Organization Development and Change

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NETWORKS, OD, AND CHANGE: DENVER, HERE WE COME!

Christopher G. Worley
Program Chair

The arrangements for the Academy's annual conference are almost complete, and we are very excited about the overall program and the Organization Development and Change (ODC) Division's participation in it. The theme of this year's conference, "Building Effective Networks," was embraced by many of our division's members, and several papers, symposia, interactive paper sessions, and shared interest track sessions are devoted to the theme.

This year's ODC program reflects the diversity of research and practice that characterizes our division. Paper sessions address a variety of perspectives on organization change, including emotional responses to change, the role of technology, understanding readiness for change, and of course a session on how change occurs in networks. A significant number of ODC papers were chosen to be in the shared interest track and interactive paper sessions, two innovative and increasingly popular presentation forms at the Academy meetings. Symposia involving the ODC Division include two All-Academy sessions, three showcase presentations, and five jointly sponsored symposia. As with the papers, the symposia represent a wide range of interests and perspectives, including spirituality, trust, environmental sustainability, networks, and the history of OD.

The ODC Executive Committee is proud to announce that Susan A. Mohrman has agreed to be our Distinguished Speaker. Sue is a senior research scientist at the University of Southern California's Center for Effective Organizations. She is also a past program and division chair of the ODC Division and served on the Academy's Board of Governors. Sue has distinguished herself as a respected researcher and accomplished practitioner. We hope that you will join us to hear Sue's comments and perspectives on Tuesday morning.

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ORGANIZATIONAL IDENTIFICATION DURING MAJOR CHANGE: THE DYNAMICS OF DISSOCIATION AND RE-ASSOCIATION

Samia Chreim
University of Lethbridge
2001 Best Paper Award

Fundamental change implies major discontinuities with the past and involves a destruction and re-construction of central aspects of the organization. There is agreement in the literature that such change is difficult to implement. The paper argues that a factor that is key to explaining problematic change implementation is member identification with the organization. While member identification can lead to organizationally functional behavior, it can also be a source of resistance to change. Shifts in member identification are often necessary for change efforts to be successful in organizations. Such shifts can be influenced by management strategies including those that are communication-based.

Organizational Identification and Identification Inducement

Organizational identification has been defined as "the degree to which a member defines him- herself by the same attributes that he or she believes define the

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Following the Presidential luncheon on Tuesday, the ODC Division is sponsoring a special "theme" session. Reflecting the Academy's conference theme of Building Effective Networks, we've asked representatives from three change-related networks to discuss their thoughts on the current state of knowledge and how these networks might better inform our understanding and practice of organization development. Craig Lundberg from Cornell U., Charles Seashore from the National Training Laboratories (NTL), and Brenda Jones from the Organization Development Network (ODN) have agreed to lead a session on Tuesday afternoon. This promises to be one of the highlights of the ODC program.

And finally, we would like to take this opportunity to acknowledge the many individuals who devoted the time and energy to reviewing papers for this year's conference. Without the efforts of these volunteers, the program would not have been possible. These included John Adams, Saybrook Graduate School; Terry Armstrong, Emerson College; Keith Bahde, Benedictine U.; Jeff Bailey, Apex Performance, Inc.; Wayne Boss, U. of Colorado; Hilary Bradbury, Case Western Reserve U.; Kathleen Buchman, Wheaton Franciscan Services; Tony Buono, Bentley College; Steven Cady, Bowling Green State U.; Sherry Camden-Anders, Alliant U.; Paul Camper, Pepperdine U.; Bob Canady, Pepperdine U.; Marilyn Carter, Benedictine U.; Chip Chesmore, Benedictine U.; Rupert Chisholm, Pennsylvania State U.; Samia Chreim, U. of Lethbridge; Allan Church, PepsiCo, Inc.; Mark Ciavarella, U. of Georgia; David Coghlan, U. of Dublin; Julie Cox, Monash University; Tom Cummings, U. of Southern California; Kay Davis, Pepperdine U.; Don de Guerre, Concordia U.; Peter Docherty, National Institute of Working Life; Evelyn Dravecky, UCLA School Of Medicine; Terri Egan, Pepperdine U.; Marianne Ekman Philips, National Institute for Working Life; Mary Ferdig, Benedictine U.; Ann Feyerherm, Pepperdine U.; Frank Friedlander, Fielding Institute; Connie Fuller, Benedictine U.; Eric Goodman, Colorado Technical U.; Bruce Hansen, Colorado Technical U.; Mary Ann Hazen, U. of Detroit Mercy; Tom Head, Roosevelt U.; Jorge Herrera, Culture Sense International, Inc.; David Jamieson, Pepperdine U.; Karen Jansen, Penn State U.; Korin Kendra, Benedictine U.; Lynda Kilbourne, Xavier U.; Kim Kleason, Pepperdine U.; Toni Knott; Mary Lou Kotecki, John Deere Corporation; Mark Kriger, Norwegian School of Management; Miriam Lacey, Pepperdine U.; Bill Leban, DeVry Institute;

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organization" (Dutton, Dukerich and Harquail, 1994:239). This identification results in an organizational identity for the individual that is part of his/her social identity (Ashforth and Mael, 1989). Organizational identification is accompanied by affective and behavioral components (Ashforth, 1998). We could conceive of the strength of a member's identification with the organization as a factor accounting for cognition, emotion and behavior. The stronger the member's appropriation of the organizational identity–or the more the member comes to view the organization as definitive of his or her own self–the stronger the identification and the higher the cognitive, emotional and behavioral investment of the individual in the organization.

Member identification is said to satisfy a number of individual needs including safety, affiliation, self-enhancement, and meaning in one's life (Pratt, 1998). Members may have the need or propensity to identify with the organization and the process is often encouraged by the organization itself. Attempts at inducing member identification often take the form of communication-based strategies on the part of management (Cheney, 1983). In fact, if members' desire to identify with the organization is predicated on a search for meaning, the organization's communication could provide an excellent means to furnish such meaning. Organizational elites, such as top managers, are favorably placed to manage meanings. Frequent communication by management, through informational social influence, leads to the development of a common set of understandings about the organization and the member's relation to it (Pfeffer, 1981). An individual who is inclined to identify with the organization will be open to persuasive communication and responsive to the inducements initiated by management (Cheney, 1983).

In a study of "identification strategies" used in messages to employees, Cheney (1983) found that organizations use both association and dissociation techniques. Association techniques aim at establishing a connection between the organization and the employee. Evidence of this strategy can be found in management communication indicating that the organization shares the employee's values, goals and interests. The association strategy includes such tactics as expressing concern for the individual, recognizing individual contributions, promoting shared values, and reporting praise by outsiders. Identification can also be achieved through dissociation, or by antithesis. This often involves presenting a major threat from the outside that calls for insiders' unification to defeat the threat (Cheney, 1983). These strategies however, have not been related to a context of major change. During major change, organizational attributes need to be transformed, rendering members' previous identifications with such attributes obsolete and dysfunctional from an organizational standpoint. Identification inducement strategies need to be adapted to the change context and to take into consideration members' experiences in the change situation.

Member Identification During Major Change

Strong member identification with organizational attributes implies that the latter constitute an important aspect of the member's self-concept. Identification implies the enactment of an organizational role with the attendant norms for behavior that are attached to the role and which, in general, are functional from an organizational standpoint. However, because strong identification implies that a member's organizational identity is salient and valued, it can also imply a strong resistance to change in that identity (Ashforth, 1998).

Planned major change involves a transformation of various aspects of the organization including its mission, strategies, structures, systems, networks, and /or core values. The process, generally spearheaded by top managers, involves the destruction of "old" organizational attributes and their replacement with "new" ones (Bartunek, 1993). If such change involves the destruction of those aspects of the organization that give the member an identity and a sense of self within the organization, it leads to the loss of those self-defining labels that make life meaningful for individuals (Tannenbaum and Hanna, 1985). Resisting change is caused in part by people's desire not to lose something of value. Yet the loss of a valued identity during fundamental change is a likely experience for members who identify with the organization (Bridges, 1986). Furthermore, Hogg and Terry indicate that uncertainty reduction about self-conceptual matters is a central human motivation; one's social identity allows uncertainty reduction by "assimilating self to a prototype that describes and prescribes perceptions, attitudes, feelings and behaviors" (2000:124). Giving up familiar attitudes, behaviors and perspectives that emanate from one's identifications opens the possibility for the uncertain and leads to anxiety and fear of the unknown. It therefore creates a state where individuals attempt to hold on to the past.

Dis- and Re-identification

Successful change in an organization is associated with the occurrence of change in members' identifications. More specifically, members need to give up previous identifications with past undesirable attributes of the organization and divest themselves of the "old" perspectives associated with them. This is the process of dis-identification. It implies letting go aspects of the "old" identity so as to allow space for "new" ones (Bridges, 1986). It involves dissociation from the past organizational attributes that must now be transformed.

To facilitate member dissociation from organizational attributes that must be abandoned, management presents these attributes as unattractive. For example, in her study of the U.S. Post Office Department reorganization, Biggart (1977) found that top managers who had the mandate to effect the change resorted to discrediting the attributes of the organization prior to the change. Similarly, Tunstall's study of AT&T's transformation indicates that top managers consistently communicated with employees the importance of the "abandonment of the regulation mentality" (1985:53) with all its implications.

In addition, employees are often informed–explicitly or implicitly–of what they stand to lose personally by adhering to the undesirable attributes of the organization. Research indicates that individuals dissociate and distance themselves from identity-stigmatizing events or groups that are negatively viewed (Ashforth and Mael, 1989). Being associated with negative aspects does not allow for a positive self-concept or for self-enhancement. Presenting the past attributes of the organization in a negative light provides an impetus for members to dissociate themselves from the attributes and the behaviors they imply. Management communication tactics would thus involve pointing out the unattractiveness of the past, outdated organizational attributes. The tactics would also include an emphasis on how adherence to such attributes would result in a negative identity for the individual, one most likely to be eschewed by the organizational participant. This would help create tension for members to abandon the old perspectives.

While change can be initiated by creating the conditions for dissociation from past attributes, proceeding with the change requires the creation of alternative attributes and frameworks (Bartunek, 1993). Thus, top management elaborates new vision and mission statements, values, goals, and strategies. These new constructions are portrayed as attractive to organizational participants. For example, in Biggart's study of the Post Office, the "straitjacket" of the past was juxtaposed to "a new orientation" allowing managers "to innovate and initiate" (1977:416).

The new frameworks become the subject of re-identification inducement strategies by management. These strategies are aimed at creating a re-association between members and the new organizational attributes. Research indicates that people are motivated by the prospects of belonging to groups that allow for a positive self-concept and for self-enhancement. Individuals are drawn to organizations with prestigious, distinctive or attractive identities (Ashforth and Mael, 1989; Pratt 1998). The prospect of belonging to such organizations is consistent with members' interests and therefore, provides a drive for members to appropriate the new attributes.

Confluence

Complete destruction of the old organization and a totally new construction are hardly possible or desirable (Bartunek, 1993). Weick and Quinn (1999) point out that accounts of successful revolutions have a tendency to emphasize the break with the past and to ignore that success may lie in its link to the past and the retrospective re-writing of the meaning of the past. The past need not be abandoned in wholesale fashion, for some aspects of the past can be adapted to the new context (Tunstall, 1985). Wide-scope fundamental change leaves individuals in a state of uncertainty and with a sense of loss of meaning and value, which account for why individuals tend to hold on to the past. The experience of change as a complete loss of one's sense of organizational self substantially increases the resistance to change.

Major change is more likely to occur when some aspects of the system can be depended upon to persist. Those aspects that persist provide anchors to the individual and act as an impediment to the individual floundering in the uncertain and the meaningless. With these anchors, a higher level of energy can be found by the member, allowing him or her to move on to a different state. When streams from the past flow alongside new streams in the present, individuals witness a situation of "confluence" (Schmiedeck, 1979). Individuals strive for some consistency in their self-definition and this consistency can be provided when their identifications do not have to be completely destroyed and when organizations provide them with the opportunity to experience confluence. Tunstall (1985) found in his study that during the transformation, management had to demonstrate consistently that it continued to foster the customer service value. For a long time, customer service had been a defining element of AT&T and its members. Persistence in upholding this value provided members with links to the past and thus, with some sense of self-consistency.

It is possible that the persistent connections between the past, present and future lie in the framing of the organization. The labels chosen to frame and present the organizational attributes have a powerful potential to provide much of the needed confluence. Weick (1985) indicates that words induce stable connections to which people can orient. Organization-defining labels such as "customer service" are expansive and allow a wide variety of interpretations. While "customer service" may take on new dimensions after the introduction of the change at the organization, the label and the general principle it portrays provide some continuity to members.

Conclusion

I argued in this paper that successful fundamental change is accompanied by dis-identification and re-identification on the part of members. Management communication can help influence the shifts in member identification. The change effort takes place in a context of meaning creation where the past, present and future are interpreted and reinterpreted.

Linking member identification to a context of change opens the possibility for numerous research studies:

1. I placed emphasis on how management attempts to influence individuals based on a vision it has of the organization. However, the influence is reciprocal. Research can be devised to study how the organization is shaped to reflect the interests and identifications of members whose vision of the organization differs from management's.

2. Identification inducement can proceed through the use of a variety of strategies ranging from training to modifying the reward system, and is not limited to management communication. Future research may attempt to look at the various strategies used by management to induce member identification and to measure the relative success of the different strategies used.

3. The framework proposed in this paper deals with a context of major change and therefore, the strategies outlined may not apply to a context of incremental change. Future research may attempt to study the differences in identification inducement strategies in these two contexts. For example, attempts at inducing dis-identification may be less prominent or non-existent in a context of minor change. Studies can be conducted on different degrees of change and their implications to member identification and to inducement.

4. As important a research question is whether particular types of organizations are subject to strong identification. Would a normative organization experience more difficulty inducing shifts in member identification than a utilitarian organization? Unlike a utilitarian organization, a normative one is characterized by ideological governance and cohesiveness (Albert and Whetten, 1985). Do stronger levels of identification characterize such an organization and if

so, would the organization experience more difficulty undertaking major change?

Despite the promising avenues that the concepts of identification and identification inducement provide for understanding organizations, they have not been studied sufficiently in the literature. These concepts hold great promise to shed light on the dynamics of change.

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MANAGING MERGER AND ACQUISITION PROCESSES: AN INTEGRATIVE FRAMEWORK

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Best Doctoral Student Paper Award

The saliency of Merger and Acquisition (M&A) has increased considerably during the past two decades, as it has become a popular corporate strategy in many consolidating industries in US and many other countries. As a result, M&A has suddenly become an important fact of organizational life. For example, at least one in four US workers has been affected by M&As and one out of 10 workers lost their jobs as a result of M&A.

In spite of this growing popularity, numerous studies reported extreme difficulties in managing organizational change involved in M&A. In general, the organizational change involved in M&A is larger in scale and longer in transition period than other types of organizational change. It also provides varying sources of stress to the employees who are directly or indirectly affected by the merger, making them extremely stressful during the change processes. This high level of employee stress, in turn, accounts for many detrimental impacts on organizations, including low productivity, low commitment, high turnover, and increased political actions and resistance to change. These human factors are often underestimated or inadequately addressed in many M&A attempts, leading to a failure in realizing the intended benefit from a merger.

However, much of the past research has focused on strategic and economic aspects of M&A, relatively ignoring human or organizational aspects. Even among the past studies that focused on the human side of M&A processes, few have been theory driven. Instead, most researchers have studied M&As retrospectively and inductively, often based on a single case study, and suggested the findings as generalizable prescriptions for managing M&A processes. As a result, there are countless factors and prescriptions currently appear in the M&A literature, but they are too fragmented and confusing to give an integrative understanding of the nature and the core processes of organizational change involved in M&A.

Therefore, in this paper, I first attempt a conceptual clarification based on a careful review of more than 50 articles and books that focus on the human aspect of M&A. This literature analysis revealed six different theories, each theory pointing to the unique sources of problems, their predicted effects on employees, and the related prescriptions to prevent and address the problems. Then, I attempt to integrate these six underlying theories based on a temporal variable, the stages of M&A processes. This integrative framework may provide an essential understanding of how the core dynamics of organizational change unfolds over time as it passes through several distinctive stages of M&A.

Six Underlying Theories In Merger And Acquisition Literature

First, anxiety theory suggests that because M&A usually involves a large-scale organizational change with substantial uncertainty, people predict its possible negative impact on their future jobs and careers–often the worst scenarios. This uncertainty may cause employee anxiety, which reduce productivity and generate various survival-seeking behaviors. Not only the magnitude but also the duration of uncertainty can be another viable source of stress, called prolonged anxiety, and can cause various mental and physical illness as well as lack of motivation, particularly when the transition lasts over a year.

Second, social identity theory suggests that M&A necessarily involves both abandoning the old organizational identity and interacting with people who have a different organizational identity. This may trigger strong sense of loss and grief, inter-group conflicts, and even employees' refusal or noncompliance to the change initiatives.

Acculturation theory also suggests that combining two distinctive organizational cultures can be difficult and stressful to employees, causing various acculturative resistance and intergroup conflicts. Acculturation stress is likely to be high when the two merging organizations have distinctive organizational cultures and at the same time when the cultural integration is strongly enforced.

Next, role ambiguity or role conflict after combing workplaces is another common problem following a merger. Role conflict theory suggests that this may lead to lower work motivation and job dissatisfaction.

On the other hand, some researchers, based on job characteristics theory (Hackman & Oldham, 1975), suggest that the changes in employees' attitude and behaviors are largely determined by how favorably or unfavorably their job characteristics are affected by the merger–such as positive or negative changes in job features, career paths, work relationships, status differences, and job security. Thus, They prescribe a more careful job redesign after a merger.

Finally, M&A often involves decision-makings that are very sensitive to employees, such decisions as reselecting or displacing employees. Organizational justice theory predicts that employees may pay a close attention to how those decisions are made during the change process, and that the degree to which they perceive those decisions are unfair may substantially undermine their job satisfaction, commitment, trust, and intention to stay.

An Integrative Framework

To develop a conceptual framework that provides an integrative understanding out of these six underlying theories, this paper considers another variable, the stages of M&A processes. The basic idea is that M&As tend to go through several distinctive stages over time, and the theoretical variables identified above may have differential effect on employees at different stages of M&A processes. To explain this more clearly, this paper first introduces a four-stage model of M&A processes, which is developed by combing several previous descriptive studies on M&A processes.

In short, most M&A processes may first go through the pre-merger stage, where organizations consider and negotiate a possible merger. Once the negotiation succeeds, a merger becomes realty, entering the next stage, called initial planning and formal combination stage. At this stage, the merger is officially announced and various strategic, structural, and staffing decisions are made and implemented by top management and joint committees. The next stage is operational combination stage, where actual integration of day-to-day operations and functions takes place. It is also at this stage that most employees actually experience changes in their jobs and job environments. When the changes diminish and operations become stabilized again, the merger enters the final stage called stabilization stage.

When this stage model is combined with the six underlying theories identified above, an integrative framework emerges, which provides hypothetical explanations of how the theoretical variables identified above may have differential impacts on employees at different stages of M&A processes. In short, as M&A processes unfold, anxiety variable may start to have the earliest impact on employees, which will be followed by loss of identity. When the merger proceeds through the initial planning and formal combination stage, intergroup conflicts and fairness issues may become the biggest sources of problems. When the merger approaches to the operational combination stage, acculturation stress may have the highest and longest effect on employees. As the operational combination stage proceeds, job change issues, role conflict, and finally prolonged anxiety may arise as critical sources of problems. Finally, entering the stabilization stage, all of these problems may gradually fade away.

Discussion

This paper may offer both theoretical and practical implications. Theoretically, the identification of six underlying theories may provide a useful conceptual ground, which can be used for either more theoretically grounded empirical studies or further theoretical development, both of which are very important to overcome the conceptual confusion and fragmentation in the M&A literature. In particular, the conceptual framework offered in this paper may help to understand the nature and characteristics of the organizational change involved in M&A. On the one hand, M&A is similar to other types of large-scale organizational changes, in a sense that M&A involves the intra-organizational dynamics that frequently appear in other types of organizational change, such as a high level of uncertainty, strategic and structural changes, and job changes. On the other hand, however, it also involves inter-organizational dynamics, such as combining organizational identities and cultures, which are very unique and seldom appear in other types of large-scale organizational change. This may suggest that perhaps managing M&A processes may be more complex and difficult than any other type of large-scale organizational changes, because it has to address both the unique inter-organizational dynamics of combining two organizations and all the intra-organizational dynamics of large-scale organizational change.

The conceptual framework offered in this paper can be also used as practical guidelines to make concrete predictions of when and which factors can possibly arise as important issues along the change processes and how to address them. Thus, it can be particularly useful for managers and M&A professionals to effectively manage the extensive and complex tasks of managing M&A processes.

This paper invites more extensive research on M&A processes. M&A is not a management fad or fashion, but a distinctive strategic choice for organizations, which has history-long existence and significant impacts on organizational life. This paper calls for more scholarly attention to and systematic research on this important social phenomenon. (The full text and the references are available from the author).

LINKING HIGH INVOLVEMENT ENVIRONMENTS TO THE ORGANIZATIONAL LIFE CYCLE: A DESCRIPTIVE AND PRESCRIPTIVE APPROACH

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Best Interactive Paper Award

A considerable amount of research has been devoted to the importance of employees in the success of organizations. Largely affecting this research interest has been a rise in the service economy, downsizing, and global competition (Mohrman & Lawler, 1997) resulting in attempts to find the determinants of internal resources and capabilities that maintain organizational success. Moreover, the 1990s have brought to the forefront topics such as customer satisfaction, worker knowledge, empowerment, and worker effectiveness vis-a-vis traditional manufacturing emphasis normally placed on production processes and efficiency in the 1980s (Hoskisson, Hitt, Wan, & Yiu, 1999). Organizations entering the new century confronted by global competition and increased customer expectations must increase their efforts to understand the operation of internal processes that increase overall worker effectiveness.

One of the most cited streams of literature elucidating the processes that improve worker effectiveness has been that of employee involvement (EI) (Lawler, 1986). The central idea behind the movement is to push high involvement work processes (HIWP) comprised of power, information, rewards, and knowledge down the organization to lower level employees who deal with customers on a daily basis (Lawler, 1986; 1992). *Power* refers to giving lower level employees more leeway in making decisions, and as such, is often synonymous with participative decision making. Giving employees more authority over how and what decisions are made is posited to lead to higher motivation and job satisfaction, as well as better decision making, coordination, and communication. *Information* refers to sharing information with all employees with respect to business performance, plans, and goals. Providing information to employees is not only necessary to provide a foundation for higher levels of power and knowledge in the organization, but it also leads to higher quality decisions and suggestions as to how work processes can be improved. *Rewards* are designed to guide employee actions toward the benefit of organizational performance and to ensure that they share in the subsequent gains (Lawler, 1990). It is essential that rewards follow and are closely tied to performance in order for employees to be motivated to improve work processes. *Knowledge* focuses on developing skills of employees so that they can effectively perform on their jobs, leading to higher quality output. Obviously, not being trained with the skills necessary to perform on the job will minimize the likelihood of performing at or above expectations.

While researchers and managers may realize the importance of these processes in their organizations, little is known about how they are adopted or implemented, either descriptively or prescriptively, over the course of the organization's development. The purpose of this paper is to integrate the research of employee involvement with that of the organizational life cycle (OLC) in order to better understand the processes that ordinarily operate within organizations to implement involvement initiatives as well as how an organization can induct involvement initiatives from its inception to prolong or shorten the various life cycle stages.

HIWP In The OLC: A Descriptive Approach

Most authors who address the various stages of the OLC stress the need for differing management skills, priorities, and systems brought on by the problems they encounter as the organization progresses from stage to stage (Adizes, 1979; Kimberly & Miles, 1980; Griener, 1972). There is a need for adaptation to these problems through the development and implementation of new internal structures, increasing formalization, and declining centralization (Greiner, 1972). In the interest of parsimony, yet precision, Miller & Friesen's (1984) five-stage model is adopted for the arguments in this paper, with four primary stages–introduction, growth, maturity, and decline–and the potential for a revival stage.

Introduction Stage. This stage is characteristically defined as having a highly centralized management where decision making is dominated by the owner/entrepreneur (Hanks, Watson, Jansen, & Chandler, 1993). The entrepreneur is focused on maintaining control through direct supervision and a family environment with the entrepreneur as parent (Hanks et al., 1993). Employees are rewarded through modest salaries and often are retained through flexible working hours or promise of future ownership (Greiner, 1972). Through this description, it can be deduced that levels of power, information, rewards, and knowledge are at their lowest levels in the OLC.

Of the four variables, rewards and knowledge that require minimum monetary outlays (e.g., recognition, gainsharing, OJT) should have more presence in the firm in this stage compared to power and information. Rewards and knowledge serve to reduce turnover and as a result preserve learning and establish permanent internal systems that allow the firm to be more effective and survive. Power and information will most likely remain highly centralized, with the entrepreneur being the principal purveyor of information, problem solver, and decision maker.

> P1: Organizations in the introduction phase of the OLC will have significantly more emphasis on rewards and knowledge than on power and information.

Growth Stage. Organizations in this stage are expected to be quickly expanding all levels of EI practices and HIWP components as emphasis is placed on the drivers of sales performance and customer satisfaction. The amount of attention given to the development of human resource functions, morale, and cohesion is the highest during this period (Quinn & Cameron, 1983). Reward mechanisms provided at this stage are primarily monetary incentives and merit and salary increases designed to push the firm toward further growth (Greiner, 1972). A team approach to work design is typically adopted during this stage and training begins to be conducted through formal in-house training programs (Miller & Friesen, 1984; Flamholtz & Randle, 2000). Formal incentive practices are likely to be introduced in this stage as the organization's survival becomes more secure, especially gainsharing, profit sharing, and pay-for-performance programs.

> P2: Organizations in the growth phase will have significantly higher levels of EI and HIWP than organizations in the introduction stage.

Maturity Stage. The organizational structure is characterized as a bureaucracy at this stage (Miller & Friesen, 1984), with formal policies and procedures in place (Kazanjiian, 1988). Since formalization guides employee decision making, the organization becomes less centralized as decision making is pushed to lower levels of the hierarchy (Greiner, 1972). Greiner asserts that the organization moves toward a team environment following social control and self-discipline in this stage. Given the description of organizational characteristics in this stage, it is expected that the inculcation of EI practices and HIWP will be higher in this stage than in any other stage.

> P3: Organizations in the maturity phase will have significantly higher levels of EI and HIWP than all other stages.

Decline and/or Revival. Miller & Friesen (1984) note that the decline stage is marked by stagnation in sales growth for the organization, as profitability, innovativeness, and the market for goods/services cease to exist. The formal bureaucratic structure is entrenched throughout the organization. However, as opposed to having a decentralized management style found in the maturity stage, the situation of being in a crisis in this stage calls for a return to centralized decision making. Decision making is also more conservative than it is in the maturity stage as the focus shifts from spending resources on existing markets to preserving resources for organizational survival. Thus, the organization reverts back to characteristics normally found in the introduction stage in order to gain control over systems and employees.

Organizations that face mature or declining sales often must make drastic changes to the organizational infrastructure in order to successfully achieve a revival. Miller & Friesen (1984) argue that because the revival stage is similar to the growth stage, it possesses similar elements of structure, formalization, and decision making. Diversification of products and customers, and implementation of participative and team-based decision structures are expanded or reimplemented. Thus, EI and HIWP initiatives are prominent in the revival stage.

> P4: Organizations in the revival stage will have significantly higher levels of EI and HIWP than those in the decline stage.

HIWP In The OLC: A Prescriptive Approach

While the discussion thus far provides insight as to how organizations are likely to implement EI practices and HIWP components across the OLC, it does not necessarily denote that organizations should implement them in this way. The contention here is that earlier adoption and implementation of involvement practices and components leads to the sustainability of propitious stages and the delay or immunability to deleterious stages. Adoption of involvement initiatives by large, mature organizations has been found to result in significant outcomes such as higher employee morale and organizational effectiveness (Vandenberg, Richardson, & Eastman, 1999). However, there is reason to believe that early adoption by nascent small organizations may have an even more significant effect on its ability to survive (Lawler, 1992).

It is argued here that organizations should implement EI practices and HIWP components from the firm's inception to heighten the possibility of firm survival and growth. By giving employees information and the power to effectively perform in their job, they will be effective in helping the entrepreneur to make informed decisions, all of which should lead to higher levels of performance for the organization. Moreover, the introduction stage is the ideal stage to develop the culture toward acceptance of organizational practices that facilitate its development (Flamholtz & Randle, 2000). This stage is sine qua non for hastening the onset of the growth stage, lengthening its existence, and leading the firm to higher performance and effectiveness.

> P5: Firms with higher levels of EI practices and HIWP components in the Introduction and Growth stages will have significantly longer periods of growth than those with lower levels of EI and HIWP in these stages.

P6: Firms with higher levels of EI practices and HIWP components in the Introduction and Growth stages will have significantly higher performance than firms with lower levels of EI and HIWP in these stages.

Although organizational decline is seldom referred to by OLC researchers, it is nonetheless within the realm of possibilities for the organization. Often as firms begin to decline, the structure becomes more formalized, decision making more centralized, and participative management declines (Miller & Friesen, 1984). It is plausible that firms that are able to resist this tendency and instead allocate resources to the discovery of new products, uses of products, or customer bases through involvement initiatives are more likely to experience organizational revival rather than decline. To support this initiative, the firm must intensify and reiterate its support for EI and HIWP throughout the organization.

P7: Organizations with higher levels of EI and HIWP will have significantly fewer and/or shorter periods of organizational decline and significantly greater and/or longer periods of organizational revival than those who have lower levels of EI and HIWP.

Discussion

This paper argues for the necessity of involvement initiatives throughout all stages of the organization's life cycle. In particular, introduction of the initiatives in the introduction stage and devotion of resources to their continued importance is likely to prolong the occurrence of beneficial stages (e.g. growth and revival), and/or delay or revoke the occurrence of other stages (e.g. maturity and decline). As a result, these efforts will increase the effectiveness of the organization through higher productivity, innovation, customer satisfaction, and quality of decisions across the stages.

Yet I would be remiss if only the benefits were projected here without also noting that there may be some contingencies that limit the ability of founders or managers to infuse the organization with EI and HIWP. Foremost is the need for the founder to accept and embrace involvement initiatives. Indeed, Lawler et al. (1995) argue that support of top management (the founder(s) in this case) is a necessary condition for successful implementation of EI. Thus, from the firm's inception, the founder(s) should be focused on instituting procedures which push decision making and egalitarianism throughout the organization. Second, there must be both an awareness and acceptance of EI and HIWP by organizational participants (Bowen & Lawler, 1995). Third, organizations driven toward innovation, high-quality, and fast response times are more suited for involvement practices (Lawler, 1992).

Conclusion

All told, the impact of EI and HIWP on the success of the organization is well supported. However, since the research conducted thus far has been in large organizations, there is a need for an understanding of when and how these practices and processes come into being. I have taken a position of "the earlier the better," given that the right entrepreneurial and organizational contingencies are present. Implementing involvement initiatives early should greatly enhance the organization's growth and delay the potential onset of organizational maturity and/or decline.

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EXCESSIVE CHANGE: UNINTENDED CONSEQUENCES OF STRATEGIC CHANGE

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Best Practice-Related Paper Award

Change is usually associated with progression. We ask "when does strategic change become excessive and what are the consequences of excessive change?" The phenomenon excessive change differs from previous categorizations of change. Because excessive change cannot be determined objectively, previous categorizations, such as revolutionary and evolutionary change, are not useful in predicting whether perceptions of excessive change can be found in an organization. Excessive change is also different from the literature on resistance to change, since resistance to change is seen as only one of many consequences of too much change. Excessive change also includes positive outcomes such as the ability to take control in chaotic situations.

Our identification of excessive change arose from two separate research projects. In a grounded theory manner, we used empirical data to define the construct and to identify consequences of excessive change. Our data lead us to define excessive change along two dimensions–time and space. We present organizational and performance consequences, as well as individual coping mechanisms for handling excessive change.

Excessive Change–Defining the Construct

Excessive change has been defined in an objective manner by Zajac, Kraatz,& Bresser's (2000). Our data suggested that whether or not change was perceived as excessive depended on the person being interviewed. This finding implies that it is not possible to objectively determine excessive change, but rather that excessive change is a highly subjective phenomenon. Based on our empirical data, we were able to induce a definition of excessive change consisting of two dimensions–time and space.

(1) Excessive in time: the organization introduces new changes before the previous change is completed and evaluated, without allowing time for business as usual and reaping the benefits.
(2) Excessive in space: the organization pursues several, seemingly unrelated and sometimes conflicting, changes at the same time.

We found that individuals in middle management positions and in lower organizational positions often experienced strategic changes as excessive. We argue that change became excessive at these organizational levels for three reasons. (1) This is the level at which implementation actually occurs and where organizational members have to deal with the changes in their day-to-day work. (2) Top-level management often has more information and a more holistic perspective on strategic changes and is better able to see the links connecting different elements within a change project or indeed connecting different change projects. (3) Top management is exposed to the changes earlier, which gives top managers relatively longer time to adjust to the changes than the rest of the organization.

Consequences of Excessive Change

In our data, we found consequences of excessive change that could be categorized as individual reactions, coping mechanisms, organizational consequences, and consequences that directly affected performance.

The reactions to excessive change at the individual level included frustration, anger, job dissatisfaction, lack of motivation, stress, physical and psychological health problems, feelings of uncertainty about the situation, about one´s own job, and about one´s competence and adequacy.

Six different coping mechanisms were identified. The most common way to cope with perceptions of excessive change was *BOHICA* (Bend Over Here It Comes Again). However, in contrast to this passive acceptance, middle management and employees also chose to cope with excessive change more actively, either by *exiting* the organization or by *sabotaging* the change initiative. Sabotaging the change initiative included active resistance, such as blaming the change initiative for everything that went wrong, playing down the importance of the change initiative, or even going so far as to make fun of it, or punish people who tried to implement the changes.

On a more positive note, some people, when they were met with the chaos of excessive change, *took control* of the situation. If many individuals in an organization do so, one might find a situation of self-organization (Lichtenstein, 2000; Stacey, 2000). There were also some people who *loyally followed orders* without taking much initiative. Hence, they neither sabotaged the change initiative, nor took control of it. They did, however, work massive overtime trying to do both their regular job and work associated with the change itself. We have called the last coping mechanism paralysis, and it refers to people who had difficulties not only dealing with the changes, but also in doing their day-to-day job.

Data on organizational consequences was divided into three categories. The first category, *musical chairs*, encompasses the continuous shifting around within management throughout the process, and the elimination of managers. Instead of merely getting rid of poor managers however, excessive change also meant losing good managers. The second category, *orchestrating without a conductor*, describes the situation for lower level employees and how they had to deal with a middle managers that were incapable of managing the change process. We have termed the third category, *shaky foundations*, in order to describe the lack of overall structure and continuity. Employees who experienced excessive change described the organization as being in a state of chaos, with a high degree of turbulence. The organization was characterized as in a transition mode where existing routines were not maintained, and new routines were not yet put into place. The lines of responsibilities were unclear and there was a lack of long-term continuity.

The data analysis indicated that excessive change also affected organizational performance. We classified the consequences on performance into two categories. *Implementation failure* refers to the failure to actually change the organization. In these cases, changes were often reported as implemented, but they were implemented on paper only. Things were never actually changed in practice. *Loss of effectiveness* was the result when the organization's attention was drawn away from customers, markets and operational tasks. Less time and resources were dedicated to income deriving activities due to the time spent on organizational changes.

Implications and Conclusions

Based on the findings we present, one might ask how an organization can avoid that strategic changes become excessive? We suggest two ways for managers to avoid perceptions of excessive change at the middle and lower organizational levels. One way to reduce the risk of excessive change is to reduce the number of strategic changes and to focus on how the changes are introduced, communicated and completed. If the frequency and scope of necessary changes cannot be altered, then another way of avoiding excessive change is to increase the employees' capacity for change.

Theoretical implications include a need to focus on further disentangling which consequences are strictly related to excessive change and thereby possible to reduce or eliminate, and exploring how organizations can increase the change capacity amongst their employees. Future research should also examine further the effects of different coping mechanisms, and probe how organizations can prepare their employees for increasing changes to avoid dysfunctional reactions and other unintended consequences.

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