, there is less bureaucracy with her, she takes decisions maybe a little bit more rapidly, you don’t need three or four presentations. You just have one, you sit down, you discuss pros and cons, ‘Fine, okay’, we just note it, it’s more informal. A decision is taken, remembered and lived by. It is very speedy. Instead of having to do a PowerPoint presentation, ‘Okay, that’s not the format I wanted, we’ll redo the presentation’, with her it’s one discussion, and that’s it – ‘It makes sense, that’s it, go!’”

Internal focus. In two of the three Business Franchises where there was a new VP, the new Business Franchise head reorganized the internal structure of the group. This in itself was mentioned by a number of individuals as contributing to a perceived internal focus. For example, a brand director in one of the groups said,

“[The new VP] came in and the first thing he did was to change the structure. OK. Problem was, the other structure was working fine. So we change the structure, spend time doing new org. charts, deciding who’s going to do what and so on. In the meantime, who’s looking after the customers? Not us, or at least not as much as we should be.”

Learning. A number of interviewees drew attention to positive effects on individuals of a change of head of department. They pointed out that it was possible to learn new management styles and techniques from the new incumbent, as well as improve one’s technical knowledge (e.g. one brand manager said he learned a lot about brand management from the new head of his Business Franchise).

7.1.2.2 Staff Turnover in the Department

Just as there was a lot of movement of people at the senior level of the organization, so there was at other levels. According to an informant in the HR Department, there is an expectation at PCo Canada that people will stay in their positions for around two years. Among the interviewees, there was the example of one employee who, in five years at PCo, was product manager, senior product manager, director in a Business Franchise and then director in a Support Function. Another interviewee was analyst, assistant product manager, product manager and then assistant director in a Business Franchise, all in the space of 4½ years. Indeed, it was noteworthy if somebody stayed in one position for more than three years, as one such individual explained:

“I am perceived as a weirdo because I have been in the industry for 16 years, and six years as a [specifies role], and now I am getting a director’s job, and people say, ‘My God, how did you manage to do that, be a manager for six years before getting promoted?’”

Interviewees suggested several consequences of this turnover of positions, and these are discussed next.

Internal focus. The constant movement of people was thought by a number of interviewees to have a negative effect on the organization. The employee who had been in her position for six years identified the problem as a loss of organizational memory:

“So you get a lot of cases of the blind leading the blind, because everyone in the team, everyone in the operations room, is new to the brand.”

She pointed out that a consequence of the frequency of people changing position is that it added to the time it takes to get something done. Several other staff members thought that the frequency with which people were allowed to change position was evidence of too

much internal focus. For example, one associate (who had not changed position in over five years) said,

“What happens is that you get new people coming in and it’s good for them. But we have to spend time bringing them up to speed, and teaching them the ins-and-outs of things in the BF. And you’re doing that instead of working with the sales reps or the doctors.”

Several interviewees suggested that it made the respective groups somewhat unstable. For example, an associate in a Business Franchise described her experience as follows:

“In my department actually I change boss very, very often. In about a year, year and a half I have seen maybe eight brand managers for one product only. And I have been through – what, 1, 2, 3, 4, 5 CEOs. And the people I am working with – the longest time would be approximately a year and a half.”

A brand manager in a different Business Franchise said,

“The first thing I see is that the marketing team has changed a lot. I have been here around 1½ years and it has changed 2½ times, not totally but there have been two big changes.”

And a manager in a Support Function described her situation:

“In the last two weeks alone my colleague got promoted and my director was offered a new job. So I am in the midst of waiting for a new boss, but I just got a new boss, nine months ago. Then not even six months ago I got a new VP. And on a broader scale, this is my third president.”

Work-life balance and stress. When there is such turnover, some of the staff who had been in their position for a while found that a particular burden fell on them, because they were a source of knowledge. The main effect that was reported was that it added to their workload. One Business Franchise manager indicated:

“The unfortunate part is that my director and my VP and my colleague are new in those positions. So for me there is a lot of pressure from the groups I work with, they are aware of the situation, but there is a lot of people who end up coming to

me directly, just because they're able to get answers. So I'm doing my job and part of the work the guys who were here before were doing."

It was also mentioned by several respondents that the departure of a colleague has an effect on the remaining staff in terms of their workload:

"A tough one was losing my manager, it increased my workload and makes it extremely challenging." – Middle manager, Support Function.

For some staff, the departure of colleagues represented a source of stress, yet at the same time, a challenge that they welcomed, as in the case of a brand manager:

"When [my colleague left], I got a bit nervous because he was very good, and he had a lot on his plate so I worried whether we would be able to get over his departure. I was a bit excited as well, though, because it gave me a chance to show what I can do."

Management style and stress. In addition, the comments of a number of interviewees who were associates suggested that having a new manager could be similar to having a new VP in charge of the department because the staff members already in place have to deal with a new management style. Some managers made similar comments about the effect of having to report to a new director. The observations of one manager are representative:

"With any change, I think one of the biggest challenges is getting to know the new personality in that position. What do they like? What do they dislike? How do they perform? How do they prefer to function or work with you? My own personal experience with my own director is it can be as simple as somebody's sense of humour. What is their sense of humour? What's accepted and what is not accepted? In communication, both verbal and written, some people like lengthy and detailed – 'I need to know everything' – and other people say, 'Give me three sentences and nothing more.'

Question: How does that affect you?

Response: Well, I would say that does add some disruption to the business.

Question: What about you or your colleagues personally?

Response: It's not easy. It can cause a lot of headaches."

The comments of this manager indicate that a change of supervisor affects both the supervisor's group as a whole, and the individuals within it.

7.1.3 Individual Level 'Other' Changes

This section discusses two individual level 'other' changes: moving to a new position, and changing work processes. Table 51 presents the most common themes related to these 'other' changes.

Theme	Codes	Mentioned by (N=30)
Efficiency	Make thing run more smoothly Waste less time	26
Learning	Learn new ways of doing things Respond to challenge	24
Internal focus	Generating 'useless' reports Pushing paper around	20
Cynicism	What was the point? Waste of time	17
Work-life balance	Working longer hours	10

Table 51: Themes related to individual level 'other' changes

7.1.3.1 Moving to a new position

Work-life balance and learning. The effect on the group of staff turnover indicated that this could increase workload and stress for the members of the group who have not moved. Naturally, the individual who moves is also affected. Not only do they have to learn a new job, but they have to continue to do their old job for a while, as one person who had just changed positions told me:

“Again with any new position, one of the biggest challenges that PCo has as a corporation is change management in the sense that you have got a promotion or a new position, and you are still responsible for your old position for weeks or months at a time while trying to take on your new responsibility.

And I have seen it many, many times with a new position, and it has become accepted that when you take on a new position, rather than being able to cut strings and move on with new ideas and new energy, that it really takes its toll on the individual who is having to do two or three times the work in order to be able to manage all the different positions.”

It should be noted that all the individuals who had changed positions said that it was beneficial for their career. A typical comment that reflected this point of view came from a director who had held three positions in the previous five years. He said,

“Well, it’s been great for me. I’ve had these different roles, and in each one I’ve learned something new. I think it’s a benefit of working here at PCo, to be honest, because I don’t know of any of our competitors who have this kind of thing.”

7.1.3.2 Changing work processes

Employees need to deal with day-to-day events, adjust to new requirements, improve processes and so on. Two aspects to this theme emerged from the data, where the issue of who initiates the change played a role.

First, some changes in work processes are initiated by others. Sometimes, the initiators are outside the organization. For example, the discussion of functional groups showed how changes in the requirements of Health Canada affected the workload of staff in the Regulatory department (see Section 6.3.1). At other times, the changes in work processes are initiated by the actions of others in the organization. Respondents gave many examples of such changes. Among the most common were new IT programs (e.g. workflow program, content management system, purchasing requisition system), and new

reports that had to be created or completed. Second, in addition to being the recipients of change, staff initiate their own changes in their daily work.

Changes initiated by others: Internal focus, cynicism and efficiency. It was perhaps to be expected that interviewees would identify some of the changes in work processes as being unnecessary. When this was the case, it was sometimes suggested that such changes were symptoms of the internal focus that was discussed previously. For example, an analyst in a Support Function said,

“When I think about all the reports that [another group] is asking us to do, it’s just ridiculous. They want data about this from last year and data about that from two years ago, and they want it all analysing... What’s the point? I don’t know. I don’t think it’s adding any value to the business personally.”

On the other hand, many of the changes that were mentioned by interviewees were viewed as positive. For example, a new Customer Relationship Management System that was introduced was viewed positively by staff members.

Changes initiated by interviewee: Learning and efficiency. The ability of PCo Canada staff to initiate their own changes in the way they carried out their job activities was viewed by interviewees as positive. Respondents identified two main benefits: the ability to learn about new possibilities and put them into practice, and an increase in efficiency.

The following comments are representative of what interviewees mentioned:

“In my work I can make change. I have made changes in a lot of the market research plans, new ways, and new suppliers... they are open to change like that”
– Associate, Support Function.

“I’m in the process of implementing a new automated system for my work.

Question: What for?

Response: It's going to speed up [one of the tasks]. It's something I spend an awful lot of time on now." – Middle manager, Support Function.

7.1.4 Concluding Comments on 'Other' Changes

The discussion above of 'other' changes took a multilevel approach. Analysis of the interview data suggested, for example, that the arrival of a new CEO might affect the organization and individuals, that the arrival of a new VP might affect their group and the individuals in it, and that frequent rotation of staff might also affect the group and the individuals in the group.

The data also suggested that many of the 'other' changes described in this part of the chapter had similar outcomes to those of the *Bauplan* change. For instance, evidence was found that stress levels, a belief that the organization was too inwardly focused and work-life balance were affected by these 'other' changes, just as they had been affected by *Bauplan*. The next section of Chapter 7 uses these findings as a basis for further discussion.

7.2 Change Context and Change Offshoots

The first section in this chapter presented some of the more commonly mentioned changes that were taking place at PCo Canada while *Bauplan* Phases I, II and III were unfolding. When all these changes are grouped together, they represent the contents of a proposed theoretical concept – the *change context* at PCo Canada. This concept emerged

from an analysis of the data collected for this thesis, as grounded theory suggests that it should.

The following working definition of this theoretical construct is proposed by the author: the change context comprises the change processes that are unfolding in an organization at any particular moment, as well as those that have occurred in the more recent or more distant past. Additionally, it is suggested that what is happening in the inner and outer context forms part of the change context. It is further posited that any change process that is part of the change context can shape the characteristics of another change process. Finally, it is suggested that the change processes can be shown visually on a diagram that could be called a 'change context map'. This allows the researcher (or manager) to chart the various change processes in two dimensions: level and time (see the example below in Figure 31).

The change context can be viewed through different perspectives: organizational, group or individual. Each perspective is different – Group A's change context is different from Group B's change context, as are those of Individual G and Individual H. The following change context map (Figure 31) shows the change context from the view of a brand manager (identified here as BFM) in one of the Business Franchises in March 2007.⁹⁴ 'X' shows when a change initiative starts, and the grey bars are approximations of how long a change process lasts until a state of equilibrium is reached (shown by '||' where the

⁹⁴ The diagram does not show adjustments to BFM's daily work practices, like those discussed in Section 7.1.3.2.

change process is not too short), or, as the brand manager involved put it, “until things settle down and you’re more or less comfortable”.

The change context map below shows that the change processes involved when there is a new VP in charge of the Business Franchise, or when an individual takes a new position are longer than the change processes associated with the departure of a colleague or dealing with a new person in a Support Function. The diagram was created after a long discussion with the individual concerned, yet it is also typical. An earlier version of the change context map was shown to several PCo Canada employees, and they agreed that it captured their own similar experiences. The map highlights the fact that many change processes exist at the same time.

	2003	2004	2005	2006	2007
Bauplan					
Phase I	X				
Phase II			X		
Phase III				X	
Outer Context					
Good business environment					
Poor business environment					
"Improved" business environment					
Vioxx 'scandal'		X			
Inner Context					
Financial cutbacks					
Loxige approved					X
New CEO	X		X		
New CFO		X			X
Head of General Medicine leaves				X	
New VP of sales				X	
New VP in Support Function				X	
2 new BFs created					X
Sales report into BFs				X	
Changes in BF Heads				X X	
Strive culture change initiative					X
Group level (Franchise)					
Franchise created	X				
Flattening of structure		X			
Change in dual reporting			X		
Head of BF changes				X	
Group structure changed					X
Specialist sales report in				X	
New process for CRM			X		
New director of marketing					X
New person in support function	X		X	X	X
BF staff leave		X	X	X	X
Individual level (Manager in Franchise)					
Starts at Novartis	X				
Moves to BF in new role		X			
Title changes		X			
New role in BF			X		X
Job affected by departures			X		X
Special project (HoP visit)				X	

Figure 31: Change Context Map at PCo Canada (for BFM)

It is possible to read Figure 31 in several ways. It is suggested that it would be most useful to look at the change context as a whole, because the past influences the present, and changes at one level have an affect at other levels. One can follow a particular change over time by looking only at the rows. For example, it can be see that the Business Franchise has been affected five times by the departure of staff in the last

couple of years. This observation might lead to the conclusion that this department is relatively stable (if other groups had been affected more by such departures). If one looks at the columns, one can situate an individual change in the context of all the other changes that are taking place at the same time, and determine how they might affect each other. For instance, there were many changes in the latter part of 2006 that might affect BFM:

- Sales representatives started reporting into her Business Franchise,
- She had a new role in the Business Franchise,
- There was a new Business Franchise head, and
- Colleagues left the department.

Any of these changes could affect outcomes such as level of stress, work-life balance and cynicism.

Within the change context at PCo Canada (as exemplified by Figure 31) are some changes that are directly the result of *Bauplan*, while there are others that are caused *indirectly* by *Bauplan*. At the organizational level, *Bauplan* meant the creation of Business Franchises, and this could be seen very clearly on an organization chart. However, when one considers the group and individual level, the *Bauplan* change meant that there was a new VP for a group, and for some people, a new immediate supervisor. The complicated processes involved when there are these kinds of changes were discussed in a previous section (7.1.2).

It is being suggested here that these individual and group changes be regarded as *offshoots* of the *Bauplan* change. According to the *Oxford English Dictionary*, an

offshoot is “a thing that originated or developed from something else.” Here, the appointment of a new VP is an offshoot of the creation of a Business Franchise. Similarly, when a matrix structure is introduced, an individual member of staff has to deal with the change processes involved with having to work with new supervisors and new colleagues, and these too are offshoots of the *Bauplan* change. The next section discusses the frequency of changes at PCo Canada, and their relative importance for staff is discussed in Section 7.4.

7.3 Frequency of Changes

The change context discussed above indicates that many changes take place at PCo Canada. This reflects the description of the change climate at PCo Canada (see 4.2.3.2) which drew attention to the widespread feeling that the organization went through a great deal of change. I used the web survey to validate this observation by asking respondents how often PCo Canada, their group and they personally had experienced significant change in the last three years. The results are shown in Figure 32.

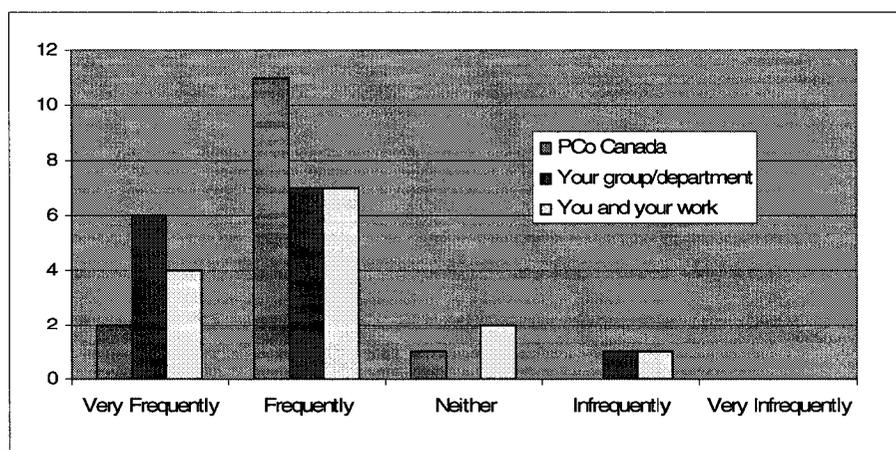


Figure 32: Frequency of change

The chart provides confirmation for the idea that staff felt the organization went through change very often, as did the groups in which respondents worked. Individuals also felt that their own work situation rarely remained static.

A follow-up question in the survey dealt with whether respondents felt that the amount of change that was experienced at each of the three levels was appropriate. This was done by asking respondents if they felt that there was too much change, too little change or an appropriate amount of change in the organization, in their group, and in their own working life. The results are shown in Figure 33, and they indicate that while individuals tended to the view that they personally went through an appropriate amount of change, there was an inclination to conclude that there was too much change at the group and organizational level.

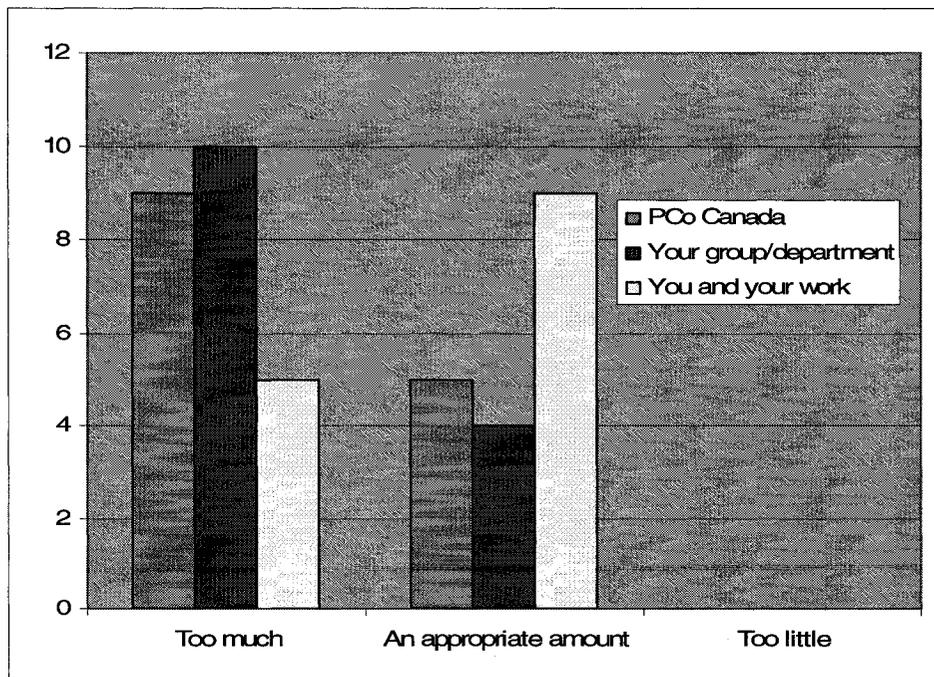


Figure 33: Amount of change

The implications of these results for how individuals deal with organizational change are discussed in the next chapter.

7.4 Relative Importance of Changes

By its very nature, the change context involves more than one change, which raised the question of the relative importance of changes. In other words, were some of the changes studied in this thesis more significant for PCo Canada staff than other changes? In order to investigate this question, I started to ask people to describe the changes they had been going through (i.e. I was asking them about the change context), and then I asked, “Which of these different changes is the most important to you personally in your daily working life?”

Most frequently mentioned was the instability in teams. As described above in 7.1.2, there is constant turnover caused by mobility between jobs. When I asked a brand manager about which changes had the most effect on her, she expressed very clearly that the impact on her levels of stress of the departure of a colleague and the arrival of a new boss was quite severe. She is quoted at length to emphasise the significant nature of these changes:

“Right now my new boss and the fact that my colleague is leaving. The most stress I have ever been in my time in PCo is during the last two months, first knowing that he [the boss] was leaving and then finding out that my colleague was leaving, just because... [My colleague] who is leaving, although he did not have the title of senior product manager, he was by far the senior person on this brand, and his level of expertise was on the next level, and I only started in March around three years ago.

So that I was stressed about, because he took on a lot on his plate, and with him leaving there is going to be a big hole there in expertise, and I am going, ‘Who is

going to fill that mind [*sic*], because he used to bring so much to meetings strategically, how are we going to get all those strategic thoughts if he is not there? And at the same time I sort of welcome it, because it means I can step up. Now with him leaving and our director leaving, that is two gone, there is that hole.”

Many other interviewees also identified changes in the team of people around them as the most challenging aspect of changes, as these two other responses demonstrate:

“Changing people, having to adapt to new people. Oh yes, definitely, that’s the biggest challenge with change.” – Associate, Business Franchise

“In terms of change, what I find the most difficult is people changing all the time, moving position and not learning enough in their own positions.” – Middle manager, Support Function.

The importance placed on the day-to-day changes and adjustments that needed to be made to adapt to the turnover in staff emphasises that individuals are concerned by what happens locally. When comparing the *Bauplan* change (i.e. an organizational level change), to what is taking place in their group or personal working lives, PCo Canada staff tended to place more weight on the group and individual level:

“*Bauplan* was very top level, and I never really felt attached to it, but it is what is happening in my local environment that is really key.” – Middle manager, Business franchise.

Question: “So you’re more concerned by what is happening in your department than at some higher level?”

Response: “Exactly, exactly.” – Middle manager, Support Function.

The head of one of the Support Functions shed further light on this theme. This VP had been an employee of PCo Canada for more than twelve years, and had consequently lived through several changes to the organizational structure. During a discussion of changes,

this VP made the point that day-to-day work needed to be carried out no matter what the structure might be:

“Actually, when you think about it, regardless of the structure, we have the same work to do, we have to meet sales targets and do it efficiently. The directors – lots of them are new. Even if we look at the other Business Franchise heads, in the last six months we have changed all except one. And *that* change makes a difference in the way things work, not changing the structure, but changing the person.”

This comment indicates that one way in which employees might judge the significance of a change is the degree to which it affects their daily work. In order to validate this analysis, the web survey that I was able to carry out asked about the significance of various changes, where significance was defined as “having an impact”.

While caution does need to be applied to the findings from the survey (as previously discussed), they do appear to support the contention that individuals tend to find that group and individual level changes are more significant than organization level changes. Respondents were asked to rate four changes on their significance at organization, group and individual levels, using a scale of 1 = Not at all significant to 5 = Extremely significant (i.e. the higher the number, the more significant the change). The results are shown in Table 52:

		Change			
		Introduction of Business Franchises	New VP in my department	New manager for me	Move by me to a new position
Significance	For PCo	3.36	3.00	3.00	2.60
	For my group	2.79	3.31	3.33	3.22
	For me personally	2.57	3.15	3.17	3.75

Table 52: Significance of changes

It can be observed that individuals judge the introduction of Business Franchises (representing the organizational level of change) to be less significant than any of the other changes. As was expected from the analysis of the interview data, a group level change (the arrival of a new VP) is seen to be a more significant change for the group than the individual. For the situation where an individual has a new manager, it was anticipated that this would be a more significant change for an individual than for the group, but the results of the survey indicate the opposite (although the scores are very close: 3.31 for significance of the change for the group, compared to a score of 3.15 for the individual). This result requires further investigation. On the other hand, the result that a change to a new position is a more significant change for an individual than any other change is not surprising.

The final question of the survey drew together the results of the analysis of the interview data regarding the relative importance of changes. The qualitative data suggested that individuals are more concerned with changes in their immediate environment than those that take place at the organizational level. Consequently, the question asked respondents to use a scale from 1 = Strongly Disagree to 5 = Strongly Agree to respond to this

statement: “I am more concerned by changes that affect my daily work (like having a new manager or moving to a new position) than by organizational changes like the *Bauplan* change.” The results are shown in Figure 34:

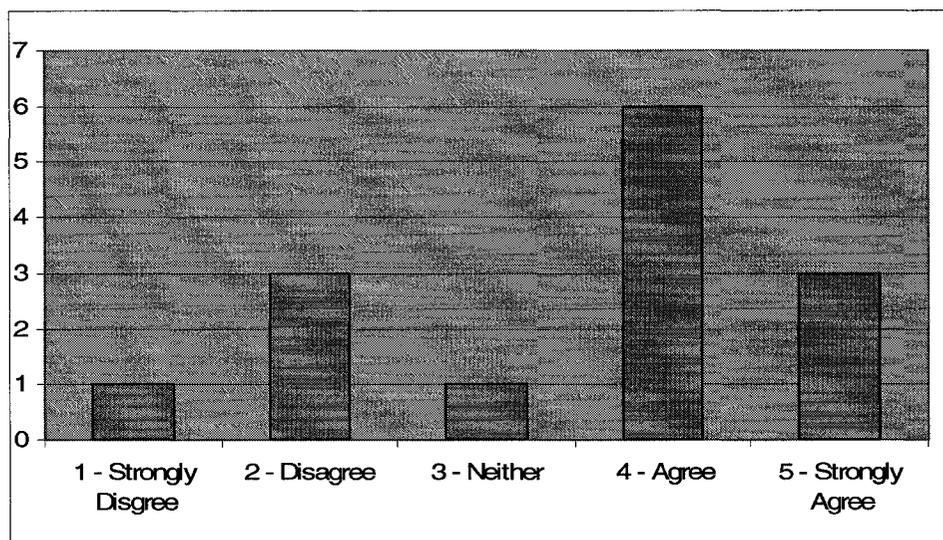


Figure 34: Concern with changes at different levels

The quantitative data, then, do tend to show that individual level changes are of more concern to individuals than something like a change to a matrix structure. It appears that the offshoots of the *Bauplan* change loomed larger in employees’ minds than the *Bauplan* change in itself, as they were judged more significant. The implications of this finding are discussed in the final chapter in 8.3.

The data suggest that what is judged significant depends also on the perspective that is being adopted regarding time. This point was demonstrated by a brand manager when I asked him about which changes he felt were the most important. He differentiated clearly between short-term and long-term perspectives:

“At the end of the day, on a day-to-day basis, it is the small changes, but if you look at the macro perspective, the big changes will affect me later on, like if you

change the vision of the company, it will affect everyone in 2007 or 2008. But comparing that with the example of changing my boss – that will affect me right now.

If you look at the total year, of course the financial... you do your summary of the year, what is important is the financial and all this stuff. But if you look on a Monday morning, it is really the people you work with, your boss, how you feel about the job, do you have some accomplishments, do you have some recognition?... and this kind of stuff...”

7.5 Concluding Comments

This chapter started by explaining that the *Bauplan* change is only one of many changes that were taking place at PCo Canada. Evidence was provided that some ‘other’ changes might have as great an effect on individuals as the *Bauplan* change. In addition, it was shown that the change outcomes that were associated with the *Bauplan* change also emerged from these ‘other’ changes. From this, two conclusions can be drawn. First, that an individual organizational change should not be studied in isolation, but as part of the *change context*. A second conclusion is that some of the ‘other’ changes that were described could exist independently of *Bauplan*, but could also be spawned by *Bauplan* – these were identified as *change offshoots*. The analysis of the interview data and the results of the web survey drew attention to the high importance that staff attached to these change offshoots. The next chapter discusses these observations and other themes that emerged from the study of *Bauplan*.

8 Conclusions and Implications

The research that was undertaken for this thesis began by looking at the *Bauplan* change. As the iterative data gathering and data analysis process of the grounded theory approach continued, attention was paid not only to *a* change in an organization, but also to *changing* in an organization. This final chapter of the thesis reviews the research questions, and introduces two propositions related to the processes of organizational change. This is followed by the presentation of theoretical framework for the study of organizational change, and a discussion of metaphors for studying organizational change. Some practical implications are discussed, and then there is an examination of the limitations of the research and suggestions for future research. There is a review of the contribution of this research and final comments. First, though, there is discussion of the characteristics of ‘organizational change’ in the light of this research effort.

8.1 (Re)conceptualising Change

This section has two parts. First, it revisits the taxonomy of change that was presented in the literature review, and then it discusses the emergent nature of change.

8.1.1 Type of Change: A Multilevel View

One of the main concerns in the literature review (Chapter 2) was to gain an understanding of the construct ‘organizational change’. The discussion in the literature review identified different aspects of change and defined four types of planned change as shown in Table 53:

Pace	Continuous		Episodic	
Scale	Incremental	Radical	Incremental	Radical
Description	Continuous adaptations (Fine-tuning; updating work practices)	Continuous re-alignment of system (e.g. TQM; Learning organization)	Periodic adjustments (e.g. Organization Development)	Periodic revolutionary change (e.g. Business Process Reengineering)

Table 53: Types of organizational change (original)

The research carried out at PCo Canada suggests that this table is inadequate for capturing the richness of what is happening in organizations and needs to be revised, because it defines the scale of changes only from the level of the organization and it does not account for all the levels in an organization at which changes take place. The revised table (Table 54) draws on the multilevel approach taken in this research, and is populated with examples from the research.

Pace	Continuous		Episodic		
Scale	Incremental	Radical	Incremental	Radical	
<i>Description</i>	<i>Continuous adaptations</i>	<i>Continuous re-alignment of system</i>	<i>Periodic adjustments</i>	<i>Periodic revolutionary change</i>	
Level	Organization	People change role very frequently	<i>Strive</i> programme	<i>Bauplan</i> Phase III	<i>Bauplan</i> Phase I and II
	Group	Structure flattened as people leave	<i>Strive</i> programme	New Customer Relations Management system	New VP Sales report in to BF
	Individual	Job responsibilities modified	<i>Strive</i> programme	Promotion	Change job New manager

Table 54: Revised typology of change, with examples

This table applies the various aspects of the construct ‘organizational change’ to change at the different levels of the organization. Continuous change takes place at all levels. *Continuous incremental* change, which involves fine tuning and updating, was observed

often. For example, there was a process of flattening of the structure in the Business Franchises; this took place when some brand directors either moved to different positions or left the company. When this happened, they were not replaced, so there were gradual adjustments to the way the group worked as the brand directors were leaving.

Of course, this change also had an effect on the remaining individuals. Sometimes, the effect was that job responsibilities were modified, which is an incremental change for the individual, but occasionally the effect of the gradual adjustments at the group level was that an individual had a new manager. The frequent movement of staff to a new position, when seen at an organizational level, is an example of continuous adaptation of its human resources. From the point of view of the individual, however, this could be a radical change (e.g. the individual gets a promotion, or takes a completely different role).

Continuous radical change involves on-going changes which are planned and directed in such a way as to affect the whole organization. A programme was introduced at PCo Pharma whose goal is to affect the whole system in a radical way, through a series of small changes at group and individual levels. This is the *Strive* programme, which was described in the previous chapter. This programme is intended to have a similar effect at the group and individual levels. For instance, it is hoped that the working style of individuals will change so that they become more creative and responsive to the market, and so on. The new behaviour is not the result of a 'big bang' retraining session, but is supposed to emerge in small steps over time.

Episodic change is an occasional interruption of an existing state of equilibrium. *Bauplan* is clearly an example of a *radical episodic* change, for the change in structure involved in Phase I affected the whole organization, as did Phase II, with the reorganization of the Medical and the Regulatory Departments. On the other hand, the changes in Phase III did not affect the Support Functions, so in that respect these can be classified as incremental changes. The same distinction is also applicable to the level of the group. When a new VP is appointed, this affects the whole group, as did the change that involved the specialist sales representatives reporting into the group. However, the installation of a new Customer Relations Management system affects only the way in which certain members of the group do their job, and so is an *incremental episodic* change at the group level.

Evidence was provided in Chapter 7 that having a new direct supervisor might have a profound impact on an individual, as can taking a new position. For this reason, these individual level changes can be described as being radical episodic changes, at least if the process of adapting to the new manager is a difficult one. If an employee is promoted (e.g. from brand manager to brand director) the responsibilities change, but not to the same extent as with taking a totally new role. This type of change can therefore be classified as an incremental episodic change for the individual.

The *Bauplan* change process provided support for the argument that changes at one level of the organization have an effect at other levels of the organization. This discussion of the typology of changes provides further evidence of this, and it also shows that a change

may be designated as radical at one level, for example, but is not necessarily of the same scale at another level. If a brand manager gets a new supervisor, this is arguably a radical change for the brand manager, but this is quite possibly not the case at the level of the group, nor at the level of the organization. When there is a flattening of the structure of a group, the outcome may be an incremental change for an individual (because they have more work to do), or a radical change (where adapting to a new boss proves to be very difficult). Similarly, when sales representatives start to report into the Business Franchise, this may be viewed as a radical change for the Business Franchise that is affected, but not for the whole organization.⁹⁵

It is argued, then, that the literature on organizational change does not take sufficient account of levels when discussing the scale and pace of change. This section has shown that scale and pace are aspects of change that are relative to the level that one is analysing. A multilevel approach to the study of change should, therefore, take account of the different ways in which the scale and pace of a change apply at various levels.

8.1.2 The Emergent Nature of Change

During the investigation of the *Bauplan* change, it appeared that there were two kinds of change outcome: intended and unexpected. The intended outcomes, as described in the sensegiving of top managers and in the official presentations, were not fully achieved. Chapter 6 provided evidence that not all groups noted improvements in decision making and cross-functional teamwork, for example.

⁹⁵ It should be pointed out that there are exceptions, as in the case where the new direct supervisor is a new VP, where the group is affected, not only one or two individuals.

By paying attention to the impact of the *Bauplan* organizational changes on groups and individuals, it was possible to shed light on how the unexpected consequences emerged. The processual nature of change was confirmed by the way in which the unexpected consequences did not appear overnight, but emerged through the interplay of change processes at all three levels.

The effect of the arrival of the Head of General Medicines can serve as an exemplar of the way in which change processes interact in a way which leads to unexpected outcomes. In Section 6.3.2 reference was made to the degree of surprise that was expressed by top managers about the effect of the introduction of the position of Head of General Medicines on the people below the level of those VPs who were directly affected. The top managers did not appear to expect some of the outcomes that emerged (e.g. a feeling by a large number of associates and middle managers of a loss of empowerment), nor the effect on intended outcomes (e.g. slower decision-making). It is argued in this thesis that planned organizational change is always likely to have unexpected outcomes. It is contended that these become more understandable once one takes into account what a change means for individuals and groups, as discussed in Section 8.3 below.

8.2 Review of Research Questions

This section revisits the questions that prompted this research effort, and in an effort to achieve clarity, discusses them individually.

8.2.1 How are views of a change affected by one's place in the organization and the stage reached by a change initiative?

During the investigation, it was observed that the differences in views about the *Bauplan* change could be related to one's place in the organization. One way to determine how one's place in the organization affects opinions about a change is consider the nature of the different views. Here are some examples where the data suggested that members of different groups tended to have different views about the same aspect of a change:

- Unlike Support Functions, Business Franchises tended to feel that there was more focus on the business after *Bauplan* than before;
- Middle managers and associates in the Business Franchises, unlike their senior management, generally felt that that the matrix was creating horizontal communication difficulties; and
- Senior management were inclined to think that the Phase II change had no effect on anyone but the VPs, unlike many middle managers and associates who did identify some negative effects on themselves.

Having provided some evidence that views of a change could be affected by one's place in the organization, it is interesting to consider why this might be the case.

A possible interpretation of the data is that the *outcome of the change* for the individual, either as an 'individual in a homogeneous group' or as an independent person, may play a role in determining their view. Since the *Bauplan* change affected each of the groups differently, it follows that their views differ. This can be observed, for example, in the views about focus on the business. Senior managers in the Business Franchises commented that before the *Bauplan* Phase I change it was difficult to align the Support Functions with the work of the brand management team. On the other hand, senior

managers in the Support Functions did not identify this as a problem. After the change to a matrix, senior management in the Business Franchises believed there was more focus on the business, while people in the Support Functions noticed no difference.

This suggests that a positive view about a change would be associated with a perceived positive outcome for the group or individual concerned. In this case, managers in the Business Franchises were more positive about this outcome of the *Bauplan* change because they gained more control over the resources in the Support Functions (through the dual solid line system) than they had before. The reverse of the coin is that managers in the Support Functions were less positive about this aspect of *Bauplan* because they lost control over resources. This finding is consistent with what Pettigrew (1985) found at ICI, which is that managers do tend to see organizational restructuring in terms of win and lose.⁹⁶

Views about *Bauplan* did change over time, and again, how views change appears to be determined in part by the direct effect on the individual concerned. An example is provided by the Business Franchise heads, whose views changed as *Bauplan* evolved. In Phase I of *Bauplan*, they were positive about *Bauplan* because they had roles with a large amount of responsibility. In Phase II, some of this responsibility was taken away from them, but then it was restored in Phase III. Their opinions about *Bauplan* parallel this development, from positive, to more negative, and then more positive. Over the period that their views changed, the overall *Bauplan* change was substantially the same, i.e. the

⁹⁶ See, for example, comments from managers such as “The technical people lost and the commercial people won” and “There's no question that if it comes to a dispute between a product and a function – I would expect the product to win” (Pettigrew, 1985: 276).

Business Franchises continued their existence and their day-to-day responsibilities remained the same. What *did* change was how the VPs personally were affected by the *Bauplan* change process. This leads to a conclusion about how views change over time which can be stated as follows: If there is a variation in the way an organizational change affects an individual personally, then her views about the change will themselves change – if she benefits personally, she will be more positive, if she is worse off, she will be more negative.

8.2.2 How are individuals' responses and actions regarding the change affected by their view?

Even if one did not like the change, analysis of the data indicated that there was nothing that one could do about the change itself, since it was a purely top-down exercise. One individual ('AA') who spoke out quickly perceived that protestations led nowhere. This person, and at least one other who was also not in agreement with *Bauplan*, went through a process of change that led to their leaving the company. The change process of some other individuals did not lead them to take that particular step, but as the stories of 'BB' and 'CC' showed, other ways of adapting were found. BB was suffering from a kind of change fatigue, and viewed *Bauplan* as just one more item in a long list of changes. He focussed only on his group, and essentially wished to be left in peace. CC was very vocal in his opposition to *Bauplan*, having been directly affected by the fact that he felt his VP had taken away his interesting work. He changed to another group, and focussed on his new job.

Just as one's views of a change are affected by whether or not one benefits, it is logical that one's action would be affected in the same way, because the actions one takes depend on one's view. 'AA' viewed the *Bauplan* change very negatively as a result of being directly affected; this view ultimately led to leaving the organization. Similarly, BB and CC were negatively affected, which influenced their view, which in turn, influenced their actions.

The discussion in Chapter 6 indicated that the level of cynicism of some employees rose because of *Bauplan*, and that the morale of some employees became lower. It was suggested there that these reactions were affected by their view of this change. Stress, on the other hand, did not seem to be related to what one felt about the change, and was caused by the change outcomes and their impact. However, analysis of the 'other' changes described in Chapter 7 suggests that responses and actions need to be considered in a broader framework than just a single change. This theme is discussed in Section 8.3.

8.2.3 What does analysis of individual and group change processes contribute to our understanding of organizational change processes?

The multilevel model of change that emerges from this research resembles what Rousseau (1985: 14) calls a cross-level theory: "cross-level theories specify causal models of the effects phenomena at one level have on those at another". The theory of change that arises from this research is precisely that: what happens at one level during a change process has an effect on other levels. Two examples of this were discussed in some detail. In Section 6.3.1 there was a discussion of the *Bauplan* change and functional

groups. During that discussion, it was suggested that an organizational level change (the creation of Business Franchises) had an influence at the group level (the Business Franchises acted independently and tended to function as silos). In turn, this had an effect at the group level (the Support Functions had difficulty meeting the demands of the Business Franchises). At the same time, there was an effect at the individual level, where Support Function staff experienced an increase in their stress and workload.

A second example is the discussion in Section 6.3.2 of hierarchical groups. There, evidence was provided that an organization level change (introduction of the position of Head of General Medicines) had consequences at the group level (e.g. the Business Franchise heads as a group lost decision-making power, so this changed the way decision making in the group and at the organizational level functioned). This then contributed to effects at the individual level (e.g. a sense of a loss of empowerment and increase in stress).

In both examples, it was suggested that the levels represented by the outer context (e.g. difficult business environment) and inner context (e.g. culture at PCo Global) also influenced what happened at other levels.

The multilevel model of change arising from this research is generalised in Figure 35 and then explained. In the figure, G1 and G2 refer to two groups, and I1 and I2 refer to two individuals, while F1 and F2 are factors in the inner or outer context.

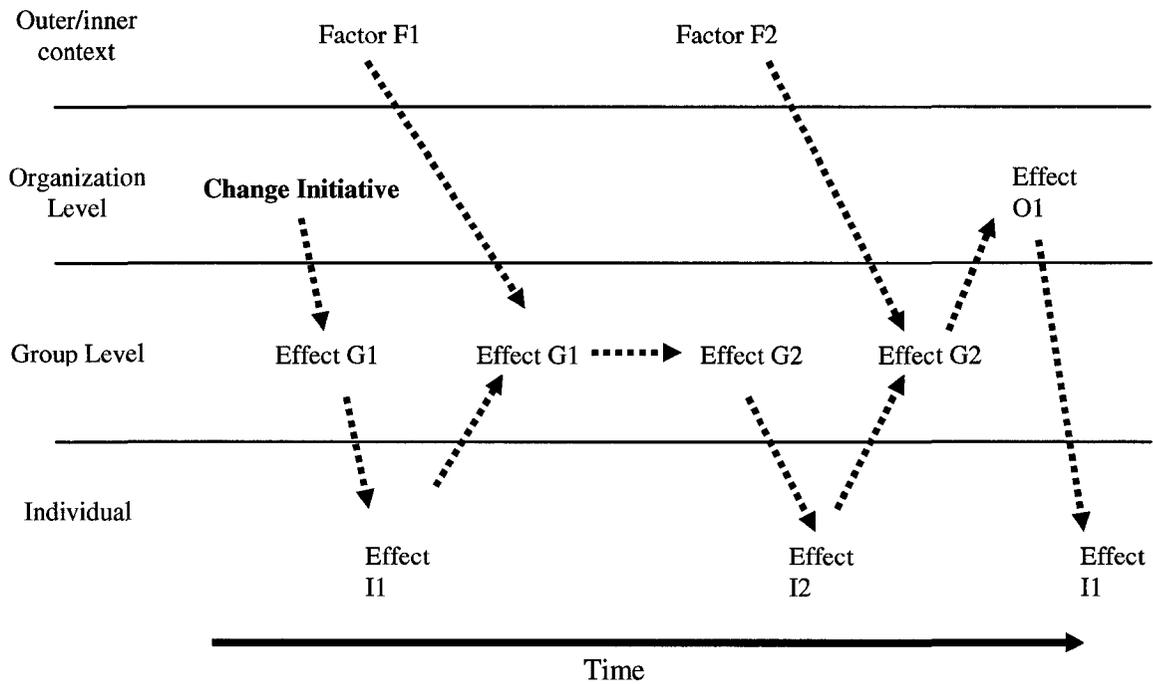


Figure 35: Multilevel model of change

The interaction between the levels is postulated to go in both directions: higher levels influence what happens at lower levels of analysis, and vice-versa. Support for this model comes from the following analysis of the *Bauplan* change process:

Individual behaviours lead to phenomena that are observed at a higher level. For example: the Business Franchise heads lost decision making power. They started to get involved in details, and this led to an increase in the amount of presentations and reports, which they then repeatedly challenged before passing them on to the final decision-maker. The phenomenon that emerged at the organizational level was a slow-down in decision making. In the diagram this is seen as $I2 \rightarrow G2 \rightarrow O1$.

Phenomena at higher levels influence what takes place at lower levels. For example: the creation of the Business Franchises meant that opportunities for brand managers and directors to share best practices virtually disappeared, and meant that each lost the opportunity to learn from others. Another example: the *Vioxx* scare increased the

workload for the Regulatory department. The diagram illustrates these as Change Initiative \rightarrow G1 \rightarrow I1, and F2 \rightarrow G2.

Phenomena at any level influence phenomena at the same level. For example: the Business Franchises became silos, which made it more difficult for the Support Functions to meet their needs. This is seen in the diagram as G1 \rightarrow G2.

It has been shown in this research that organizational level changes not only affect organizational outcomes, but also what happens in groups and with individuals. This research suggests that it is not possible to understand individuals' change processes without knowing what is happening at higher levels. Two sample questions can be used to illustrate this hypothesis: What contributes to Support Function staff stress levels? The introduction of Business Franchises. What has contributed to the level of cynicism of individuals? The frequency of changes of organizational structure.

By the same token, this analysis indicates that it is not possible to understand what is happening at the organization level without being aware of what is happening at lower levels. For example: Why has decision-making speed in the organization suffered? People are too busy creating and refining PowerPoint presentations to satisfy Vice Presidents who demand frequent changes in the presentations before using them to ask a Senior Vice President for a decision that the VPs used to make themselves.

It is the contention of this thesis that Figure 35 captures the benefits of using a multilevel approach to study change. It shows how phenomena at different levels develop, and how

what happens in the change process at one level relates to change processes at other levels as they evolve over time.

8.3 Theoretical Implications

This section describes two propositions that were developed during the analysis and review of the research questions. The propositions are stated in a way that will allow them to be discussed and tested (see Sections 8.3.1 and 8.3.2). The theories behind the propositions emerged during the final phases of data analysis, when the analysis involves selective coding, which is “the process of integrating and refining the theory” (Strauss and Corbin, 1998: 161). A framework for analysis of the planned change process is presented in Section 8.3.3, and then Section 8.3.4 contains a discussion of various metaphors for studying organizational change.

8.3.1 Proposition 1: Change Context and Change Offshoots

The concept of the change context was introduced in the previous chapter; it is defined as the change processes that are in existence at a given moment at the organizational, group and individual levels, as well as in the inner and outer context. Consequently, the change context varies as the list of changes that are being experienced by the group and by the individual vary. Indeed, it is likely that individuals in the same group will provide different descriptions of the change context even at the level of the group and organization because of the simple question of awareness – nobody knows everything that is taking place.

The change context comprises two broad categories of change: changes that are part of the normal course of events, and others that are the result of more specific planned change activities. Examples of 'normal' changes are arrivals and departures of colleagues and supervisors, changes to job responsibilities as one gathers more experience, creating new reports and so on. Specific planned change activities are events like a new organizational or group structure, the taking over of one group by another group, a new reporting structure and so on. It will be noted that the first of these two types of change corresponds in a general way to what has been defined as continuous incremental change, while the second type of change corresponds generally to episodic change.

Many episodic change initiatives necessarily involve changes of the type that were described as 'normal' changes. For example, as was discussed in the last chapter, the creation of the Business Franchises meant that the staff in those Business Franchises had to work with new colleagues and supervisors. Such 'normal' changes that are the consequence of a planned change initiative were called *change offshoots* to draw attention to the fact that they are *not* the goal of the planned change initiative, but are caused by it. An example should help to explain the concept: when the dual reporting structure was put into place as part of the change to a matrix structure, the goal was to improve alignment, not to have Person A report to Manager B and additionally Manager C. Yet for Person A, the immediate effect of the change was precisely that she would have to report additionally to Manager C – this is what was defined as a *change offshoot*.

A realization of the complexity of change does not however imply that change cannot be analysed. This leads to the following proposition: The process and outcomes of any single change in an organization, whether at the individual, group or organization level, cannot be fully understood without including the change context in the analysis.⁹⁷

8.3.2 Proposition 2: Significance of Change

Overall, the staff at PCo Canada had a rather negative opinion of the *Bauplan* change. It was suggested above in 8.2.1 that individuals judge a change positively if it has a positive outcome for them, and negatively if they perceive it has a negative outcome. In other words, with every change they ask, “What’s in it for me?” and form an opinion accordingly. The outcome of a change should be understood not only in terms of the effect it has on the way someone can do their daily work, or on their working conditions, but also in terms of what it means for the self-identity of the individual.

Changes that are important for one person or group do not have the same importance for others. An example of this was given above, where a Business Franchise head forgot about the merger of the Regulatory and Medical Departments, a change of great importance for the staff in Regulatory, but not for his Business Franchise. Observations like this, and the desire of the interviewees to talk about changes other than the *Bauplan* organizational change (see Chapter 7), led to the idea that underlying the question “What’s in it for me?” is an individual process where employees are measuring the change in terms of its impact on them. Further support for this idea was found when

⁹⁷ The discussion of individual reactions to *Bauplan* (see 5.4.2) attempts to relate the outcomes of an organizational level change to the change context.

considering the relative importance of changes (see 7.4), when the qualitative and quantitative data showed that moving to a new position, for example, was judged by interviewees to be more important for them than the *Bauplan* change.

It is therefore suggested that the concept *change significance* can be helpful for analysis of organizational change. It is argued that the more directly the outcomes of a change affect an individual, the greater the significance of the change for the individual. Using an example from before: the change to a matrix structure affects the organization, but what affects the individual most directly is reporting to an additional manager. Among the reasons for making this statement is that the new manager is involved in performance appraisal, and this has a much closer relationship to career development and financial benefits than does the matrix change. This observation leads to the conclusion that reporting to a new manager is a more significant change for an individual than the introduction of a matrix structure. It was also seen that the dimension of time influences change significance, in that what is deemed to be significant on a *day-to-day basis* may be different to what is thought to be significant when looking forward or back over a longer time frame.

From this discussion one may develop the following proposition:⁹⁸ For an individual, the significance of a change at any level depends on those aspects of the change that affect that individual (i.e. on the change offshoots) and on the timeframe. In addition, change significance plays a role in determining individuals' actions and reactions related to a planned organizational change.

⁹⁸ The discussion of individual reactions to change in Chapter 6 deals in passing with change significance.

8.3.3 Framework for the Planned Change Process

The overall objective of the research was to develop a theoretical framework of the planned organizational change process. Such a framework is described in this section. Insights from the processual-contextual approach were described in 6.5.1, and specific findings related to levels were discussed in the last section. They are not repeated here, but may be summarised as follows:

- The inner and outer contexts played a role in the conception of the need to change, i.e. that it was necessary to have a matrix structure at PCo Canada (Chapter 4).
- Once the change initiative started and was in the stage of transition, there were associated change processes at the organizational, group and individual levels, and these have a relationship to each other (Chapter 6).
- The substance of the change did not remain the same during the change process, and as the substance changed, it affected the various change processes and outcomes (Chapter 6). Change offshoots develop from the original planned change (Chapter 7).
- While the *Bauplan* change was in the process of transition, the change context did not remain static (Chapter 7), and affected the change process and change outcomes (and vice-versa) (Chapter 8).

Such findings indicated that the diagram from Chapter 2 needed to be modified to reflect the existence of the change context, to draw attention to the way that change processes take place at different levels, even though they are related to a single change initiative, and to show that each level therefore has its own outcomes related to the change. The

following diagram (Figure 36) depicts a proposed framework for understanding the planned change process.

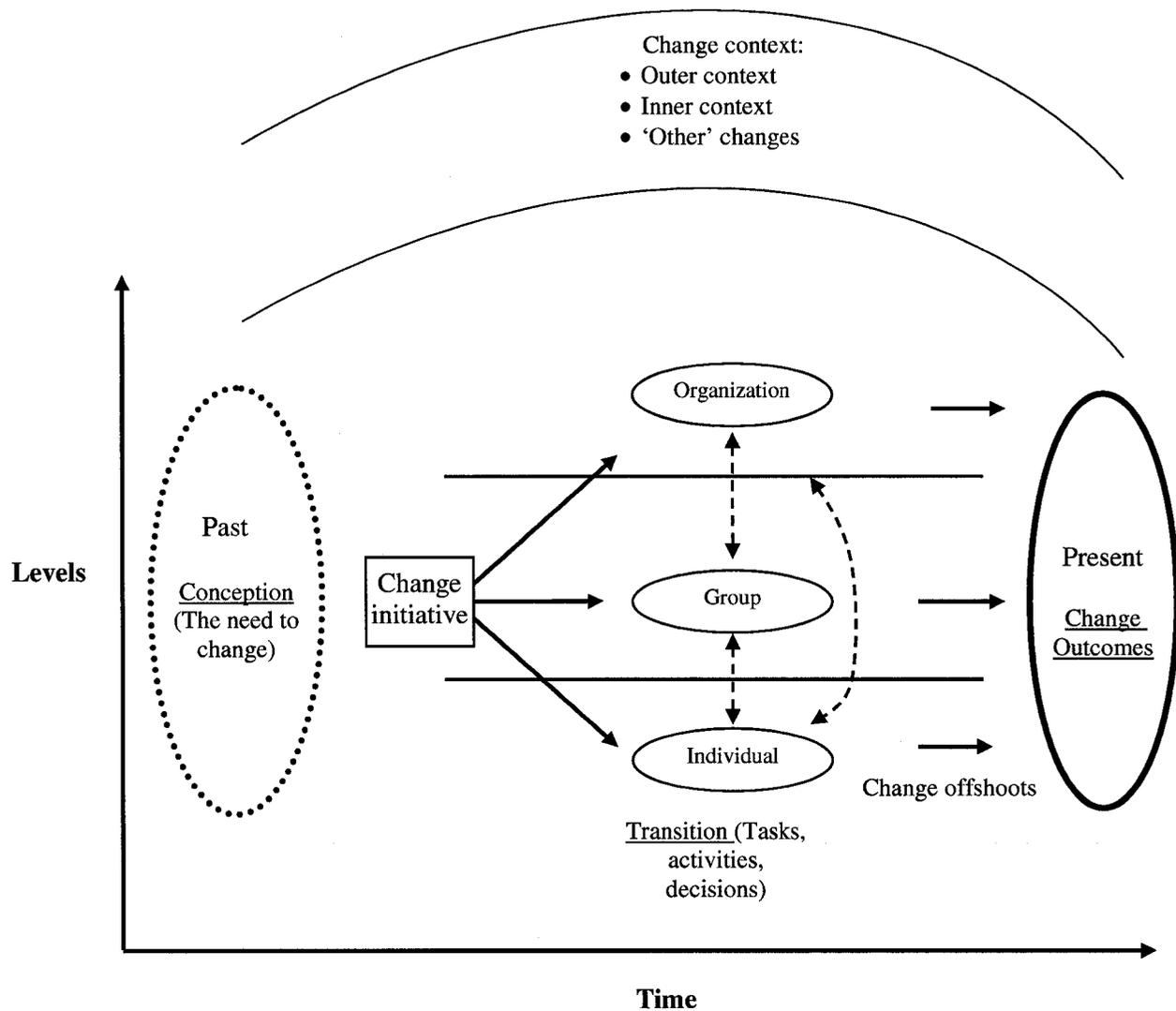


Figure 36: Revised model of planned change

The model shows that a planned change initiative has its roots in the past. After there has been recognition of the need to change, a change initiative is started, and this has certain intended outcomes. Once the change initiative is under way, it enters a phase of transition, where activities are carried out and decisions are made that affect the way the change develops over time. The way the change initiative develops is through change

processes that take place at the organizational, group and individual level. During the transition, the processes at the different levels may interact with each other. In addition, the change will have outcomes at the different levels, some of which will be change offshoots that grow out of the original change. It is also suggested that the change context influences a planned change initiative beginning with the conception of the need to change. The change context shapes the processes that are taking place at the different levels during the phase of transition, and affects the extent to which the intended outcomes are achieved. For these reasons, the change initiative is also likely to have unexpected outcomes.

8.3.4 Viewing Change in an Organization

Grounded theory scholars suggest that the researcher should look for insights from other areas during analysis, a process which involves making comparisons (Strauss and Corbin, 1998). Many metaphors for organizational analysis have emerged in recent years (Morgan, 1996), and their value is that they may open up new avenues for understanding and enquiry (Weick, 1989). This section discusses three metaphors for looking at organizational change that I thought about during the research process. The choice of the word 'looking' in the last sentence is deliberate, because the position that I had as a researcher at PCo Canada was that of an observer, not a participant.

8.3.4.1 Like Going to a Museum?

One can look at organizational change as one looks at and analyses a very detailed painting. When viewing at a painting, the viewer has to move from detail to whole, and

from whole to detail, in order to make sense of it. An appropriate example is Botticelli's *Primavera*. This large painting (315cm. x 205cm.) features as main characters Venus, Mercury, the three Graces, Zephyr and Chloris. These figures are standing in an orchard where hundreds of different plants have been identified. Of particular relevance to the theme of this research is that the painting depicts a change: the transformation of Chloris into Flora.

Scholars have analysed Botticelli's techniques, his design and the painting's structure; they have looked at the meanings of the picture and its social, political, economic and artistic influences (Barolsky, 2002). If a researcher were to analyse organizational change as if it were *Primavera*, she would be able to describe the richness of organizational life at that time. She would be able to depict the change, she would be able to point out large and small themes, and describe the 'big picture' and the details. She would also be able to discuss the contexts of the change. However, the difficulty with this metaphor is that a painting – in itself – is unchanging. In a way, a painting is a snapshot. Even though *Primavera* depicts the transformation of Chloris into Flora, it is like a freeze-frame. It cannot show what happened before the transformation, nor what happened after, even when the event took place in the past. Looking at organizational change as one looks at a painting, then is limiting. The literature review suggested, however, that this was generally the approach taken to the study of organizational change in the majority of the literature. This was seen to be particularly the case in what was identified as prescriptive literature, which tends to use a snapshot of an organization as a basis for theorising.

8.3.4.2 Like Going to the Cinema?

The limitation of a single image suggests that a sequence of images can capture the element of time in a meaningful way. One could therefore look at organizational change as a film. Sometimes there is a long shot, which gives the 'big picture', and sometimes there are close-ups, where details become clearer. There are crowd scenes, and scenes involving one or two people whom the audience gets to know better. Sub-plots develop and are followed, and time is an essential component when telling the story. Recently, there has been a move away from single perspective narratives in film; the film *Hero* tells the same 'story' from three different perspectives and *Babel* shows the relationship between several seemingly disconnected stories. Other films rearrange the flow of time, like *Pulp Fiction* and *The Usual Suspects*. In the latter film, much of the narrative is in the form of a flashback, which helps the viewer to make sense of what is happening in the present, while *Pulp Fiction* mixes beginning, middle and end.

It can be argued that much of the processual-contextual literature takes this approach. Its authors include back stories (i.e. the role played by history) and the passage of time is a key element. They move from the long shot (description of outer and inner contexts) to medium shots (what happens at the group level). Occasionally there are also close-ups (what happens to individuals). Viewing change as a film is a better analogy for studying organization change because it involves time and movement, and can change perspectives. However, the two analogies presented so far have the limitation that each of them has an end – they force a closure – a painting has a frame and the lights go up in the cinema. The third metaphor is different in this respect.

8.3.4.3 Like Watching TV?

There is one art form that, in some sense, never has an end. This is the ‘continuous serial’ or ‘serial drama’ of television, which is perhaps better known as ‘soap opera’. In Britain, such programmes (e.g. *Coronation Street*⁹⁹) are shown in the evenings, and are immensely popular; in the Hispanic world, telenovellas gather huge viewing figures; in Quebec there are téléromans, such as *Virginie* and *L'Auberge du chien noir*, which are very well liked; and of course the US, the birthplace of the soap opera, has *Days of Our Lives*, *The Young and the Restless* and many more.

What strikes one is that there is no closure in a soap opera – the programme continues without ever trying to bring everything to a neat conclusion. In Table 55, Geraghty’s (1981) definition of the characteristics of the continuous serial are compared to those of change in an organization:

⁹⁹ *Coronation Street* is shown on CBC. Set in a working class part of Manchester, it was first broadcast in 1960, and one of the original character is still in it. I had this programme in mind while writing this section.

<i>Soap Opera</i>	<i>Organizational Change</i>
<p><i>The organization of time.</i> The continuous serial appears regularly every week, and does not disappear over summer, or until the next series. The characters in the serial “pursue an unrecorded existence” until the next episode begins (this is similar to films and novels). This time is unrecorded time, but passes at the same rate as in the outside world. In a serial drama, the characters have gone through the same amount of time as the audience.</p>	<p>The organization is always there and takes no summer break.</p> <p>The ‘characters’ in the organization are the staff, who have an unrecorded existence until the researcher returns to the organization to talk to them again. Time passes at the same rate for the researcher and staff.</p>
<p><i>The interweaving of stories.</i> In a continuous serial, more than one story is taking place at a time, and these reflect on and play off each other. In the serial, some plots are available to all the characters, but others are limited to characters of a particular type or position.</p>	<p>In an organizational change, several change processes take place at the same time, and they reflect on and play off each other. Some of the change processes are limited to certain staff (e.g. Business Franchise staff), while other organizational changes affect all staff in the organization (e.g. <i>Bauplan</i> Phase I).</p>
<p><i>The sense of a future,</i> or “the continual postponement of the final resolution” (ibid.: 11). A serial is endless; it is “a narrative whose future is not yet written” (ibid.) For instance, a wedding that takes place in a soap opera does not in itself represent an ending, but rather opens up new possibilities of stories.</p> <p>Unlike in a film or play, the story is not resolved in a single ‘performance’. It is extremely rare that there should be moments of resolution in a continuous serial, where all loose ends are tied up, or where a single story dominates to the extent of excluding all other stories. Individual stories do reach a moment of resolution, but the overarching story continues. In fact, “the serial form resists narrative closure” (ibid.: 15), even when the closing theme music plays.</p>	<p>It is very difficult to say when an organizational change process is finished – there may be an event at any time that affects the process (e.g. the departure of the Head of General Medicines) and opens up new possibilities of change.</p> <p>Occasionally there is a story which dominates, like the visit by the Head of Pharma, which put nearly everything on hold. Individual stories/change processes do reach moments of resolution, as when ‘AA’ resigned from the company.</p> <p>The overarching change story continues, and loose ends abound, even after the researcher has left for the last time.</p>

Table 55: Soap operas and organizational change

Since the narrative structure of a soap opera is similar to that of organizational change, it can be argued that a researcher is like a soap opera viewer. The first time the researcher goes into an organization, she is like a television viewer who watches the soap opera for the first time: there are characters that she does not know, each with a past she does not know and which influences the way they behave in the present. Therefore, the viewer (researcher) has to pick up clues from watching the programme (visiting the organization) and from secondary sources like the TV Guide (internal documentation).

As the viewer (researcher) gets more used to the characters (staff), she begins to understand how what has happened in the past is shaping events today. If, for example, a character (staff member) shows disappointment at a turn of events, the viewer (researcher) will realise that this is because the character (staff member) has gone through the same experience many times before.

The viewer (researcher) knows that things are happening and that the characters (staff members) are interacting while she is not watching (visiting the research site). If the programme was on every day (if she could visit the research site more regularly), she would have a better grasp on what is transpiring. As it is, she has to fill in the blanks based on a twice-weekly programme (semi-annual visit). Above all, the viewer (researcher) knows that if she stops watching (visiting), the stories (change processes) are going to continue; she will very rarely be in a position to say that a particular plot (change process) has completed, because there is always next week that can bring new surprises.

In short, my experience in carrying out research in organizational change was very similar to my experience as a viewer of *Coronation Street*: the story goes on even when I am not watching, as do the change processes I was studying, even after I hand in this thesis.

8.4 Practical Implications: All Change is Local

When I started this research project, one of the objectives was to develop some insights that could be used to help organizations with change management. The first, and most important, notion is that managers should understand how complex change is and that there are always unanticipated consequences. It was noticed several times during the research that senior managers did not appreciate that decisions they were making could have an *indirect* impact on others. A classic example of this at PCo Canada was when the senior managers assumed that *Bauplan* Phase II change would only affect the VPs who were directly involved (i.e. who had to report to the Head of General Medicines). The thought process was: “This change is affecting A, because she is going to report to me. No one else is affected because they report to A, so nothing changes for them.”

In order to avoid such misunderstandings, it is suggested that managers take account of the multilevel nature of change processes. In doing so, their thought process might be: “This change is affecting A, because she is going to report to me. What is she going to do differently because of that? And how will what she does differently affect the people who report to her? And how will that affect her group?” In essence, the recommendation is that managers consider the secondary impacts of a change on other levels. In other words,

they should ask how people in the organization will be answering the question: “What’s in it for me?”

One insight which may help them in this is the concept of change offshoots. Since employees are concerned by how changes affect their day-to-day working lives, senior managers should pay particular attention to this when implementing a top-down, planned organizational change. Employees want to understand how a change affects their ability to do their jobs, and this should be a key part of any change management plan.

It is also suggested that the change context could be a valuable tool for managing change. Managers could refer to this to have the ‘big picture’ of change in their organization. They would be able to see, for example, how many times a particular change has happened in the past and draw conclusions about whether it would be appropriate to introduce another similar change. It would be especially useful to do so while keeping in mind the concept of change offshoots. Managers could identify what the offshoots of a specific change might be (e.g. a new head of department), and then relate these to previous occurrences. By doing so, managers would be able to identify if this aspect of a change initiative needs special attention.

In addition, a review of the change context could give managers an idea of when it might be most appropriate to start a change initiative. If one group is going through many changes at a particular time, managers might decide to delay the implementation of a new change until there are fewer changes in the change context of that group.

The emergent nature of change means that it is extremely difficult, if not impossible, for managers to predict with a great deal of confidence what is going to happen. In practical terms, it is therefore suggested that communication from the bottom up be particularly encouraged, and that note should be taken of what the people who are not at the top of the organization are saying.

Tip O'Neill, former Speaker of the US Senate, said, "All politics is local". My research at PCo Canada shows that all change is local, and that is perhaps the key point for managers to bear in mind.

8.5 Limitations and Implications for Future Research

This section discusses limitations in the research, and where the research represents a contribution to the literature. It then suggests some future research activities.

8.5.1 Limitations

Any methodology has benefits and drawbacks. The chosen methodology relies a great deal on the researcher's sensitivity (i.e. the researcher's ability to respond to meanings in the data in order to be able to generate insights). It should be noted that I have extensive experience of working in organizations during times of change, which helped in the analysis of the data. However, there was a concern that there could be unconscious efforts on my part to force the data into categories that were based on my own experience in the workplace. In order to minimise this, as I went along I discussed my findings with knowledgeable outsiders and academic subject matter experts, compared them to the

literature, and discussed them with staff at PCo Canada. I was always struck during the interviews by the insight that many of the interviewees had, and so was reassured when they found value in the conclusions I shared with them. Further confidence in the analysis was provided by the quantitative data.

The research is a case study of a single organization, which necessarily raises questions of generalisability. Within this single case study there are multiple case studies, whose value is to enable comparisons to be made. For example, there was discussion of the change processes of several groups, and of several individuals. The research is an investigation of one organization in one industry with one specific outer context. The case study design cannot overcome issues of organizational uniqueness and history. Even within the same organization, a different organizational change carried out at a different time might lead through different processes to different outcomes – the findings of the research might have been different if the financial results of the company had been uniformly excellent, or if there had been no *Vioxx* scandal.

Nevertheless, it is suggested that the model of change which was developed should be applicable for the study of planned change in general. There was nothing in the change processes at PCo Canada that struck this researcher (who has worked in many different organizations) as being so unique that what was observed there could never take place elsewhere.

The *Bauplan* change process started in late 2003 with Phase I, and I only started my study around one year after that. It would have been ideal to be there from the start in order to be able to gather interview data at the time. However, the time between Phase I and my arrival and data gathering was short enough that memories of it were still fresh, and I also received relevant documents from the company.

Generally, PCo Canada was very open in providing access to staff. After the first round of interviews was complete, arranging the second set of interviews took longer than hoped. This meant that there was no opportunity to interview certain key people for a second time, particularly the Head of General Medicines and 'AA' (who resigned because of *Bauplan*). It is doubtful that the overall results of the research would have been different, but their views would have added some richness to the analysis. Similarly, I was only given the opportunity to send out the quantitative survey very late in the research process because of delays on the part of the company. This restricted the number of responses.

The emergent nature of change also means that any conclusions about change in this analysis are only valid up to the time when I stopped gathering data. Thinking about the consequences of the *Bauplan* change reminded this researcher of what Zhou Enlai is reputed to have said to Henry Kissinger when asked about the consequences of the French Revolution – "It's too early to say".

8.5.2 Future Research

One of the first avenues to be explored is to apply the theoretical framework in other organizations, in other industries and with different conditions. PCo Canada is a company where there are many changes, and it would provide some value to see if the same model holds for organizations where the change context is different in scale. While doing this, the typology of change types should be reviewed and validated.

Given the emergent nature of change, the longer the period over which change in an organization can be studied, the more complete the analysis. Therefore, there is scope for a lengthy longitudinal study. This would also allow the researcher to be present at the start of new organizational change initiatives, which would allow greater insight into the processes related to the conception of the need to change.

Two propositions were described. Each of these offers interesting scope for future research:

- Change context: First, the validity of this construct needs to be established in other times and places, and then the relationship between the concurrent change processes needs to be investigated. This offers scope for qualitative and quantitative data.
- Change significance: Again, the validity of the construct should be verified. Research should investigate further what determines change significance for individuals and extend this to the level of the group. The perspective of time is worthy of special attention here. The related concept of change offshoots could be used in this area.

In addition, it would be interesting to bring together the concepts of change context and change significance to allow questions such as the following to be addressed: Do many small, relatively unimportant changes have more of an overall effect on the way some individuals react to change than one major change?

This research project began with the intention of looking at a particular change initiative that was not going well from the point of view of senior management. During the research, the concept of change context emerged. This gives rise to the suggestion that it would be valuable to approach the research from the bottom up, rather than from the top down. Instead of taking the point of view of senior managers in deciding what is important, the bottom up approach would involve going to an organization, talking to people who are not managers and investigating what *they* find to be important, not what management thinks is important. The resulting study would then be a study of change in an organization, not *a* change in an organization.

8.6 Contribution to the Literature on Organizational Change

This is a study of a real change in a real organization involving real people. Very often, the literature offers an undifferentiated snapshot picture of an organizational change, but this multilevel, processual-contextual approach of this research captures the complexity of the change process which is missing from many accounts of change. The approach proved capable of allowing a detailed description of what happened during the course of a planned change initiative, and at the same time of providing some explanations of what did take place. The processual-contextual aspect showed how the past influences the present, and showed the influence of what takes place outside the immediate change

location. The multilevel component shed light on what takes place within an organizational change context, and on how phenomena at one level play a role in what takes place at other levels. Very few other studies of change are both longitudinal and multilevel.

The approach taken permitted the researcher to avoid producing an account of change that primarily is based on what top managers feel to be important. The interviews allowed organization members to describe the changes that are important to them, which are not necessarily those which senior managers think are important. This may be compared to much of the literature on organizational change, which looks at change purely from the point of view of managers.

The theory that emerged from the data appears to be promising for both practitioners and researchers. The idea of the change context should be helpful as a tool for practitioners who are involved in change management by allowing them to see that change does not happen in isolation. The ability to capture the change context visually in a change context map could be said to be a valuable outcome of this research.

By paying attention to the change context and change offshoots, managers should be in a better position to understand how change outcomes take a particular form. In addition, the more differentiated typology of change can help managers realise that what they assume to be only an incremental change for the organization may be a radical change for a group and individual. This insight should help them manage change better.

Researchers ought to be able to take the models that were developed to produce richer studies of organizational change. The revised typology of change should allow a more differentiated understanding of the construct 'organizational change' and permit researchers to pay particular attention to the multilevel nature of change. In doing so, the model of how the different levels interact during change should be useful.

Finally, it is suggested that the revised model of change represents a contribution to the literature because it captures the multilevel, processual nature of change. It is expected that it can be used as a basis for studies which come closer to capturing the ethereal nature of organizational change.

8.7 Processes, Contexts and Perspectives

In this, the final part of the thesis, I pull together various threads, beginning with the observation that the sheer number of changes that comprise the change context give weight to the opinion of theorists like Brown and Eisenhardt (1999: 2) that "change is frequent, relentless, and even endemic to the firm". In fact, one of the conclusions that can be drawn from the research is to extend this point to say that change is frequent, relentless, and endemic to the firm, group and individual. Heraclitus was right when he said, "You cannot step twice into the same river." The results of this research support those theorists who take the position that change is constant.

The research falls clearly into the category of *descriptive literature* that was identified in the literature review in Chapter 2. In terms of Burrell and Morgan's (1979) categorisation

of literature on organizations, this thesis is closer to the interpretative paradigm than any of the others. It has paid attention to the experience of individuals, and has emphasised process. The research also took the interpretative paradigm's view of organizations as being primarily social. The *prescriptive literature* did have some value for the research, not least because it formed the basis of the taxonomy of types of change that was useful for determining what changes were actually happening in the organization. Another benefit of reviewing this literature is that it is so prevalent that it shapes the thinking of managers, so when the top managers at PCo Ltd and PCo Pharma decided to implement culture change and organizational structure changes, it was based on the common set of managerial tools that are found in the prescriptive literature. These decisions are also consistent with the widespread social and managerial discourse that 'Change is good'. However, the approaches seen in the prescriptive literature are of less value when the process of change actually starts, and unanticipated consequences emerge. It is precisely here that the strength of the descriptive literature lies.

This thesis uses qualitative and quantitative data in order to produce analysis that is valuable for theory and practice. This follows the suggestions of those who argue for multi-paradigmatic and pluralistic approaches to research on organizations (e.g. Gioia and Pitre, 1990; Stablein, 1999), where the methods are viewed as complementary, rather than as rival camps (Jick, 1979).

While the thesis is a case study of a single organization, experience suggests that the theoretical findings can be generalised to any organization that is going through change.

Clearly, the outcomes will vary, but the processual multilevel framework should allow change anywhere to be studied. In addition to producing a theoretical framework, the research also resulted in a taxonomy of changes that should have value in future analyses of change. This taxonomy, and the theoretical framework originated from a single case study, but it is the contention of this thesis that they can be applied to any organization that is experiencing change.

In summary, this study contributes to the literature in several ways. It links the levels at which organizational change processes take place in a more explicit way than is usual in the literature, it demonstrates further the emergent and unpredictable nature of change, and has resulted in some propositions that appear to have some explanatory power. In addition, there is a detailed taxonomy of different types of change. The research has resulted in a tool – the change context map – that appears to be promising for practitioners and managers. Finally, a theoretical framework for the study of change in an organization has been provided. This research looked at an organizational change, and was able to describe and analyse not just a noun – the *Bauplan* change, but also a verb – changing. This was possible by taking the following into consideration: processes, contexts and perspectives.

Glossary

ABGH	Arthritis, Gastrointestinal, Bone, Hormone replacement therapies
ABGHI	Arthritis, Gastrointestinal, Bone, Hormone replacement therapies, Infectious diseases
BD&L	Business Development and Licensing
BF	Business Franchise
BFLT	Business Franchise Leadership Team
BU	Business Unit
CI	Competitive Intelligence
CNS	Central Nervous System
CPO	Country Pharmaceuticals Organization
CV	Cardiovascular
Derm.	Dermatology
DRA	Drug Regulatory Affairs
GMEC	General Medicines Executive Council
HGM	Head of General Medicines
HP&R	Health Policy & Reimbursement
HR	Human Resources
ID	Infectious Diseases
IDTI	Infectious Diseases, Transplantation & Immunology
IT	Information Technology
MR	Market Research
NPD	New Product Development
NS	Neuroscience
PCEC	Primary Care Executive Council
PCLT	Primary Care Leadership Team
PEC	Pharmaceutical Executive Council
PhRMA	Pharmaceutical Research and Manufacturers of America
PLT	PCo Leadership Team
PMPRB	Patented Medicine Prices Review Board
Resp.	Respiratory

Appendix A: First Set of Interview Questions

Demographic Information.

Before we go any further, I would like some basic information to help me interpret the data:

1. How long have you worked at PCo?
2. What is your job title?
3. Which department are you in?
4. What are your roles and responsibilities?

Context.

1. On a scale of 1 to 5, where 1 means PCo very rarely goes through changes, and 5 means PCo very frequently goes through changes, how often does PCo undertake to introduce major changes? Please explain.
 - a. How does this compare to other companies that you may know of?
2. What do you think have been the two most significant changes at PCo in the last year?
 - a. Why do you think they were significant?
 - b. Why do you think these changes occurred?
3. Can you think of one word or phrase you would use to describe the culture at PCo today?
 - a. Looking back one year ago, would you say the culture is about the same or different? Why do you say that?
 - b. What about three years ago -- would you say the culture is about the same or different? Why do you say that?

The Change Process at PCo and the Effects of Changes

I am interested in one particular recent change: the *Bauplan* change.

Background to the change

- How would you briefly describe the change in your own words?
- Which group or individual do you think decided on this change?
- What did you think about this change?
- Were you told the rationale for the change?
 - If Yes: What was it?
- Do you think there were any other reasons for the change beyond those given in official communications? Please explain.

Change process and change effects

- On a scale of 1 to 5, where 1 means a very insignificant change, 5 means a very significant change and 3 means neither significant nor insignificant, how would you rate this change for the company? Please explain your answer.

Corporate

1. What benefits have resulted from this change for the company? Please explain. Were they expected?
2. What have been the drawbacks of this change for the company? Please explain. Were they expected?
3. How did the change happen?
 - a. Was there a distinguishable series of steps in the implementation of this change at the corporate level? What were they?

4. There was a change to Business Franchises a while ago. How has this change affected that?
 - a. How has the role of the leadership changed in the new organization?
 - b. Has the effectiveness of leadership changed? How?
5. Is this the right structure for Canada?

Department

- How has your department been affected by the change? (*type of work, quantity of work; supervisor, staff*)
- What benefits have resulted from this change for your department? Please explain.
- What have been the drawbacks of this change for your department? Please explain.
- Do the employees in your department have access to everything they need to do their jobs after this change in terms of tools, skills?
 - What is missing? Why? What could be done?
- How was the change implemented in your department?
- How has this change been received in your department, by both middle managers and associates? i.e. how do people feel about it? What leads you to give this answer?

Personal

- How was your work affected?
 - How have your roles and responsibilities changed?
 - Amount of work?
 - Ability to make decisions?
 - How have your objectives changed?
 - Are all these clear to you compared to before?
- How has your morale and stress levels been affected?
- Are the vision and goals of the organization clear to you?
- Has this change influenced your understanding of the organization, and how your work relates to it? How?
- What has been the most positive aspect of this change for you personally?
- What has been the most frustrating or difficult aspect of this change for you personally?
- How equipped are you to deal with the new organization in terms of tools, skills?
 - What is missing? Why?
- Have you changed your behaviour with regards to this change? Is yes How? If no .. why not?
- Has this change influenced how you feel about the organization? How?
- What has PCo done to help you cope with the changes in your department? Personally?
- Should PCo be doing more? What?

Other influences on perception of changes.

- Do you discuss changes at PCo with others on an informal basis, e.g. with your own internal network or people you work closely with?
 - If Yes: what would you say the people you discuss things with generally think about this change? Please explain.

General

In any change there are some people and groups that benefit more than others.

- Who has benefited the most with respect to the *Bauplan* change? Please explain.
- Has anyone lost out with respect to this change? Please explain.
- Into which group would you place yourself? Why?
- Have any of the people or groups who lost out resisted the change?

- If Yes: What form did the resistance take? Has the resistance been overcome? Yes: How? No: Why not?

Overall

1. **VPs only.** Why do you think this change was received less favourably in Canada than in the rest of the organization?
2. Given the advantages and disadvantages you have mentioned, and based on what you know now, would you have implemented this change if you had been President of PCo Canada? Please explain.
3. What would you have done differently?

Wrap-up

1. Are there any final comments you would like to make about change at PCo?
2. What advice would you give to PCo top management about making changes in the future?

Questions added during first round of interviews.

Other topics

1. Many people have mentioned the constant rotation of staff.
 - Why does this happen? What are the benefits and disadvantages of this for a) the organization and b) the group?
 - Have you benefited from this kind of rotation personally? Or have you been affected in another way?
2. The drug *Loxige* was not approved. How has this affected the organization?

Appendix B: Second Set of Interview Questions

The main purposes of this interview are to determine your opinions about the change process at PCo and also about the *Bauplan* change, about what has happened since we last met.

Confidentiality: With your permission, I would like to record this interview. Everything is confidential, and nothing that you say will be traceable back to you. Do you agree that we proceed?

Demographic Information.

Before we go any further, I would like some basic information to help me interpret the data:

1. Has your job changed since we met?
 - a. your roles and responsibilities?
 - b. Amount of work?
 - c. Who you:
 - i. Report to
 - ii. Have reporting to you
 - iii. Who you work with

Context.

1. On a scale of 1 to 5, where 1 means PCo very frequently goes through changes, and 5 means PCo very rarely goes through changes, how often has PCo undertaken major changes this year? Please explain.
2. What do you think have been the two most significant changes at PCo in the last year?
 - a. Why do you think they were significant?
 - b. Why do you think these changes occurred?
3. How would you describe the culture and morale at PCo today?
 - a. Looking back one year ago, would you say it is about the same or different? Why do you say that?
 - i. What has influenced this the most – what is happening inside the organisation or outside the organisation (i.e. the economic situation)?

The Change Process at PCo and the Effects of Changes

I am interested in one particular recent change: the *Bauplan* change.

Change process and change effects

1. On a scale of 1 to 5, where 1 means a very significant change, 5 means a very insignificant change and 3 means neither significant nor insignificant, how would you rate the *Bauplan* change **now** for the company? Please explain your answer.
2. What benefits have resulted from the *Bauplan* change in the last year? Please explain.
 - a. Has communication and efficiency improved between functions and BFs?
 - b. Working with counterparts globally?
 - c. Decision-making speed?
 - d. External focus?
 - e. Co-operation between BFs?
 - f. Could you say that *Bauplan* has made PCo Canada more successful?
 - g. The way your career is going?
 - h. The way your job itself has been affected?
 - i. Is the structure appropriate?

3. What drawbacks to the company have emerged from the *Bauplan* change over the last year? Please explain.

Department

1. Over the last year, how has your department been affected by the *Bauplan* change? (*type of work, quantity of work; supervisor, staff*)
2. Over the last year, what benefits have resulted from this change for your department? Please explain.
3. Over the last year, what have been the drawbacks of this change for your department? Please explain.
4. Over the last year, how has this change been received in your department, by your managers and by the associates? i.e. how do people feel about it? What leads you to give this answer?

Personal

1. Over the last year, how has the *Bauplan* change affected your work (job responsibilities etc.)?
2. Over the last year, what has been the most positive aspect of this change for you personally?
3. Over the last year, what has been the most frustrating or difficult aspect of this change for you personally?
4. Has the *Bauplan* change influenced how you feel about the organisation? How?

Other changes

1. What other changes have been or are going on in the organization?
 - a. Please describe them (*for example, approval of Prexige, departure of Head of General Medicine*)
 - b. Why do you think these changes occurred?
 - c. How significant are these changes for you personally and for your group, compared to *Bauplan*? What leads you to give this answer?
2. What other changes have been or are going on in your department?
 - a. Please describe them (*for example, staff turnover*)
 - b. Why do you think these changes occurred?
 - c. How significant are these changes for you personally and for your group, compared to *Bauplan*? What leads you to give this answer?
3. Has your work changed (e.g. in terms of quantity, type of work) over the last year or so?
 - a. Please describe any changes
 - b. Why do you think these changes occurred?
 - c. How significant are these changes for you personally and for your group, compared to *Bauplan*? What leads you to give this answer?
4. Overall, of all the changes you have mentioned, which is the most important for you personally? Why do you give that answer?

Other influences on perception of changes.

1. Do you discuss changes at PCo with others on an informal basis, e.g. with your own internal network or people you work closely with?

- a. If Yes: what would you say the people you discuss things with generally think about these changes? Please explain.

Wrap-up

1. Are there any final comments you would like to make about change at PCo?
2. What advice would you give to PCo top management about making changes in the future?

Appendix C: Survey Questions

Questions to investigate organization, group and individual change processes

Section 1.

1. How long have you worked for PCo? _____ Years
2. How long have you held your present position? _____ Years
3. Please select your position:
 - VP and above
 - Director
 - Manager
 - Non-management
 - Other (please specify)
4. Please select the area of PCo in which you work:
 - Business Franchise
 - Business Unit
 - Marketing Capabilities
 - Medical and Regulatory Affairs
 - Other (please specify)

Section 2.

Frequency of change

5. How often in the last 3 years has each of the following been exposed to significant change?

	Very frequently	Frequently	Neither frequently nor infrequently	Infrequently	Very infrequently	N/A
	1	2	3	4	5	
PCo Canada						
Your group/department						
My personal work						

6. Based on the frequency of change that you have observed, do you think there is too much change, the appropriate amount of change, or too little change?

	Too much change	An appropriate amount of change	Too little change	N/A
PCo Canada				
My group/department				
My personal work				

Section 3.

Impact of Changes

This section asks about the *overall* impact of some changes on PCo Canada, on the group you work in and on you personally in your working life. If you think that there are more pluses than minuses, then the impact of the change would be positive. If the pluses and minuses are about the

same, then the impact of the change would be neutral. And if there are more minuses than pluses, then the impact would be negative.

All things considered, what has been the overall impact of each of the following changes on PCo Canada, on the group you work in and on you personally in your working life?

7. What has been the overall impact of these changes on PCo Canada?

Change	Negative 1	Somewhat negative 2	Neutral 3	Somewhat positive 4	Positive 5	N/A no opinion
Creation of Business Franchise structure						
Creation of position of Head of General Medicine						
DRA becoming part of General Medicine						
Associates changing positions						
CEO changes (approx. every 2 years)						
A personal move by you to a new position						
A new director or VP in your group/department						
Move to a new building several years ago						
Restructuring in your group						

8. What has been the overall impact of these changes on your group/department?

Change	Negative 1	Somewhat negative 2	Neutral 3	Somewhat positive 4	Positive 5	NA/no opinion
Creation of Business Franchise structure						
Creation of position of Head of General Medicine						
DRA becoming part of General Medicine						
Associates frequently changing positions						
CEO changes (approx. every 2 years)						

8. What has been the overall impact of these changes on your group/department?

Change	Negative 1	Somewhat negative 2	Neutral 3	Somewhat positive 4	Positive 5	NA/no opinion
Personal move by you to a new position						
A new director or VP in your group/department						
Move to a new building						
Restructuring in group						

9. What has been the overall impact of these changes on you and your working life?

Change	Negative 1	Somewhat negative 2	Neutral 3	Somewhat positive 4	Positive 5	NA/no opinion
Creation of Business Franchise structure						
Creation of position of Head of General Medicine						
DRA becoming part of General Medicine						
Associates frequently changing positions						
CEO changes (approx. every 2 years)						
A personal move to a new position						
A new director or VP in your group/department						
Move to a new building several years ago						
Restructuring in your group						

Section 4**The 'Bauplan' change**

The 'Bauplan' change has been seen as significant for PCo. It has several components: the creation of the Business Franchise structure, creation of the Head of General Medicine position, moving IT to the Finance department, and moving DRA to Medical.

The following question deals with the effect that you believe this change has had on your personal situation, your group/department and the organization.

10. What was the impact of the Bauplan change on you personally?

	Decreased	Somewhat decreased	No effect	Somewhat increased	Increased	NA
	1	2	3	4	5	
Your morale						
Your productivity						
Your stress levels						
Your involvement in decision-making						
The closeness you feel to top management						
Your commitment to the company						
Your effectiveness in your work						
Your ability to work with colleagues in other groups						
Your career possibilities at PCo						
The feeling that you are part of a team						

11. What was the impact of the *Bauplan* change on your group/department?

	Decreased	Somewhat decreased	No effect	Somewhat increased	Increased	NA
	1	2	3	4	5	
The ability of your group to work with other groups						
The morale of the group						
The group's productivity						
The group's decision-making speed						

12. What was the impact of the *Bauplan* change on PCo Canada?

	Decreased	Somewhat decreased	No effect	Somewhat increased	Increased	NA
	1	2	3	4	5	
The overall morale at PCo Canada						
PCo Canada's financial success						
PCo Canada's competitiveness						
The decision-making speed of PCo Canada						
PCo Canada's external focus (i.e. being close to customers/patients)						
PCo Canada's influence with PCo global						

Section 5. Significance of changes.

A change is significant if you feel it has a major impact on some aspect of the organization, your group or you personally

13. How significant are these changes for PCo Canada?

	Not at all significant				Extremely significant	NA
	1	2	3	4	5	
The introduction of Business Franchises						
A new VP for my group/department						
I have a new manager						
I change to a new position						

14. How significant are these changes for your group?

	Not at all significant				Extremely significant	NA
	1	2	3	4	5	
The introduction of Business Franchises						
A new VP for my group/department						
I have a new manager						
I change to a new position						

15. How significant are these changes for you personally?

	Not at all significant				Extremely significant	NA
	1	2	3	4	5	
The introduction of Business Franchises						
A new VP for my group/department						
I have a new manager						
I change to a new position						

16. Please state to what extent you agree with the following statement. (1 means that you strongly agree, and 5 means that you strongly disagree.) :

"I am more concerned by changes that affect my daily work (like having a new manager or moving to a new position) than by organizational changes like the *Bauplan* change".

Appendix D: Sample of Codes from Open Coding

arbitrary decisions	culture	idea that people don't count
benefit of <i>Bauplan</i>	cynicism	importance of changes
benefits - no	dealing with resistance	importance of learning
BF heads	decision making	In effect, everybody
BF relations/differences	centralised	moved dow..
<i>Bauplan</i> and franchises 2 things	description of <i>Bauplan</i>	inexperience
<i>Bauplan</i> evolves	different dynamics in two area..	input into change
<i>Bauplan</i> in itself is not muc..	directors	intended consequence
<i>Bauplan</i> is OK	discussion with peers	internal business environment
broader environment	do I ask for a decision, or it..	internal employee turnover
building change	dotted lines	internal focus
bureaucracy/decision-making speed	double whammy	IT change
business has been reduced to o..	dual reporting	lack of resources
Canada as test	Ebberling	leadership style
platform/training ground	effect of business results	learning difficult bec. of change
career development	effect on team of boss	life is easy at top, but bottom suffers
centralise functions	losing power	losers
change	emphasis on structure, not people	Marketing is the engine of the..
change frequency	empowerment	matrix change
change goes round in circles	equity in change	merger
change has low impact	eroded away from brand teams	micromanagement
change management	example of change	mistrust
change management - group	extra level	morale - org
change process	feedback on effect of change ignored	more hierarchical approach
changes - small and large	forgotten layer	negative
changing environment	fragmentation	new management causes problems
changing top management	frequent role changes	no visibility
characteristics of workforce	fuzzy stuff	opinion of org
communication	getting the news of the change	optimism
communication improved	global-related issue	org. structure change
communication problems	global idea	other change - not <i>Bauplan</i>
communication with the brand t..	global tactics	other orgs - influence of/comparison to personal loss
compare one year ago	good for global, bad for Canada	perspective on change
constant change	group culture	poor leadership style
controls is limiting the ability..	growth in top management	Powerpoint culture
COO change	history	presentation culture
COO/CEO related	horizontal communication	pressure to move group
cross-functional working	how change communicated	rational reason for change
	human cost	

RDI in China is not the
 same a..
 reaction
 reduced autonomy
 relationships BFs and
 other areas
 relative imp. on morale
 relative importance of
 changes
 reporting structure
 resistance
 resources
 responsibilities have been
 split
 responsibilities split
 role of HR
 role of top management
 secretive
 senior management

apparently unaware of
 morale
 sensemaking/cue
 silos before *Bauplan*
 simplify lines of
 communicatio..
 smooth transition
 speed of change is too
 slow
 strategic components of
 the bu..
 strategic vs operational
 strategic/tactical
 Strategy is a no-no here
 structure issues
 suggestion for future
 support from org.
 tasks resulting from
 change

time related
 timing of change
 top down change
 top heavy
 top level change
 under-represented seat of
 power
 unexpected consequence
 using *Bauplan* for other
 reasons
 VP - power and
 accountability
 VPs
 what others think
 winners
 work-life balance
 wrong focus

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