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Unpacking Unintended Consequences in Planned Organizational Change

A Process Model

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The author develops a process model of the unintended consequences in planned organizational change that draws on the structuration, organizational change, and organizational tension literatures. The model depicts the communicative actions of both senior management and employees and reveals the dynamic through which unintended consequences unfold. The model extends theoretical understandings of planned organizational change and discusses how future research can build a dialectic and dialogic model of planned change focused on employee participation. The author illustrates the model with a case study of organizational change and its unintended consequences. The article concludes with insights on change management for practitioners and with directions for future research.

Keywords: *organizational change; unintended consequences; structuration theory; organizational tension*

Researchers have long recognized that planned organizational change very often produces unintended consequences (Armenakis & Bedeian, 1999; Bastien, McPhee, & Bolton, 1995; Cameron, 1994; Czarniawska & Joerges, 1996; Fairhurst, Cooren, & Cahill, 2002; Gilmore, Shea, & Useem, 1997; Whetten & Cameron, 1994). Although research exists on specific forms of unintended consequences, such as resistance (e.g., Harris & Ogbonna,

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2002), and on their influences, such as environmental disturbance (McKinley & Scherer, 2000), the process by which unintended consequences are produced remains, to a large extent, black-boxed (Latour, 1987). I argue that unlocking this box holds the promise of extending current understandings of planned organizational change and offers refreshing strategies for managing change initiatives. The need for such theoretical efforts becomes acute in an increasingly globalized and hypercompetitive socioeconomic environment in which adaptation and innovation through constant change is a requirement for organizational survival and success. In response to this need, I develop a process model of unintended consequences in planned organizational change.

“Unintended consequences” refers to the consequences that would not have taken place if a social actor had acted differently but that are not what the actor had intended to happen (Giddens, 1979, 1984). In planned organizational change, consequences that escape the intention of change planners are considered unintended. Since Merton (1936), a functional interpretation has characterized sociological analyses of unintended consequences. These analyses stress macro-societal needs or institutional reasons for why certain unintended consequences occur but overlook reasons within social practices by knowledgeable social actors (Giddens, 1989). Heeding Giddens’s (1979, 1984) criticism, I adopt a structurational framework in theoretical development.

A process model of unintended consequences will contribute to the theory and practice of planned organizational change in many ways. By combining teleological and dialectical motors as generative mechanisms of change, the model will provide an addition to Van de Ven and Poole’s (1995) process theories of organizational change. By foregrounding the role of communication, the model will offer a theoretical alternative to the current discussion of episodic change (Weick & Quinn, 1999). For practitioners, the model will broaden the concept of change agents and help planners identify critical areas or junctures where unintended consequences tend to sow their seeds. It will help both planners and other constituents of change anticipate and cope with the uncertainty associated with a change process.

I begin with a review of those research streams that contribute to the theoretical development of my model, including existing studies on unintended consequences and tensions in planned organizational change and structuration theory. I then present a process model of unintended consequences. To illustrate the use of this model in interpreting change, I offer a case study of a financial corporation. The conclusion section addresses the model’s implications and suggests directions for future research.

Unintended Consequences and Tensions in Planned Organizational Change

Planned organizational change takes place when a change agent intentionally takes actions and creates interventions through a deliberate process with the goal of achieving a different state of behavior, structure, and/or conditions (Ford & Ford, 1995; Goodman & Kurke, 1982; Porras & Silver, 1991). Research on planned organizational change has grown tremendously in the past few decades, punctuated by the popular change programs of organizational culture in the 1980s (e.g., Deal & Kennedy, 1982), organizational reengineering (e.g., Hammer & Champy, 1993), and high-technology growth since the 1990s. Scholars have addressed issues ranging from the content (e.g., Burke & Litwin, 1992), context (e.g., Fox-Wolfgramm, Boal, & Hunt, 1998), and process (e.g., Lewin, 1947) to the outcome (e.g., Meyer & Allen, 1997) of planned organizational change (for a review, see Armenakis & Bedeian, 1999).

Most cases of planned organizational change can be categorized as episodic change, which is characterized as “discontinuous, infrequent, and intentional” (Weick & Quinn, 1999, p. 365). Theories of episodic change tend to take a macro, systems perspective of organization (e.g., Lewin, 1947). A change agent in these theories is usually management, which influences the process by commanding a change language (Ford & Ford, 1995), managing chaos (Stacey, 1996; Wheatley, 1992), or managing punctuated equilibrium (Tushman & Romanelli, 1985), for instance. I propose that the lack of understanding of unintended consequences results from this largely macro, managerial approach. Recent studies on unintended consequences of planned change have suggested that both management and employees are change agents and that the intentional activities of the two parties are reciprocal and exist in tension.

In their study of a large firm’s three successive downsizing efforts, Fairhurst et al. (2002) explored the unintended consequences of each round of downsizing and the conditions the firms set up for the ensuing downsizing initiatives. These authors’ cogent case analysis identified multiple contradictions as dynamic forces that drove the downsizing process and created unintended consequences, for example, the contradiction between the policy of voluntary separation and the practice of involuntary termination and between workforce transition and knowledge and skills retention. Their analysis took into account both managerial and employee discourse and practice.

In another study on unintended consequences, McKinley and Scherer (2000) identified two pairs of tensions. In the first, planned change produces

“a reassuring sense of cognitive order” (p. 740) for executives but cognitive disorder for people under the executive rank. Second, the cognitive order of senior management is in tension with the environmental disorder that an organizational change spawns. To retain order both inside and outside, executives often opt for further change initiatives. Fairhurst et al. (2002) suggested that contradictions and tensions not only play central roles as the impetus in planned organizational change (Seo, Putnam, & Bartunek, 2004) but operate as dynamic driving forces in creating unintended consequences of change as well.

Dialectical tensions are one of the generative mechanisms underlying organizational change (Van de Ven & Poole, 1995). Embracing dualities and tensions in organizational analysis has proved fruitful (Fairhurst et al., 2002; Howard & Geist, 1995; Seo et al., 2004; Stohl & Cheney, 2001; Van de Ven & Poole, 1995). In planned organizational change, opposing sides emerge and work against each other. By unpacking the dualities and tensions, Seo et al. (2004) demonstrated the dynamic of planned-change processes and surfaced inadequacies in change management. Hence, I use dualities and tensions as conceptual resources in constructing the process model of unintended consequences.

In addition, traditional managerial focus on episodic change overlooks how employees (including middle management) reconstitute the meaning and practice of organizational change and, hence, provides an insufficient view of unintended consequences. For instance, based on speech act theory, Ford and Ford (1995) proposed that organizational change unfolds in four types of conversations: initiative, understand, performance, and closure. The proposed conversations are managerially driven and control oriented. In contrast, Harris and Ogbonna (2002) offered an exception to this managerial focus. In their study of planned organizational cultural change, they identified eight cultural forms of resistance that helped generate counter-cultural interpretation and practice. For instance, cultural reinvention is a form of change in which employees reinterpret the espoused “customer culture” as a traditional sales culture in disguise and as one that values nothing but sales numbers. Another example, ritualization of cultural change, describes how organizational members treat the promoted cultural behavior in a superficial and ritualistic manner instead of embracing its intended managerial meaning. The analysis shows that employees reconstitute meaning and practice in the implementation of change and produce various forms of “escape” from management’s intent.

In summary, existing research suggests that a theory of unintended consequences of planned organizational change should pay attention to

organizational tensions in a change process, the reciprocity of intentional activities of management and employees, and the reconstitution of meaning and practice by employees. To incorporate these elements into a theoretical account of unintended consequences of change, structuration theory provides a suitable framework that connects social practices with system-level dynamics and addresses meaning and power simultaneously. The following section explains in detail how structuration theory provides the basis for a theoretical model of unintended consequences in planned organizational change.

The Structural Framework

Structuration theory has seen its extension by organizational scholars to a wide range of topics, such as innovation (Chanal, 2004; Edwards, 2000), control (Dirsmith, Heian, & Covaleski, 1997), technology (Barley, 1986; Orlikowski, 2000), accounting systems (Conrad, 2005), knowledge (Hargadon, & Fanelli, 2002), learning (Berends, Boerstna, & Weggeman, 2003), and emotion (Callahan, 2005). Within the field of organizational communication, scholars have extended the theory in the areas of organizational climate (Bastien et al., 1995; Poole & McPhee, 1983), organizational change (Fairhurst et al., 2002), ideology positioning (Gibson & Papa, 1998; Howard & Geist, 1995), technology use in group decision making (Poole & DeSanctis, 1993), organizational culture (Witmer, 1997), and work–family policies (Kirby & Krone, 2002). The diverse appropriation of structuration theory attests to what Banks and Riley (1993) stated earlier that structuration theory sets up for us “a set of ontological principles and entailments from which we can derive questions, base research explanations, and ground the development of communication theory across the field’s many subspecialties” (p. 168). In the present study, I drew on three insights from Giddens’s (1979, 1984) structuration theory that offer particular directions in which to examine unintended consequences of planned organizational change.

The first insight comes from Giddens’s (1984, 1989) own attention to the unintended consequences of social action. Although echoing Merton’s (1936) emphasis on the importance of unintended consequences, Giddens (1984) is critical of functional analyses, which are preoccupied with uncovering “society’s reasons” for social practices and ignore the knowledgeable ability and intentionality of social actors. For Giddens (1989), social systems have no reasons or needs for continuance or reproduction, “except as counterfactually posited ‘as if’ properties” (p. 61). Therefore, “a proper appreciation of the significance of the unintended consequences of action should

lead us to emphasize the importance of a sophisticated treatment of the purposive nature of human conduct” (Giddens, 1984, p. 61).

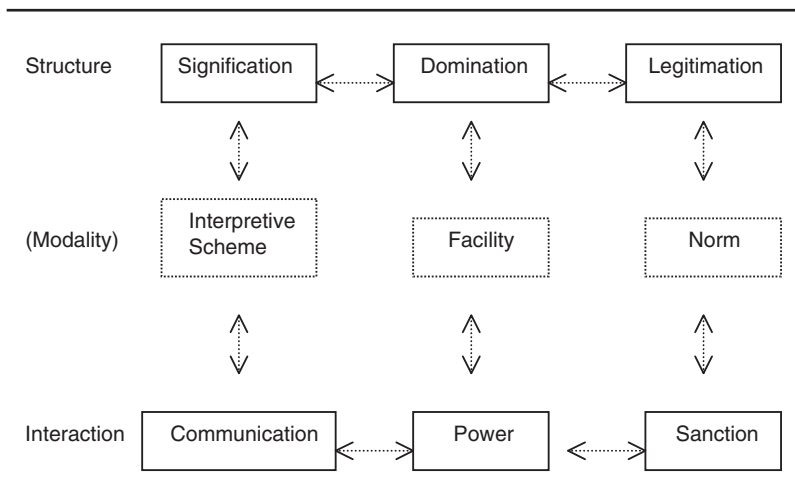
The assumption of social actors as knowledgeable human agents is central to Giddens’s proposed treatment of unintended consequences. By knowledgeability, he (Giddens, 1984) means that human agents routinely monitor their action and environment and that they have their own continuous grasp of the grounds for what they do—their practical consciousness, as Giddens (1984) calls it.

On the basis of such an understanding of human agents, Giddens (1984) offers three directions in analyzing unintended consequences. These inform the present study. One, research should identify the role of human agents in the sequences of events. Second, Giddens suggests that patterns or regularized behavior from “a complex of individual activities” (p. 13) be studied. The emphasis should be on the intentional conduct of multiple players in the events. Finally, research should analyze how unintended consequences constitute system reproduction.

The second insight that plays a central role in the present study is the three-dimensional analysis of structuration. According to Giddens (1984), the process of structuration analytically encompasses three dimensions—communication (meaning constitution), normative sanction, and power, as portrayed in Figure 1. Social actors draw on the interpretive schemes as a form of rules from their stock of knowledge and produce systems of meaning (signification). Any communicative act implies, explicitly or implicitly, the dimension of sanction in which normative rules (formal or informal) are invoked to make justifications for behavior. The instantiation of norms constitutes systems of legitimation. Communication and sanction are bound up with the dimension of power, which, according to Giddens, is the capacity to mobilize resources.

Another insight that informs the present study is social integration and system integration, although my use of system integration differs from Giddens’s (1984) original conception. For Giddens, social integration refers to routine encounters and practices through face-to-face contact, whereas system integration is achieved through connections “between actors or collectivities across extended time-space” (p. 28). Giddens’s conception of system integration precludes copresent social contact. I argue that such conception predicated on distance in time–space is limiting for two main reasons. First, the separation between social collectivities (e.g., senior management and employees), although often manifested as distance in time–space, are results of social distance, such as distance because of administrative levels and technical specialties. Second, achieving system integration by overcoming social

Figure 1
Dimensions of Structuration



Source: From *The Constitution of Society: Outline of the Theory of Structuration*, by A. Giddens, 1984, p. 29. Copyright 1984 by University of California Press. Adapted with permission.

distance requires, instead of precludes, direct contact between members from different social collectivities who do not routinely interact.

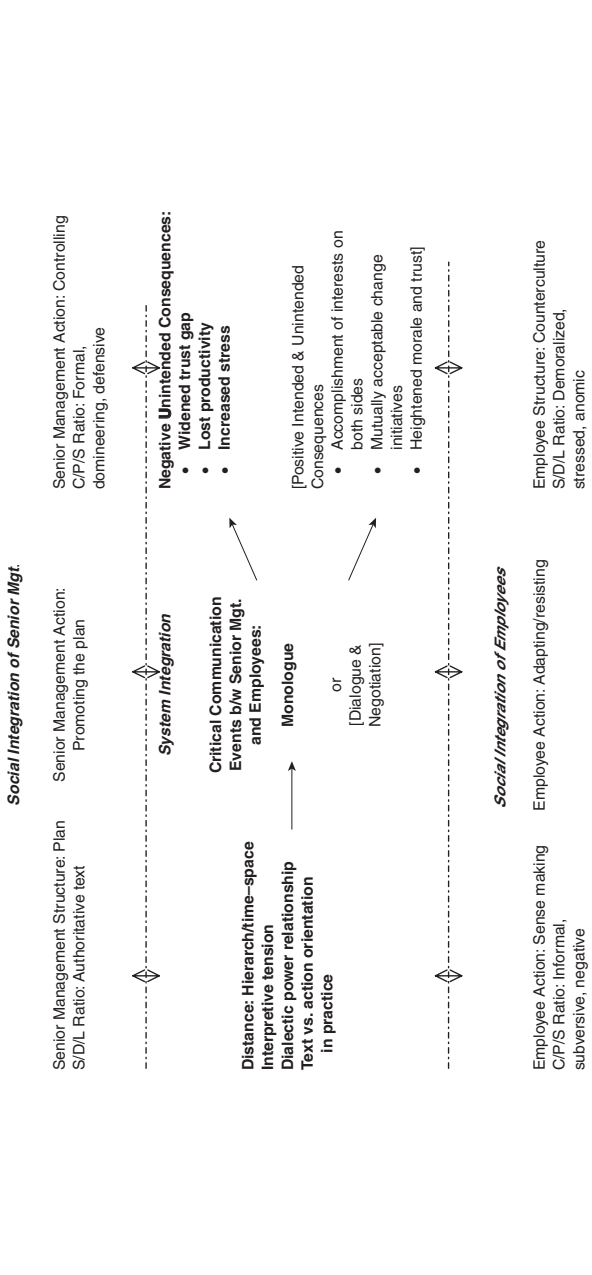
Therefore, departing from Giddens (1984), my conception of system integration includes copresent social contact between members of different social collectivities. The difference between such contact in system integration and social integration is that the former is nonroutine and often event driven. Therefore, an occasion at which a senior manager meets rank-and-file employees is considered a moment of system integration.

With the preceding structural framework in mind, I now present a process model of unintended consequences in planned organizational change.

A Process Model of Unintended Consequences in Planned Organizational Change

The process model is predicated on the structural bifurcation between senior management and employees in planned organizational change (see Figure 2). The bifurcation characterizes formal structures in complex

Figure 2
The Process Model of Unintended Consequences in Planned Organizational Change



Note: Mgt. = management; S/D/L Ratio = the three analytical dimensions of structure (signification, domination, and legitimization); C/P/S Ratio = the three analytical dimensions of interaction (communication, power, and sanction); b/w = between. Content in brackets indicates alternative possibilities.

organizations (McPhee, 1985, 1988, 1989; MCPhee & Poole, 2001). As Giddens (1984) indicated, a formal structure does not exist except in the social practices of organizational members who appropriate administrative rules and resources (McPhee, 1989).

In planned organizational change, intensive social interactions take place on at least two levels: senior management and employees. As is often the case, social interactions at each level address different change tasks: Senior management is responsible for change initiation—to initiate new rules, procedures, and processes; inscribe them into texts; and announce and “sell” them by various means. Employees are then charged with implementation of change—to translate these texts into social practices. The former is text-oriented practice, and the latter is action oriented. This is similar to MCPhee’s (1989) three-site proposal: the site of conception of structures by management, the site of implementation by technical personnel to inscribe the structures in documents, and the site of reception by employees and middle managers. I combine MCPhee’s first two sites because they often take place simultaneously in a tight coupling of interactions. As two social collectivities, senior management and employees are time–space distanced and take part in two separate but reciprocal processes of social integration. Unintended consequences emerge as the two levels engage and attempt to integrate. The following discussion first describes social integration at each level and then system integration across levels.

Social integration of the senior management group often includes management consultants and financial analysts in addition to senior managers. Drawing on interpretive schemes dominant or available at the time, such as total quality management, they produce a plan of change in the form of authoritative texts such as a new organizational chart and engage in actions that promote the change. These texts and promotional actions simultaneously construct an organizational reality and supply normative reasons to legitimate their characterization of the real and the proposed plan of change as well as instantiate the transformative capacity (Giddens, 1984) by which management is able to (re)allocate physical and human resources.

At the employee level, a different social integration process takes place in the practice of executing everyday work assignments while implementing newly initiated structures or procedures. As knowledgeable and self-reflexive actors, employees interact and enact a process of collective sense making through interpretive schemes unlike those used by senior management. Employee interpretive schemes are typifications of the organizational reality they retain over time from their organizational routines and memory traces of past experience, for instance, a family-friendly workplace. What

total quality management means to an employee, for instance, is understood within the interpretive scheme of a family-friendly workplace. Employee interpretations of change emerge when employees reconstitute meaning of the managerial texts within their own interpretive schemes. Interpretive tensions between employees and senior management set up conditions for unintended consequences to emerge.

In addition to interpretive tensions and differences in behavioral norms (text vs. action orientation), a dialectical power relationship exists between senior management and employees. On one hand, the formal power relationship stipulates that employees have to translate managerial texts into action. On the other hand, employees possess what Feenberg (1991) called “the margin of maneuver”—a certain degree of autonomy enjoyed by employees to “redefine and modify its [domination] forms, rhythms, and purposes” (p. 86) and to influence the activities of senior management. The local work and social knowledge possessed by employees enable them to resist or subvert change and produce unintended results.

As I wrote earlier, system integration is a process in which actions of senior management and employees as two collectives interact and produce a level of systemness. Such integration demands that critical communication events take place between the two collectivities to manage the interpretive tensions, dialectical power relationship, and differences in behavior norms. The process model proposes that dialogue and negotiation in these communication events tend to produce positive change outcomes, which can be both intended and unintended. Dialogue and negotiation (Deetz, 1995) allow creation of innovative interpretations and choices that are mutually acceptable and accommodate both sides’ interests. In contrast, synchronous monologues, through which one side attempts to persuade the other, will lead to negative unintended consequences because the interaction only reifies positions on both sides and escalates tensions and differences. Therefore, how the critical communication events are managed in practice further renders possibilities of escape from the managerial plan—the unintended consequences.

Having presented the process model, I now use a case study to illustrate how the model can aid our analysis and understanding of unintended consequences in planned organizational change.

Method

Because my focus is the process of change, I adopted a case study approach, which is especially suited to answer process-oriented “how” and

“why” questions and retain real-life events (Larson & Pepper, 2003; Yin, 2003). The approach has been shown to be very effective in analyzing organizational and managerial processes in the past (Yin, 2003). This section describes the case setting and explains the procedures I used for data collection and analysis.

The Setting: Midwestern Life

Field research took place in Midwestern Life,¹ the largest affiliate of an international financial group, Midwestern Financial, based in the midwestern United States. Midwestern Life is primarily in the business of life insurance and retirement planning. The senior management kicked off a period of planned organizational change in Spring 1998. Preceding the change, both Midwestern Financial and Midwestern Life installed new management teams. Meanwhile, decisions were made to acquire the life insurance operations of Midwestern Life’s two major competitors, located in the eastern United States. The new management team of the financial group decided to overhaul its expenses to reduce costs and decentralize many of the corporate functions of its affiliates. As a result of this decision, a group of external consultants conducted a financial evaluation and soon recommended a cost reduction and restructuring plan called Accelerating the Pace (ATP). As the main affiliate of Midwestern Financial, Midwestern Life was the focus of the ATP implementation.

Against this background, I gained entry into the corporation as a full-time communication intern with my research interests revealed to both management and employees of the Department of Communication Services (CS). Before the change, CS had about 45 employees with four basic functions, which were to provide product lines with marketing communication support, assist the management team with employee communication initiatives, provide multimedia and design services, and administer business forms. As a department providing support services, CS was among the first affected by cost reduction and restructuring. This provided a useful means by which to observe both management and employee reactions and interactions during the organizational change period.

Procedures

I collected descriptive data through several qualitative methods. While working as an intern from September to December 1998, I conducted more than 500 hours of participant observation and attended two all-employee

meetings and three management meetings. Field notes were taken from observation. In Spring 1999, I left the organization but continued following the organizational change by returning to the site occasionally and keeping contact with my key informants in CS.

Semistructured interviews constituted another important data source. Seven employees from different positions and of different tenures within CS were interviewed. All the interviews took place in their offices or conference rooms and were audiotaped with their agreement. Although I was not able to interview members of senior management, I was able to obtain audiotapes of six management meetings. My daily contact with the CS manager, who was in frequent and direct contact with senior management, also provided me with insights about the management group. Segments of audiotaped interviews and meetings with significance were selected and transcribed. In addition, I collected organizational documents, including employee survey results, newsletters, memos, meeting handouts, e-mail exchanges, corporate external and internal Web sites, and external media coverage of the change.

Because my goal was to illustrate the use of the process model through this case study, my data analysis followed the model sequence. I first analyzed the social integration of senior management by identifying key structural elements in this group, such as their interpretive schemes, communicative actions, and consequences. Second, I analyzed the social integration of employees in a similar manner. Third, I examined the system integration process by focusing on interpreting data related to the critical communication event, the all-employee meeting. Finally, I identified patterns of unintended consequences of change in Midwestern Life. In the following section, I present the case analysis.

Case Analysis

As defined earlier in this article, consequences of planned organizational change are unintended when they escape the intention of change planners. At Midwestern Life, unintended consequences of its change process included a widened trust gap, lost productivity, and increased work stress. My analysis traces the production of these consequences by following the analytical sequence depicted in the process model (see Figure 2): (a) social integration of senior management, (b) social integration of employees, and (c) system integration and unintended consequences.

Social Integration of Senior Management

For senior management, planned organizational restructuring involves drawing up a new structure and communicating it to the rest of the organization, both of which are text-oriented processes (McPhee, 1989). At *Midwestern Life*, the senior management authored ATP, a plan of cost reduction and restructuring, on the basis of reports written by their financial analysts and external consultants on existing operational costs in every area of the business.

The meaning of ATP grew out of various interpretive schemes available to senior management. For instance, the interpretive scheme of a competitive financial market, which a growing trend of mergers and takeovers at the time helped create, was often invoked. In a management meeting, Steve Cane, the chief executive officer (CEO), elaborated on why change was necessary and how the destiny of the company was closely related to the company's stock value: "The stock is worth more so that we are better able to control our own destiny. It is more difficult for someone else to buy you because they've just got to pay more money for the company." The rule of a competitive financial market prescribes that to boost a company's stock value, the company could grow in size through acquisition and cost reduction to enhance the expectations of the Wall Street financial analysts and by improvement of the company's performance. Improvement of a company's performance depends on long-term efforts, but acquisition and cost reduction initiatives can produce immediate effects:

If we do not do that [cost reduction], [the CEO continued his rationalization in another management meeting] I'm pretty sure we will have a reduction in our Best [a credit rating organization in financial services industries] rating. If we have a reduction in our Best rating, we will have a hard time generating the kind of new business we need to generate to get the results that we need to get. So we don't have a choice in this.

The CEO presented an exigent "big picture" and the necessity to adopt short-term strategies—acquisition and cost reduction through restructuring.

The very depiction of an organizational reality is simultaneously legitimation. The CEO implied the normative nature of how a free market operates; that is, the fate of a company is subject to the "invisible hand" of the capitalist market game. Legitimation here functioned as a discursive closure (Deetz, 1992) where the free market as epitomized in stock values was invoked as a higher order that would control the destiny of anyone who dared resist its power. The invocation of the higher order precluded or

foreclosed the possibility of communication about other change paths and concealed the problematic nature of the stock game. Therefore, the communicative actions of senior management embodied and instantiated a process of domination.

Senior management appeared to understand the importance of communication in the process of change. To ensure quality communication, the senior management formulated a communication standard, we will “tell you what we know when we know it.” In a memo, the vice president of facilities and services commented that the risks in not adopting this standard were “no consistency in how/when employees receive information, messages misunderstood, and trust gap [widened].” The benefits were that “employees hear news from the company first versus from media [and] grapevine; the standard establishes management credibility.”

The rationalization by the CEO regarding this communication standard was, in his own words, that

people are [really] curious about what is happening and what is going to go. [There are], in case of anything that happens, a number of things that you have to consider in order to get to what you believe at that time is the very best answer that you are going to come up with. So to go through the things that are being considered is not productive. We don't know things until we really know them. When we're thinking about the possibilities of things, we don't really know things. And it is not productive to be sending out information on that.

For senior management, what should have been communicated were decisions that had been made instead of those under consideration or debate. Good communication meant to transfer those conclusive decisions to employees in an open, immediate, and consistent manner.

Reacting to employee requests for more information about potential changes, the CEO said in a management meeting,

People [want] to know what is going to happen with their jobs and that sort of thing, and we are continuing with the practice of saying, “We'll tell you what we know when we know it.” There are some people who are convinced that we have made some decisions that have not yet been made and so they are kind of saying, “Why don't you tell us what you've decided?” Well, it hasn't been decided yet. When it's decided, we will let people know.

The validity of this management mantra, to “tell you what we know when we know it,” made sense within the interpretive scheme of the Taylorist division of labor. That is, the managerial class is privileged with the right to

conceptualize work—“to know” and “to consider” and the ability to know “the best way” of getting work done. Workers are given the task of execution. Strategic decision making is the prerogative of senior managers. Information is a scarce, discretionary resource over which management has tight command and through which the structure of domination is reproduced in the workplace.

As shown above, the social integration process among the senior management created a plan of change in the form of authoritative texts. Communicating those texts, on one hand, constructed a managerial version of organizational reality imperative to change, and on the other hand instantiated and perpetuated the structure of control and domination. Their communicative actions sowed the seeds for unintended consequences.

Social Integration of Employees

Unlike change initiation characterized by text-oriented practices by senior management, change implementation at the employee level is action oriented. The new structures presented by senior management in textual forms do not furnish employees with local-situational rules of practice regarding how to get their jobs done and what the changes mean to them locally (i.e., social relationship, career, etc.). The change imperative constructed by senior management had to be made sense of and rearticulated within the interpretive schemes available to the life-world of employees. The seeds of unintended consequences continued to grow in the sense-making activities during the process of implementation. As one employee observed,

People at the top, they are looking at big pictures and most of their big pictures are confidential. They can't tell people at our level of what the goal is . . . but at the same time cut expenses. . . . I don't blame them for these changes where it's a confidentiality issue where they make these changes. They hope the change goes as planned, but you know, the real picture that they want to get to they really can't.

The “real picture” is one that employees constructed mostly in “small talks” along the grapevine. Previous research has confirmed that the grapevine is most active when there is great upheaval and change in organizations (Davis, 1953). The grapevine carries information that helps organizational members make sense of organizational events (Harris, 1993). Constructing the real picture was a form of resistance or subversion and produced a counterculture.

Employees constructed this real picture on the basis of the many contradictions experienced between the current managerial practices, the values espoused by senior management, and employee sedimented knowledge about the organization from the past. Three themes characterized this real picture. The first theme is secrecy. To management, as I stated earlier, the communication standard “tell you what we know when we know it” was associated with openness, consistency, immediacy, and honesty, which made sense when considered within the Taylorist interpretive scheme and when communication meant conveyance or transmission of a decision from managers to employees. To employees, however, open and honest communication meant being informed and involved in the decision-making process. When the senior management failed to inform and involve employees and when information in the decision-making process first appeared in local media, secrecy was no longer an overstatement for many.

For instance, information regarding a potential relocation of the corporate headquarters of *Midwestern Financial* first broke out as headline news in major local newspapers. Employees were shocked and furious. “You [the senior management] will not come out and tell us *Midwestern* will remain in [this town] for years to come,” one employee wrote in an employee survey. “If the corporate center leaves, no one will guarantee the rest of *Midwestern* will remain. . . . Complete honesty would be nice.” Another employee commented in an interview, “One of the things that I respected *Midwestern* for was that they tried to be candid and honest. But I think that has slowly deteriorated. There is not the same openness.”

The second theme is betrayal. Until this change process took place, loyalty had been a company value in which employees at *Midwestern Life* took pride. Managerial actions were naturally interpreted within the interpretive schemes of lifelong employment and social responsibility. Current layoffs contradicted the value of loyalty. A team leader in CS who had been with the company for 9 years related to his coworkers, “I suddenly realized I may not retire from this company. . . . The company really doesn’t owe you anything. You like to believe that they do.” Another employee observed,

The work force that [*Midwestern*] has carefully built over the years is one which has given up evenings with family and time on weekends to get the job done and done right. . . . If you want a loyal, helpful, can-do attitude, you’ve got to provide the work environment to foster it. [*Midwestern*] knew that once upon a time.

The third theme is unfairness. Following the cost reduction plan, the senior management announced a series of benefit reduction measures, such as closing the employee library, reducing paid time off, and increasing the

price for the fitness center and cafeteria. One employee reflected, “Some of these [changes] are good and fair to ask of the employees at this time of need. However, it is not good management . . . to ask employees to accept necessary change without top management giving something, too.”

Taken together, the intensive sense-making activities among employees concerned the management of *Midwestern Life* very much because these small talks constituted a counterculture or reality that resisted and subverted the one prescribed by the senior management.

System Integration and Unintended Consequences

The above analysis demonstrated the intended actions of senior management and the growth of a counterculture constituted of employee communicative actions. The process model suggests that to achieve a certain degree of alignment or integration requires some critical communication events between senior management and employees. How the meaning of change is negotiated or reconstructed in these events can shape the trajectory and consequences of the change process. In *Midwestern Life*, such communication events took place in the form of all-employee meetings.

Although providing an opportunity for dialogue and negotiation, the all-employee meetings were, in fact, marked by synchronous monologues, in which mutual understanding failed to occur and each social collective merely reproduced its own view regarding the other and the ongoing change. Let’s take a close look at an exchange between the CEO and an employee during one question-and-answer session of the meetings:

Employee: I know there are changes and changes continuously going on, but when can we have more of an idea of who is where and who the people are that we’re supposed to work with? I know that we worked with a lot of people before and we’re not sure if they are there or not anymore and it is difficult to sometimes do business like that. . . . How are we going to solve that?

CEO: Well, we do have communication people in *Midwestern Life* and the intention is to tell you what we know when we know it and Keith [vice president of Human Resources] for example put out some information on what was happening. . . . [Turning to Keith] *I don’t know if you’ve put out any kind of org. chart* [italics added]?

First, this interaction demonstrated the difference in behavior norms, one of the causes of unintended consequences. The employee was oriented to action: Structural problems were experienced in action. However, the CEO

representing the senior management group resorted to the text-oriented norm: Structural problems were experienced in texts (budget plans and organizational chart), and action was only assumed and implied. Referring to organizational charts, therefore, is a normative managerial response. To senior managers, organizational charts of new structures represent or reflect an exterior reality in which who should be working where in what capacity is fixed.

However, following an action-oriented norm, employees were looking for a social integration solution accommodating a situation of copresence among employees. A new structure only made sense when instantiated in action. Constrained by the text-oriented norm and steeped in the Taylorist ideology, however, the CEO was able neither to appreciate the processes in which new structures were being implemented in action nor to involve employees in conceptualizing new work structures. Reiteration of the mantra “tell you what we know when we know it” only reinforced the impression of insincerity and secrecy that employees had about management.

In addition to the clash of behavior norms, the interpretive tension, instead of being resolved in this meeting, continued to grow, as seen in the following exchange:

Employee: Steve [the CEO], as an employee who just recently reached 15 years of service with this company, I have to ask because for the next 5 years my vacation schedule does not change. To me, I feel like you are penalizing people who have been here for a long time. We're devoted to this company, we continue to work here, but we don't add any additional vacation time, whereas people who have put in 5 years of service have suddenly jumped to 3 weeks, and it took me 10 years to get to 3 weeks of time. So I guess I feel like those of us who are devoted, who have been here 15 to 20 years, why don't we keep adding 1 day? We have to wait until we've been here 21 years before we start getting another day?

CEO: Well, I understand that it would be more generous if we gave you more vacation, but we give a vacation that is competitive in the marketplace. We could solve that problem by changing it for people that have been here 6 years and giving them less vacation, but that is not really a change that I want to make. . . . I think overall what we want to do is we want to have a package of things that are competitive in the marketplace and we believe that we have that. I understand what you're saying, but you know all of that has a cost to it and what we have to do is what's competitive in the marketplace and I think we've got a pretty good balance in what we've done here.

In this exchange, the interpretive schemes of fairness and loyalty clashed with that of market competition. What is more interesting is that the CEO

decided to close the conversation by asserting his confidence in the senior management decision. An opportunity was certainly present at the moment for the CEO to reframe the meaning (Fairhurst, 1996) by, for instance, talking about other corporate actions that reward loyalty or by soliciting innovative suggestions from employees on how to reward loyalty while maintaining market competitiveness. However, the CEO failed to take this opportunity. In spite of the meeting's good intention, a dialogue failed to happen.

The unsuccessful all-employee meeting allowed the production of unintended consequences to persist and culminate in several forms. First, a widened trust gap became evident as the change process unfolded. Exasperated when their well-intended communication practices resulted in rampant rumors, the senior management accused employees of rumor mongering and undermining the change. "I don't like water-fountain exchanges," claimed the vice president of facilities and services in an information-sharing meeting with CS employees. "Those small-talks are really counter-productive." In another meeting with his employees, the vice president started the meeting by saying, "What's going on? I can see a kind of rumor going on your face." The CEO commented in a management meeting,

There are a whole bunch of people that don't get it [the reasons for the change] yet. . . . There are, kind of, two different categories of people that don't get it. There are those that truly don't understand. . . . And there are those who don't want to understand. If they are going to poison the system, we've got to deal with that. We can't have poison in the system.

Second, at the psychological level, increased stress was apparent among organizational members. For instance, a theme of casualties and victims ran through employee discourse. The metaphor of "war" was used to describe their experience in the change process. As an employee stated in an interview,

It [the change process] was like a war or a battle. It's like . . . who's going to get hit. "Oh, no, they got hit," and you said, "Oh, it wasn't me." And when we got hit, we got cut back, it was hard.

Finally, much productivity was lost through this process. Although no exact numerical indicator of productivity loss existed, my observation provided such evidence. For instance, much management time was spent on combating rumors circulating among employees and local media. The manager of CS reported frequent, intense meetings with the senior management team in which remediation strategies on improving employee relationships

and morale were discussed. Employees spent much energy managing the uncertainty regarding their own job future.

In summary, these unintended consequences were the results of intentional actions of managers and employees as knowledgeable social actors. The analysis thus far has illustrated how tensions in communication, power, and normative behaviors, together with the failed critical communication event, contributed to the production of these consequences.

Conclusion: Implications for Theory and Practice

This analysis has demonstrated the applicability of the process model in understanding planned organizational change. In this section, I discuss the implications of this model for change management theory and practice. First, unlike many existing episodic change models that stress senior management as change agents (Ford & Ford, 1995; Lewin, 1947; Stacy, 1996; Tushman & Romanelli, 1985), the process model emphasizes that both senior management and employees are change agents positioned in two different roles: initiation and implementation, respectively. The intentional activities of the two groups are reciprocal and result in consequences for a change process.

This reciprocal view has significant implications for theoretical development regarding episodic change. For instance, Ford and Ford's (1995) conversational framework limits its attention solely to managers as change agents. I have demonstrated that conversations between management and employees can easily become synchronous monologues because of time-space and socially distanced organizational positions, different interpretive schemes, and a dialectic power relationship. Foregrounding the role of communication, the process model provides the basis on which future research can build a true conversational model of planned change that involves employee participation.

Second, the process model extends Van de Ven and Poole's (1995) process theories of change. In their typology of change theories, Van de Ven and Poole depicted four ideal motors of change: life cycle, teleological, dialectical, and evolutionary. Each motor describes a different mechanism of change. The typology is an open framework in which the combination of various motors can lead to new theories of change. The process model in this study combines teleological and dialectical motors. On one hand, the model depicts change as following the initialization-implementation-integration sequence driven by a teleological motor; on the other hand, the dialectical motor works through various tensions emerging from the dualities

of management and employees as antithetical entities, producing unintended consequences and shaping the overall direction of an organization.

Third, the process model sets the stage for future development in several areas. First of all, the current model treats formal organizational structure as a two-level hierarchy with senior management and employees as two homogeneous groups. Such treatment offers simplicity, which is needed in this initial formulation of basic model structure and central concepts. Future development may build in the complex role of middle management (McPhee & Poole, 2001) and the often conflict-ridden and dynamic relationships among various employee groups (Martin, 2002). Second, future development should incorporate the part that local community and media play in the production of unintended consequences. This is especially important for large organizations such as *Midwestern Life*, whose decisions are often consequential to the prosperity of their local communities and scrutinized by local, if not national, media. The boundaries between internal and external communication of an organization collapse very quickly (Cheney & Christensen, 2001). Hence, a fully developed process model should address multiple constituencies of an organization (Deetz, 1995) and their intended actions.

In addition to its theoretical implications, the process model offers practical insights on managing planned organizational change. First, senior managers should recognize that reconstitution of the meaning of change is an inherent part of change implementation by employees. Translating new rules and structures into everyday practice, employees demand a new discourse that can help construct coherent meaning in their continuous flow of work experience. Senior managers should be able to facilitate this process of sense making instead of rejecting or suppressing it.

Second, the process model allows change planners to understand that although paradoxical, indeterminacy is the nature of planned organizational change. As the model suggests, the bifurcation of senior management and employees structurally creates two separate social integration processes. Tensions of communicative actions, power, and norms arise when the two processes integrate at the system level. The results, including unintended consequences, of a change process depend on how tensions are managed in the moment-by-moment local situations. To facilitate system integration and manage tensions, senior managers should be able to create opportunities of employee participation in change initiation, attend to critical communication events by emphasizing dialogue and negotiation, and participate themselves in change implementation among local employee groups. Such two-way participation will foster shared interpretive schemes and transform tensions into constructive energy.

Note

1. Pseudonyms were used for the organization and all the participants involved to protect their confidentiality.

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