

University of Alberta

Change happens: redefining organizational social structures
to match who we are

by

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ABSTRACT

This longitudinal case study examines how the process of radical organizational change unfolded within EES Consulting (EES). EES was an international engineering and environmental services consulting firm that experienced significant internal cultural difficulties in the early 1990s, such that OCI Consulting predicted the firm would fail within 18 months. This study focuses upon the Canadian operations, and their experience in becoming a top company to work for in Canada following their adoption of the Balanced Scorecard in 1999.

The study employed a mixed-methods methodology, involving semi-structured and informal interviews, participant observation, third-party survey data, and internal corporate documents. Based upon this data, EES' experience did not conform to that described by traditional change models (Lewin's three-stage, punctuated equilibrium, or organizational development models) in terms of the pace, sequence, or linearity of change. Rather, EES' experience was more consistent with recent conceptualizations of change as a continuous, emergent process, involving loops and iterations.

Although EES members suggested that change was attributable to their adoption of the Balanced Scorecard, this technology merely served as the catalyst for subsequent organizational social dynamics that produced change. Specifically, change at EES occurred through negotiated redefinition of the social structures governing members' actions. Thus, radical organizational change represented an act of social construction between members.

This study's key contribution is the development of a theoretical extension to Giddens' (1984) structuration theory, involving a synthesis with the concept of

organizational identity. Organizational identity is defined as the key interpretive scheme mediating the relationship between the institutional realm and action. Modifying identity enables alternative conceptualizations of structure, which consequently enable new courses of action by members. However, lasting change depends upon the continued legitimation and reproduction of these alternative structures, combined with the abandonment of previous structures.

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ABBREVIATIONS AND ACRONYMS

A/R. Accounts receivable

ABI Inform. Business and management publications database

ANT. Actor-network theory

BSC. Balanced Scorecard

CEO. Chief executive officer

CT scanner. Computed tomography scanner

EES Consulting. Participant firm

EES U. EES internal training and development program

FTE. Full-time equivalent

GT. Grounded theory

HA Consulting. Firm conducting annual employee satisfaction survey

HP. Hewlett-Packard

HR. Human resources

ICI. Imperial Chemical Industries

ISO. International Organization for Standardization

KIF. Knowledge-intensive firm

M. Manager

MBO. Management by objectives

MPB. Managed professional bureaucracy form

NLT. National leadership team (EES)

NVivo. Computer-aided textual analysis software

OCI Consulting. Firm that conducted the OCI at EES

OCI. Organizational Cultural Inventory

OD. Organizational Development

P. Partner

P2. Professional partnership form

PSF. Professional services firm

Q. Interviewer

QSR. NVivo software firm

S. Staff

SM. Senior Manager

TQM. Total quality management

WIP. Work in progress

CHAPTER 1: INTRODUCTION

Nothing endures but change.

—Heraclitus

Change.

• *noun* **1.a.** The act or fact of changing; substitution of one thing for another; succession of one thing in place of another. **2.a.** The act of giving and receiving reciprocally; exchange. In change: in exchange. **4.a.** The act of changing; alteration in the state or quality of anything; the fact of becoming other than it was; variation, mutation.

• *verb* **1.a.** trans. To put or take another (or others) instead of; to substitute another (or others) for, replace by another (or others); to give up in exchange for something else. **6.a.** trans. To make (a thing) other than it was; to render different, alter, modify, transmute. **8.b.** intrans. To remove to another place or into other circumstances; to be shifted or transferred.

—Oxford English Dictionary

Many definitions exist for change, each holding different connotations. Which definition we employ when we speak of organizational change encapsulates particular conceptualizations of what change is and how it occurs. We may regard change as a thing (noun), or an action (verb)—an event, process, or outcome. In an organizational context, change as an action implies management intervention to modify the organization. Various models of change have been proposed over time, beginning with Heraclitus' famous dictum, each depicting change slightly differently (e.g., in chronological order: Lewin's three-stage process, 1951; Burns & Stalker's contingency theory, 1961; Hannan & Freeman's population ecology, 1977, 1984; the organizational development approach, in Burke, 1982, and Cummings & Worley, 2005; Miller & Friesen's quantum view, 1984; Tushman & Romanelli's punctuated equilibrium, 1985; Pettigrew's strategic change,

1985; Isabella's cognitive approach, 1990; Van de Ven & Poole's four "motors" of change, 1995; Kotter's eight-step approach, 1996; Brown & Eisenhardt's edge of chaos, 1997; Feldman's organizational routines, 2000; Gladwell's tipping point, 2000; and Tsoukas & Chia on organizational becoming, 2002). Thus, how we understand and attempt to effect change will depend upon which definition or model we employ, yet this is typically underspecified within the literature (Quattrone & Hopper, 2001).

Much of the change literature focuses on the act of introducing change (noun 1.a.), employing a teleological motor (Van de Ven & Poole, 1995). Managers attempt to change (verb 1.a.) the organization through top-down introduction of new rules, policies, processes, structures, and/or technologies, in the belief that this will modify individual behaviour and thereby alter organizational outcomes. The majority of change studies have adopted this managerialist perspective, which privileges management action and characterizes change as a temporary, episodic, linear transition between equilibrium states (Demers, 2007). Successful change depends upon the quality and effectiveness of the intervening technology (e.g., T-groups, team building, ISO 9001, re-engineering), combined with the leadership abilities of top management to execute change, and top management's foresight (Kotter, 1990). However, the effectiveness of this approach has been uneven (Burke, 2008).

Alternatively, we may regard change as a process (noun 4.a., verb 6.a.), emphasizing how transition occurs (Pettigrew, Woodman, & Cameron, 2001). Change may occur naturally through genetic, hard-wired coding (life cycle motor; Van de Ven & Poole, 1995), or through incremental variation-selection-retention (evolutionary motor). Change in these situations is generally reactive and driven by macro forces. Finally,

change may occur through synthesis (dialectic motor) to resolve tensions. Pressure for change may be either internal or external, driven by necessity or leadership, involving technological, political, or cognitive processes.

In brief, most of the organizational change literature depicts change as planned and event-based, following a linear profile involving a series of stages or steps that progressively move the organization forward towards a new equilibrium or desired state (e.g., Kotter, 1996). The field is dominated by examples of the teleological motor (see Van de Ven & Poole, 1995), studied using positivist approaches (cross-sectional, modelling), seeking to identify key variables, actions, and technologies capable of producing the desired effects.

However, researchers increasingly recognize that change does not follow a smooth, linear trajectory (Burke, 2008; Eisenhardt, 2000). Change is continuous and emergent (Brown & Eisenhardt, 1997; Feldman, 2000; Weick & Quinn, 1999; Wheatley, 1994), because organizations are always in the process of becoming (Tsoukas & Chia, 2002), such that change and equilibrium represent a duality rather than a continuum. Change is more accurately depicted as a series of loops (Burke, 2008; Eisenhardt, 2000), where the general trajectory represents progress. Members may recognize only retrospectively that the organization is different (Collins, 2001; Isabella, 1990). Under these circumstances, change represents the cumulative effect of a series of uncoordinated, incremental adjustments over time (Feldman, 2000; Feldman & Pentland, 2003; Jarzabkowski & Wittington, 2008), as suggested by Heraclitus.

Demers (2007) states that our conceptualization of organizational change has shifted: from top-down, manager-led interventions between equilibrium states (Lewin,

1951), combined with evolutionary change in response to environmental conditions (contingency theory); to rapid, radical reorientations following a punctuated equilibrium profile (Tushman & Romanelli, 1985); to accepting change as a naturally occurring process of becoming (Tsoukas & Chia, 2002). Ultimately, the outcome is some form of changed organization (noun 2.a., verb 8.b.), whether intentional, attempted, or realized.

The remainder of this chapter is structured as follows. First the motivation for and purpose of the study are outlined. Next, an introduction to the company examined in this case study of change, EES Consulting, is provided. A description of the methodological approach, including data collection and analysis techniques, is presented, followed by a summary of the proposed theoretical extension resulting from this study. Limitations of the study and conventions employed to simplify discussion are noted, with an overview of the remainder of the study concluding the chapter.

Motivation for the Study

The initial motivation for this study was to examine how organizations adopted and employed the Balanced Scorecard (Kaplan & Norton, 1992, 1996). My interest stemmed from prior professional work involving organizational performance measurement systems, and how such systems support managerial decision making. The Balanced Scorecard (BSC) was developed from a management accounting perspective to provide managers with a broader picture of performance beyond purely financial measures. Although touted by Kaplan and Norton (1996) as a significant innovation, initial scholarly interest was muted, as the Scorecard was regarded as a management fad (Abrahamson, 1991, 1996). Prior to this study, limited research (e.g., Aidemark, 2001;

Ittner & Larcker, 1997, 1998a, 1998b; Lipe & Salterio, 2000) had been conducted of the organizational effects of using the Scorecard.

Although the initial intent was to determine how EES Consulting used the Scorecard to improve management, the focus shifted following discussions with participants who claimed that it had been instrumental in changing the company's culture. This latter aspect of the Scorecard's use had not previously been explored academically, nor did its official conceptualization reflect this application. Therefore, this study examines how the Scorecard enabled organizational change, and whether it was the technology or the process that was instrumental for success (Orlikowski, 2000; Orlikowski, Yates, Okamura, & Fujimoto, 1995).

Purpose of the Study

The purpose of this study was to examine how the process of change unfolded within EES Consulting following their adoption of the Balanced Scorecard. An inductive, mixed methods case study (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Yin, 2003) was used.

Change is examined as a continuous, emergent process, where incremental variation, both planned and consequential, cumulatively reshapes the organization (Feldman & Pentland, 2003). In contrast with much of the historical literature on change (Greiner, 1967; Kotter, 1996; Lewin, 1951; Tushman & Romanelli, 1985), but consistent with more recent directions (Brown & Eisenhardt, 1997, 1998; Feldman, 2000; Tsoukas & Chia, 2002), change does not involve a linear process directed top-down by management. Rather, change is an emergent phenomenon, reflective of incremental

variation and adjustment, driven by interactions between levels (Johnson, Smith, & Codling, 2000; Pettigrew, 1987).

The study's focus is on the process of radical change and the mechanisms associated with it (Pettigrew, 1985). Following Gersick (1991), radical change involves an organization's deep structure, or the central, enduring, and distinctive features that comprise its identity (Albert & Whetten, 1985; Dutton & Dukerich, 1991; Gioia & Thomas, 1996). Change is examined using a cognitive lens (Balogun & Johnson, 2004, 2005; Barr, Stimpert, & Huff, 1992; Bartunek, 1984; Dent, 1991; Isabella, 1990; Labianca, Gray, & Brass, 2000) where the modification of members' shared schema involves a process of active negotiation (Heracleous & Barrett, 2001; Orlikowski, 2000). The revision of shared schema prompts metastructuring processes (Orlikowski, 2000; Orlikowski et al., 1995) that correspondingly alter the production and reproduction of the macro organizational social structures that govern and enable member actions (Giddens, 1984).

Case Study of Radical Change

To investigate the phenomenon of organizational change, a case study of a company deemed to have undergone successful radical change was conducted. EES Consulting International is an international engineering and environmental services consulting firm employing over 4,500 employees located in more than 20 countries, with revenue exceeding US\$500 million. The company follows the traditional, privately held partnership model adopted by many professional service firms (Greenwood & Empson, 2003), where ownership is spread among about half of its employees.

Originally, the company specialized in geotechnical (earth) engineering consulting on civil engineering projects; but over time has moved into the mining, oil and gas, water resources, and environmental sciences sectors. The company has added technical capabilities along the way, diversifying its workforce to include archaeologists, biologists, hydrology engineers, and information technologists. EES has expanded through a combination of internal growth and mergers and acquisitions. Thus, the company can be described as following an emergent strategy (Mintzberg, 1978).

The focus for this study was on EES' Canadian operations.¹ EES Canada has over 1,500 employees located in more than 20 offices, with revenue exceeding CA\$200 million. EES provides technical services (e.g., assessment and design) to a variety of domestic and international clients, and enjoys a strong reputation for technical excellence within the industry (Murphy, 2002). EES offices vary in terms of age, size, geographic location, revenue, and technical specialization, and have traditionally operated on a largely decentralized basis. Despite this decentralization, the company has maintained a strong corporate identity.

Historically, the firm enjoyed strong financial performance, never posting a financial loss. However, downward-spiral-like performance (Hambrick & D'Aveni, 1988) in the first half of the 1990s caused senior management in 1996 to authorize an external assessment of the firm's culture and the way it managed staff relations. An Organizational Cultural Inventory (OCI) was conducted, which revealed strong internal divisions, particularly between junior and senior members. The external consultants (OCI Consulting) predicted that EES would fail within 18 months if these issues were not

¹ Unless otherwise specified, all future references involve the Canadian firm.

addressed. Several changes were enacted including appointing new senior managers, developing new personnel policies, and, in late 1998, adopting the Balanced Scorecard (Kaplan & Norton, 1992, 1996, 2001). By 2002, the company succeeded in placing on a list of top employers to work for (based on HA Consulting's employee satisfaction survey scores, 2002; Daly, 2002), and has since enjoyed renewed profitability and growth.

This study traces these changes over the period 1994 to 2006, providing the historical context for the changes (Pettigrew, 1987). The overall timeline of change is divided into three main periods: pre-OCI (i.e., pre-1996), search and adoption of change initiatives (1996–2001), and reproduction and realized change (2002 on). These periods can be further divided as follows:

- Organizational downward spiral (pre-OCI): 1994–96
- Precipitating jolt (OCI study and report): 1996
- Creative destruction (new international president): 1997 and 1998
- Translation of change (including BSC): 1999–2001
- Consolidating gains (best company awards): 2002–2004
- Realization of change (new core values): 2005–2006

Detailed discussion and analysis of these key events is provided in Chapters 5 and 6.

Methodology

This study employs a primarily qualitative, combined retrospective and real-time, case study approach that builds upon grounded theory techniques (Glaser, 1992, Glaser &

Strauss, 1967). Open coding of data combined with subsequent iterative data collection and analysis was used to build theory inductively (Langley, 1999).

According to Yin (2003), a case study approach is appropriate when the phenomena in question are unfolding in a real-life context separate from the researcher's intervention. This method allows for more in-depth analysis of the phenomena, and the use of a variety of sources and types of data (Creswell, 2003). Greenwood and Hinings (1996) suggest that a case study approach is required to provide the depth and breadth of information necessary to identify relationships and the dynamics of change processes. A qualitative approach is also appropriate when many details are not known in advance, as it facilitates examination of the context for change (Pettigrew, 1985). Close adherence to the data and triangulation through multiple data sources reduces the potential for bias, including retrospective bias (Golden, 1992, 1997). Finally, exceptional cases can provide unique insights into particular phenomena (Siggelkow, 2007).

This study also partially employed a retrospective approach, for several reasons: the need for an example of successful change that could not be identified a priori, the extended time frame associated with change in this case, the ability to examine how the process of change unfolded, and the timing of obtaining access to EES. Isabella (1990) suggests that a retrospective study is warranted with an interpretive approach, as members cannot evaluate and discuss the meaning and implications of change until after change has occurred (culmination phase) and they have had the opportunity to reflect on what transpired and why. Additionally, the realization and meaning of change, or key contributing factors, may not be apparent to members until later.

Underlying this methodology is an interpretivist/social constructivist perspective (Berger & Luckmann, 1967), and the socially constructed nature of reality that shapes member behaviour. Barley (1986) suggests that “technologies are better viewed as occasions that trigger social dynamics which, in turn, modify or maintain an organization’s contours” (p. 81). Rather than directly creating change, technology shapes the social processes and dynamics at work (Orlikowski, 1992).

Data Collection and Analysis

To examine the process and outcome of change within EES, data reflective of the firm’s situation both pre- and post-intervention and change were required to determine differences between EES’ former and current states (outcome), and the role and influence of particular historical actions and events (process). This should not be interpreted as meaning that EES moved between equilibrium states, but rather to confirm that it did change. Longitudinal data were therefore required, combined with selected cross-sectional data. A variety of data sources and measures were collected, including financial performance, staffing levels, employee morale and commitment, and assessment of the organization’s culture. Data sources included semi-structured interviews, inspection of archival documents, and third-party employee satisfaction surveys. The 1996 OCI study provided key baseline data for assessing cultural change over time, both for this study and from the perspective of the firm’s members.

Semi-structured interviews with members helped define how and why the Scorecard was adopted, and what the key events surrounding its adoption were. As well, participants were able to refer the researcher to additional relevant sources of information, both individuals and documents (snowball sampling). Post-intervention,

post-change data were collected from third-party employee surveys, corporate documents, and semi-structured interviews.

Analysis of the data involved a combination of content analysis, textual analysis, and established indicators (e.g., affective commitment measures). Computer-aided textual analysis (Gephart, 1993) was undertaken using QSR's NVivo (Version 7) qualitative software, using both predefined and emergent coding structures to assess the current state of the company's culture and identity, social structures, primary interpretive schemes, and any corresponding shifts in these over time. In addition, financial performance, employee satisfaction, investment levels, and Balanced Scorecard results were collected and assessed. These data were examined for significant shifts over time, and to provide context for the other changes that occurred.

Proposed Theoretical Extension

This case study of radical organizational change inductively develops a theoretical extension of Giddens' structuration theory. However, the proposed theoretical framework and key contribution from this study represents both the medium and outcome of the analysis for how change unfolded within EES. To describe the process of change, a synthesis of structuration theory (Giddens, 1976, 1979, 1981, 1984) and the concept of organizational identity (Albert & Whetten, 1985; Dutton & Dukerich, 1991) was developed.

Structuration theory describes how social structures serve as both the medium and outcome of human action. Key to structuration is the concept of the duality of structure as both enabling and constraining action, and the ever-present potential for revising structure through purposive action. Giddens (1984) identifies three dimensions of such

structures: signification, domination, and legitimation (see Figure 1). These structures are linked to the micro realm of action (communication, power, sanctions) by certain modalities (interpretive schemes, facility resources, and norms, respectively) that moderate and enact their interdependence. The interplay between structure and action (structuring; Barley, 1986) reaffirms or modifies institutional structures, driven by individuals' interpretation of events, access to resources (power), and the moral frameworks (norms) that legitimate the existing social order.

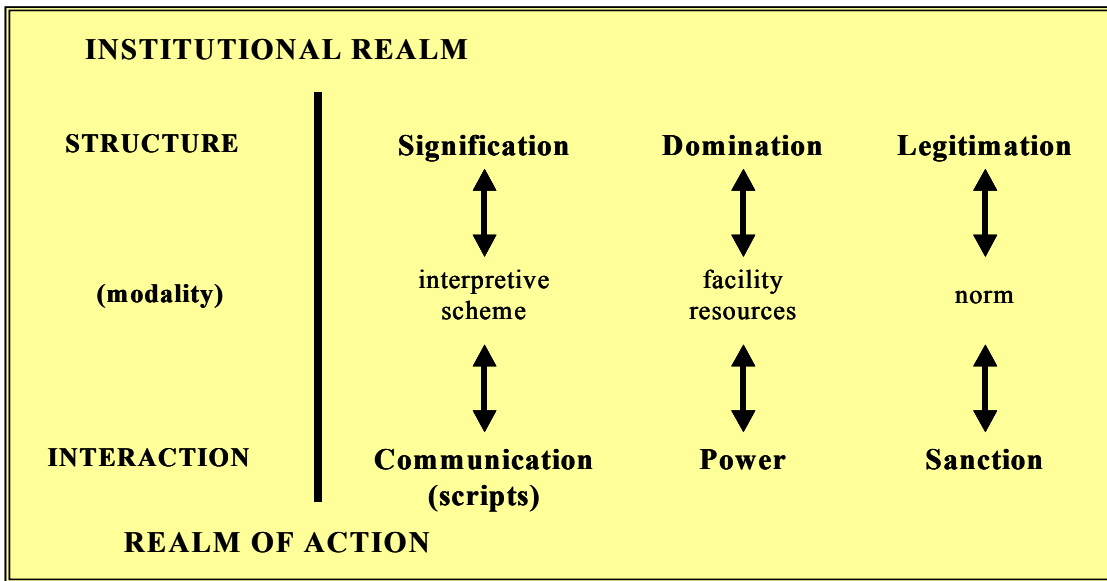


Figure 1. Model of structuration; modified from Giddens (1984, p. 29) and Barley & Tolbert (1997, p. 97)

However, the role of modalities in achieving change has been underspecified in previous studies (Barley, 1986; Bartunek, 1984; Orlikowski, 1992, 1996). This study uses organizational identity, a mid-range theory, to clarify the structuring process, similar to Orlikowski et al. (1995) and Orlikowski (2000), who introduced additional concepts to elaborate upon structuration processes. Introducing the organizational identity literature provides theoretical guidance for the functioning of the interpretive schemes modality

(signification dimension) and the corresponding interplay between structure and action in the constitution (and reproduction) of structures.

For this study, change is defined as involving the negotiation of a new organizational reality between members, where the adoption of new technologies serves as an enabler by facilitating dialogue and prompting reconsideration of existing structures (Barley, 1986; Orlikowski, 2000; Orlikowski et al., 1995). As the governing social structures have tacit, taken-for-granted institutional qualities, centring discussions around the organization's consciously accessible elements of identity (Golden-Biddle & Rao, 1997) enables comprehension, dialogue, and renegotiation between members.

As concluded by Gioia and Thomas (1996) and Fox-Wolfgramm, Boal, and Hunt (1998), successful change requires the revision of organizational identity, as this represents a key interpretive schema for members. New structures will not be accepted unless change occurs in associated schemata (Isabella, 1990). A more detailed description of this theoretical framework and extension is provided in Chapter 2.

Limitations and Conventions

As stated previously, this study examines the changes that occurred within EES using structuration theory. However, notwithstanding the interdependence between levels and dimensions under structuration, this study focuses solely on the dimension of signification and the interpretive schemes modality. This is not to suggest that the other modalities and dimensions are unimportant, but rather that attempting to address them as a whole was deemed too ambitious for a single study, and appropriate theoretical guidance for the functioning of norms and resources modalities was not readily apparent. Moreover, after considering how these other modalities (i.e., norms and resources) might

function, such an analysis would be better suited to alternative and multiparadigmatic approaches (Schultz & Hatch, 1996). For example, given the importance of power under the domination dimension, theoretical analysis may lend itself to a critical approach, while the legitimation dimension may lend itself to a positivistic approach (using legitimacy and institutional theory).

The following conventions have been adopted to simplify the discussion, providing definitional clarity and bridging between the various theoretical perspectives and literatures. First, Reger, Gustafson, DeMarie, and Mullane (1994) use the terms *schema*, *cognitive frameworks*, and *belief systems* interchangeably to denote cognitive systems in general (following Fiske & Taylor, 1991). Rather than emphasize distinctions, this study will employ the term *schema* to denote these concepts.

Second, organizational identity represents a holographic, meso-level schema that is shared between members and defines what is central, distinctive, and enduring about an organization.² As noted within much of the identity literature, this concept is distinct from organizational culture (Fiol, Hatch, & Golden-Biddle, 1998; Hatch & Schultz, 2002), as it focuses on certain core values and beliefs, but does not encompass symbols, artifacts, or subcultures (Whetten, 2006). Although identity is defined as an organizational-level schema, it is operationalized at the individual level by providing members with an interpretive framework for assessing and responding to issues. In this context, identity exists at a preconscious level, allowing individuals to apprehend and employ it as a sensemaking device (Weick, 1995).

² Holographic identity is shared between members across an organization, whereas in ideographic identity, groups within the same organization may hold divergent conceptualizations of identity.

Third, social structures as defined by Giddens (1984) represent macro-level, shared schemata. These schemata do not simplify culture but represent institutionalized understandings that extend beyond culture and identity (e.g., a hierarchical organizational structure). They may include both organizationally defined structures (e.g., as in professionalism), as well as broader, socially defined ones (e.g., maximizing shareholder value). Like institutions, social structures often exist at an unconscious level and are taken for granted, making them difficult to recognize, question, or modify. The relative intransigence of institutions to modification gives them their structural and time-space distancing qualities (Giddens, 1984).

Interpretive studies also involve several assumptions. First, members actively create and enact the reality they live within (Berger & Luckmann, 1967). Rather than being dominated by structure, members retain a degree of agency as they selectively define the structures that govern them (Barker, 1993; Orlikowski et al., 1995). Second, individuals can share certain (e.g., holographic) frames of reference (see Albert & Whetten, 1985). Schemata that are not holographic cannot provide a common point of reference to legitimize members' actions. Third, through sensemaking and sensegiving activities, the views of managers are at the heart of cognitive shifts (Balogun & Johnson, 2004, 2005; Luscher & Lewis, 2008). Although this may suggest a managerialist perspective, it reflects managers' dual roles as individual members of their society, and as vertical and horizontal conduits within organizational networks. Fourth, recognition of and interpretations about change are understood retrospectively, based on comparison with the past (Collins, 2001; Isabella, 1990). Change is recognized after it has occurred, rather than as it is being enacted. Finally, although this study is subject to the limitations

associated with a single case study, the experiences addressed in this situation reflect those of over 15 decentralized offices, each with its own particular dynamics. Rejection by a single office could minimize the effects of corporate initiatives (Hinings, Brown, & Greenwood, 1991).

Overview of the Study

This chapter has provided an introduction to and general overview of the study, as well as the definitions of several key concepts and terms.

Chapter 2 outlines the key literatures, and the theoretical framework guiding the study. A variety of literatures and theories have been examined, reflecting the diversity of the change literature itself (Burke, 2008; Demers, 2007). Key studies and approaches are summarized, together with a synthesis of the change literature that highlights the key concepts employed. A summary of structuration theory and organizational identity is provided, leading to a synthesis of these to form the study's guiding theoretical framework.

Chapter 3 describes the methodology. A description of the qualitative case study approach employed is provided, together with a summary of the key shifts in research questions and theoretical perspectives that occurred in response to ongoing data collection and analysis. Based on the key research questions, relevant data sources were identified and are described, along with data collection methods. The primary data analysis technique involved computer-aided (NVivo, Version 7) textual analysis using a hermeneutical approach (Gephart, 1993). A brief description of ethical considerations is also provided.

Chapter 4 introduces EES Consulting, the chosen research site. A brief description of EES, including its organizational structure, culture, and management style, is presented to provide key contextual information (Pettigrew et al., 2001). Findings related to the key research questions concerning radical change and the Scorecard are presented and discussed.

Chapter 5 presents the results of data analysis and interpretations. An overview of the timeline of change (1996–2006) is presented using members' comments (Gephart, 1993), noting key events pre- and post-intervention that influenced the process and its outcomes. Alternative explanations for these changes are then discussed, prior to describing the interdependency of organizational identity and structuration theory as it relates to the process of change.

Finally, Chapter 6 provides a summary of the overall study and discussion of the key conclusions. Complications and potential limitations of the study and its findings and conclusions are addressed, along with options for future research.

CHAPTER 2:

LITERATURE REVIEW

This chapter provides a description of the various literatures that have guided and informed this study. The literatures highlighted here reflect the multidisciplinary nature of this study and the key theories employed. Five different literatures were drawn on: the academic change literature (and practitioner literature), the sociology of professions, the Balanced Scorecard and management control literature, structuration theory, and organizational identity. The degree to which these literatures were drawn on varies, yet each was important in defining the ultimate proposed theoretical extension.

Prior to framing the proposed theoretical extension, a review of the change field will be presented, noting its foundations and primary theoretical influences (Lewin, 1951; Tushman & Romanelli, 1985). This review includes a brief discussion of what we know about change based on several case studies of successful change (Amis, Slack & Hinings, 2004; Bartunek, 1984; Biggart, 1977; Dent, 1991; Feldman, 2000; Gioia & Thomas, 1996; Greenwood, Suddaby, & Hinings, 2002; Luschner & Lewis, 2008; Sherer & Lee, 2002), combined with assessments of the state of the field (Beer & Walton, 1987; Burke, 2002, 2008; Demers, 2007; Greenwood & Hinings, 2006; Pettigrew, Woodman, & Cameron, 2001; Weick & Quinn, 1999). Common to these cases of successful change are shifts in member cognitive frameworks (Balogun & Johnson, 2004, 2005; Barr, Stimpert, & Huff, 1992; Dent, 1991; Dutton & Dukerich, 1991; Fox-Wolfgramm, Boal, & Hunt, 1998; Heracleous & Barrett, 2001; Isabella, 1990; Kuhn & Corman, 2003; Labianca, Gray, & Brass, 2000), enabling the redefinition of organizational reality (Berger & Luckmann, 1967) and consequently, enabling and creating change.

Eclipsing what we know about change, however, is how much we still have to learn (Burke, 2008; Demers, 2007; Greenwood & Hinings, 2006; Pettigrew et al., 2001). A variety of explanations have been developed for why change efforts typically fail (Beer, Eisenstat, & Spector, 1990; Burke, 2002; Ford, Ford, & D'Amelio, 2008; Kotter, 1996), along with suggested avenues for future research (Beer & Walton, 1987; Burke, 2002; Pettigrew et al., 2001; Tsoukas & Chia, 2002; Weick & Quinn, 1999). A synthesis of the change literature concludes this section, identifying key concepts that have informed this study.

This chapter also provides a preliminary description of the proposed theoretical extension of structuration theory developed as a result of this study. Although the guiding theoretical framework is defined here in Chapter 2, its grounding and implications will be explicated in Chapters 5 and 6 as the product of this research.

Literatures Reviewed

The academic change literature (Beer & Walton, 1987; Brown & Eisenhardt, 1997; Burke, 2008; Demers, 2007; Greiner, 1967; Isabella, 1990; Lewin, 1951; Pettigrew, 1985; Tsoukas & Chia, 2002; Tushman & Romanelli, 1985; Van de Ven & Poole, 1995; Weick & Quinn, 1999) provides the overall context for examining how the process of change unfolded within EES, and possible explanations for the actions and events that transpired. The extent to which this case conforms (or does not) with prominent models of organizational change suggests its potential for offering new insights (Siggelkow, 2007). The sociology of professions, and the Balanced Scorecard and management control literatures provide a secondary context regarding the nature of

the research site (professional service firm), and how members may react to the specific management technology adopted (Balanced Scorecard).

A synthesis of structuration theory (Giddens, 1976, 1979, 1981, 1984) and organizational identity (Albert & Whetten, 1985; Dutton & Dukerich, 1991; Whetten, 2006) is developed and represents the key theoretical frame/contribution to explain the process of change observed at EES. Although this “working” theoretical frame was employed in the final analysis of this case, it represents both the medium and outcome (Giddens, 1984). Structuration theory has been used in similar studies involving the introduction of new technologies and corresponding member reactions (Barley, 1986; Orlikowski, 1992, 1996, 2000; Orlikowski, Yates, Okamura, & Fujimoto, 1995).

Structuration theory facilitates meso- or multi-level analysis and provides a holistic framework for examining change (Pettigrew et al., 2001), while the concept of identity provides mid-range theoretical insight into the functioning of modalities. The identity literature provides insight into how shared interpretive schemes (signification modality) shape member sensemaking, and the renegotiation of socially constructed reality during crisis periods (Dutton & Dukerich, 1991; Gioia & Thomas, 1996). In summary, “for substantive change to occur, some basic features of identity also must change” (Gioia & Thomas, 1996, p. 394).

Organizational Change Theories

This section provides a summary of the organizational change field, building on several prior reviews (Burke, 2000, 2008; Demers, 2007; Greenwood & Hinings, 2006; Weick & Quinn, 1999) to define the key streams and theories about organizational change. There are several ways to describe the development of the organizational change

field. The first is a historical perspective, looking at how change has been conceptualized by researchers and enacted by managers over time. This history can be divided into three main periods (pre-1980, 1980 to 1997; 1998 to the present), each reflective of particular approaches to and conceptualizations of change, as well as of the dominant management logic at that time (Barley & Kunda, 1992). The second perspective involves the main streams of intervention strategies adopted by managers to effect change. Four main approaches are described here: structural change, organizational development, strategic change, and the practice approach. The final perspective involves the level of change. Change may focus on the micro level (behaviour), macro (organization structures), or the environment (e.g., contingency theory), and the interaction between levels (meso). These approaches are not mutually exclusive; elements of the different perspectives are reflected in the others. Each of these perspectives is discussed in turn below.

Key Theories of Organizational Change

The key distinctions within the change literature involve the difference between planned and unplanned change (Porras & Robertson, 1992), episodic and revolutionary change (Lewin, 1951; Tushman & Romanelli, 1985), and continuous and incremental change (Tsoukas & Chia, 2002; Weick & Quinn, 1999). Notwithstanding significant efforts to develop insights into the dynamics of how and why successful change occurs (Balogun & Johnson, 2004, 2005; Biggart, 1977; Brown & Eisenhardt, 1997, 1998; Feldman, 2000; Fiol, 1991; Ford & Ford, 1995; Fox-Wolfgramm et al., 1998; Gersick, 1991; Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996; Greenwood & Hinings, 1988, 1996; Isabella, 1990; Kotter, 1996; Lau & Woodman, 1995; Lewin, 1951; Pettigrew, 1985; Tsoukas & Chia; Tushman & Romanelli; Van de Ven & Poole, 1995) there is still

much that we do not know about the process (Burke, 2002; Eisenhardt, 2000; Greenwood & Hinings, 2006).

Weick and Quinn (1999) and Tsoukas and Chia (2002) argued that existing models have constrained our understanding and conceptualization of change to a predominantly linear process of cause and effect. Burke (2002) acknowledged that change is typically anything but, depicting change as involving loops and iterations (Eisenhardt, 2000). Moreover, Barr et al.'s (1992) finding of sustained unfreezing after change directly challenges Lewin's model. Feldman's work (Feldman, 2000; Feldman & Pentland, 2003) revealed that incremental, evolutionary shifts in routines can accumulate into unplanned, substantive change without experiencing a rapid, revolutionary phase as depicted by punctuated equilibrium. This study builds on the current perspective of change as an incremental and continuous process, reflective of Mintzberg's (1978) emergent strategy, Pettigrew's (1987) focus on process and context, and Jarzabkowski and Whittington's (2008) practice perspective.

The Evolution of Change Theory

As noted in Chapter 1, many definitions and perspectives on change are reflected in the academic (Burke, 2008; Demers, 2007) and practitioner-oriented change literature (Collins, 2001; Deming, 1986; Gladwell, 2000; Hammer & Champy, 1993; Kotter, 1996; Senge, 1990). Which definition of change is employed encapsulates certain conceptualizations of what change is and how it occurs. Much of the change literature focuses on actions "to change" an organization (Pettigrew, 1985), where the adoption of new programs is deemed "sufficient" to produce the desired change in a linear, cause-and-effect fashion. This perspective informed most of the change literature prior to 2000,

which emphasized top management designed and directed teleological change through particular interventions (Demers, 2007).

Serious study of the phenomenon of organizational change did not receive significant attention until after the 1970s (Demers, 2007; Greenwood & Hinings, 2006). Greiner (1967) noted that Darwin's theory of evolution previously dominated management thought on change. Change followed a natural evolutionary process (Van de Ven & Poole, 1995), addressing particular internal organizational deficiencies through adjustments to work processes (scientific management), organizational structure (administrative management), and analytical techniques (management science).

Demers (2007) characterized the early change literature (pre-1980) as primarily involving structural changes in accordance with contingency theory to achieve greater alignment with the environment, and enhance prospects for organization survival (also Greenwood & Hinings, 2006). Key change theories from this period were Lewin (1951), the behavioural theory of the firm (Cyert & March, 1963), logical incrementalism (Quinn, 1978), resource dependency (Pfeffer & Salancik, 1978); emergent strategy (Mintzberg, 1978); institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), and population ecology (Hannan & Freeman, 1977). Lewin's (1951) three-stage, unfreeze-change-refreeze process and the organizational life cycle model (Daft, 2006; Quinn & Cameron, 1983) were in keeping with this evolutionary orientation.

An alternative stream from this period, based on the infamous Hawthorne studies, was the organizational development (OD) approach (Burke, 1982). Organizational development builds on findings from the Hawthorne studies (Mayo, 1933), the human relations movement, and the work of the Tavistock Institute (Emery & Trist, 1965). OD

relies on the action research method, guided by a humanistic value system. Lewin contributed to this approach through the use of T-groups and other group feedback and interaction methods to promote changes in behaviour. Leadership (Blake & Mouton, 1964), employee motivation (Vroom, 1964), job design (Hackman & Oldham, 1980), employee satisfaction, and training and development (Cummings & Worley, 2005) have also been explored as ways to enhance workplace climate and change individual behaviour. This approach, however, has been overshadowed by others.

Beginning in the 1960s, contingency theory (Burns & Stalker, 1961; Donaldson, 2001; Lawrence & Lorsch, 1967) and the open systems perspective (Scott, 2000) broadened manager's horizons to include the organization's operating environment. Organizational change was structurally determined, and emphasized proper structural alignment/fit with the environment. Associated with contingency theory is strategic choice theory (Child, 1972), which argued that firms could choose not to change; resource dependence, which discussed the importance of securing supplies from the environment (Pfeffer & Salancik, 1978); and configuration theory (Miller, 1986, 1996), which suggested that a limited number of coherent structural combinations exist. However, the limited number of structural options (organic or mechanistic, functional or divisional) and limited impetus from the environment precluded the proliferation of radical change (archetypal change; Greenwood & Hinings, 1988, 1993). Adaptation remained sufficient for many organizations.

The field exhibited a shift towards the teleological motor and radical change during the 1980s, with the advent of globalization. Cultural (Schein, 1985, 1999), structural (Miller & Friesen, 1984), cognitive (Isabella, 1990; Weick, 1979), behavioural

(Burke, 1982; Porras & Silvers, 1991), and political (Pettigrew, 1985) approaches to change were explored involving a variety of new techniques including MBO, TQM, quality circles, re-engineering (Hammer & Champy, 1993), ISO certification (Boiral, 2003), downsizing, and new organizational forms (matrix, horizontal). Change was characterized in more dynamic terms, as indicated by Miller and Friesen's (1984) quantum change, Tushman and Romanelli's (1985) punctuated equilibrium models, and "paradigm shifts" in mental models (Gersick, 1991; Isabella, 1990). The growth of strategic planning (Mintzberg, 1994) facilitated such efforts.

This period also featured neo-institutional approaches to change (Greenwood & Hinings, 1996; Kraatz & Zajac, 1996; Oliver, 1991), and the shift between certain legitimated archetypes, either through managerial intent (Greenwood & Hinings, 1988, 1993), or in response to isomorphic pressures (Dobbin & Dowd, 1997; Kraatz & Zajac; Staw & Epstein, 2000; Westphal, Gulati, & Shortell, 1997). Change depends on the legitimacy of proposed reforms, either in terms of pre-existing legitimacy (coercive or mimetic), or the ability to justify such changes as legitimate (Greenwood et al., 2002; Sherer & Lee, 2002; Suchman, 1995).

Thus, the change literature prior to 2000 can be characterized as involving top management led change, aimed at shifting the organization from one equilibrium state to another (teleological). This approach is consistent with much of the organizational theory literature at the time, which also emphasized stability (Burke, 2008). A key difference between the first and second periods involved the emphasis on structure versus agency, where the environment determined organizational survival, versus the ability of managers to control organizational destiny. Studies during this period typically focused on the

variables affecting change, the quality of intervention technologies, overcoming employee resistance, and responding to changes in the environment. Unfortunately, the overall effectiveness of these approaches has been uneven at best (Burke, 2008). As noted by Pettigrew et al. (2001) in their introduction to a special forum on change and development in the *Academy of Management Journal*, “the field of organizational change is far from mature in understanding the dynamics and effects of time, process, discontinuity, and context” (p. 697). They advocated renewed attention to the process of change and how transition occurs.

The field entered a third period in the late 1990s that involved a very different conceptualization of change (Demers, 2007). Researchers acknowledged that change does not follow a smooth linear trajectory as formerly assumed (Burke, 2008; Eisenhardt, 2000; Weick & Quinn, 1999), but rather loops or spirals, where the general trajectory represents progress. Change is an incremental, continuous, and indeterminate process (Balogun & Johnson, 2005; Brown & Eisenhardt, 1997; Feldman, 2000; Jarzabkowski & Whittington, 2008; Tsoukas & Chia, 2002). Thus, approaches that incorporate dynamism, such as chaos and complexity theory or social constructionism, better reflect this conceptualization.

Within the practitioner literature, notions such as the “tipping point” (Gladwell, 2000) and the “flywheel effect” (Collins, 2001) portray change as requiring building momentum prior to achieving substantive change. Natural change may also occur through countless incremental variations in routines, or minor decisions that occur on a daily basis within organizations (Feldman, 2000; Jarzabkowski & Whittington, 2008), where each routine cycle/decision point can produce change. As stated by March (1981), change may

occur from relatively routine processes, "...because most of the time people in an organization do what they are supposed to do" (p. 564). These variations accumulate over time in a path dependent fashion to produce emergent change and organizational becoming (Tsoukas & Chia, 2002).

Change has also recently been characterized as following chaotic patterns described under chaos and complexity theories (Brown & Eisenhardt, 1997, 1998; Capra, 1996; Gleick, 1987; Morgan, 1998; Prigogine & Stengers, 1984; Svyantek & DeShon, 1993; Wheatley, 1994). Under chaos theory, small initial variations may cumulate to produce widely divergent results over time (e.g., Lorenz's butterfly effect). According to complexity theory, the functioning of complex systems does not follow predictable linear patterns, though it is bounded within the parameters of "strange attractors." The "motor" driving these systems is autopoiesis, that is, the self-organizing principle of systems (Maturana & Varela, 1980). Change is the result of natural organizing processes rather than replacement and variation, and represents a creative rather than destructive process.

In summary, our conceptualization of organizational change appears to have shifted from top-down, managerial led interventions between equilibrium states (Lewin, 1951) combined with evolutionary change in response to environmental conditions (contingency theory), to rapid, radical reorientations following a more punctuated equilibrium profile (Tushman & Romanelli, 1985) driven by managerial action to improve performance, to accepting change as a naturally occurring process of becoming that managers may seek to shape, but cannot ultimately control (Tsoukas & Chia, 2002).

Intervention Strategies Perspective

Greenwood and Hinings (2006) defined three key approaches to radical organizational change: chaos and complexity, neo-institutional theory, and change and continuity. The first approach is reflective of current thinking as noted above. The neo-institutional approach builds on contingency theory and the influence of the environment in deterministically producing change. Although change may involve structural alignment with the environment, more important is the influence of institutional fields and societal isomorphic pressures in prompting organizational adjustments to acquire, build, and/or maintain external legitimacy (Greenwood et al., 2002; Heracleous & Barrett, 2001; Scott, 2000; Sherer & Lee, 2002; Suchman, 1995). Maintaining legitimacy enables organizations to preserve and enhance the resource flows necessary for survival (resource dependence; Pfeffer & Salancik, 1978). Change may be prompted by destabilizing jolts or internal contradictions (Greenwood & Hinings, 1996; Greenwood et al., 2002; Seo & Creed, 2002) prompting experimentation with alternative forms. Organizations desiring to maintain legitimacy will seek to shift between archetypes.

The final approach noted by Greenwood and Hinings (2006) is that developed by Pettigrew (1985) and his colleagues based on a series of case studies of organizational change (Pettigrew, 1985, 1987; Pettigrew, Ferlie, & McKee, 1992; Pettigrew & Whipp, 1991). Although a formal theory has not been elaborated, Pettigrew et al. (2001) note the importance of history and context, as well as the process of changing. Organizational routines promote continuity, such that history, culture, and political systems may constrain organizational attempts to change. Crises are important for prompting change and are used to mobilize members in pursuit of an espoused future (teleological),

although change actions need to address local circumstances as well. Key to the overall process is acknowledging the holistic nature of organizational systems, and the extended time frame necessary for successful change. However, process studies have been limited (Pettigrew et al., 2001), due to the demands associated with longitudinal case studies.

Level of Change Perspective

The perspectives discussed previously each involve certain levels of action. Early theories and approaches focused independently on the micro and macro levels. Scientific management, management science, and the human relations schools focus on organizational behaviour and actions (individual and collective), and controlling worker actions through how jobs are designed, or how employees are managed (Barley & Kunda, 1992). Contingency theory influenced approaches focus on how work is organized under organizational systems (administrative management), and through top management actions (strategic planning), representing macro level attempts at change.

What has received less attention is the potential for interactive effects between levels, and of holistic, meso-level change (Johnson, Smith, & Codling, 2000). Or, as suggested by Pettigrew et al. (2001), how do factors such as process, context, and structure interact to shape change? Structuration theory (where structures are the medium and outcome of actions) provides a theoretical framework for considering such interdependencies between levels.

Case Studies of Successful Change

Traditional conceptualizations of change may not properly reflect the process (Demers, 2007). Burke (2008) and Kotter (1996) suggested that upwards of 70 percent of organizational change initiatives fail to produce their desired effects. Among the most

commonly cited reasons for failure are employee resistance (Ford et al., 2008; Lawrence, 1969; Strebler, 1996), a lack of leadership (Burke, 2008; Kotter, 1996), technically deficient interventions (Abrahamson, 1996; Staw & Epstein, 2000), and poorly implemented processes (Pettigrew, 1985; Reger, Gustafson, DeMarie, & Mullane, 1994). Amis et al. (2004) went further in challenging the traditional approaches; rapid change (pace) did not produce higher success rates, and although successful groups did restructure high-impact elements early on (sequence), they did not find support for a linear process.

Several case studies, however, do identify factors necessary for successful change. Biggart's (1977) study of the U.S. Post Office noted the importance of creative destruction of existing structures (tacit and explicit) combined with the enactment of new replacement structures. Similarly, Greenwood et al. (2002) noted the deinstitutionalization of prior structures/institutions combined with theorization of new replacement structures. However, replacement structures need not be fully formed, and may be revised to build acceptance (Bartunek, 1984).

Second is the potential for gradual, incremental change (Feldman, 2000) driven at the middle manager level (Balogun & Johnson, 2004, 2005; Dent, 1991), translating into fundamental organizational change. For example, shifts in vocabulary (Weick & Quinn, 1999) to a financial management-based language gradually changed railway managers' orientation away from the previously dominant engineering/public service culture (Dent, 1991). Another railway study (Barr et al., 1992) suggested the importance of shifting mental models. Bartunek (1984) noted the relationship between interpretive schemata and structure, where shifts in understanding prompt corresponding changes in structure

(Giddens, 1984; Ranson, Hinings, & Greenwood, 1980), rather than modifying structures first to change behaviour (Beer et al., 1990).

Cognitive-based studies (Balogun & Johnson, 2004, 2005; Isabella, 1990; Kuhn & Corman, 2003; Labianca et al., 2000) focus on the influence of established schemata on members' sensemaking and interpretations. Schemata represent data reduction devices that consolidate prior knowledge by focusing attention on new information that is consistent with prior knowledge (Fiske & Neuberg, 1990; Reger et al., 1994). Labianca et al. (2000) note that employee resistance stems from established, ingrained schemata that represent cognitive barriers to change. Gradual, continual reinforcement of new schemata is critical to their later acceptance. Isabella notes that members' schemata shape how individuals "ordered" and made sense of their world (Weick, 1995). Isabella's change model involves four stages: anticipation, confirmation, culmination, and aftermath. Each stage involves a different construed reality, set of interpretive tasks, and dominant frame of reference. Members revise their schemata and construed reality through dialectical synthesis, resulting in new procedures, patterns, and rules. Kuhn and Corman (2003) identify communication as critical to creating shared information and thereby convergence in knowledge structures (schemata). Balogun and Johnson's (2004) longitudinal case study revealed how middle managers' schemata (rather than top management) influence organizational transitions, and indicate the socially constructed nature of schema change.

Gioia and Chittipeddi (1991) and Gioia and Thomas (1996) illustrated the role and importance of sensemaking/sensegiving, and of negotiation processes in revising socially constructed reality (Kuhn & Corman, 2003). Gioia and Thomas argued that

changes to identity are necessary for fundamental organizational change, as this will shift the lenses used in sensemaking (also Fox-Wolfgramm, Boal, & Hunt, 1998). Labianca et al. (2000) noted that organizational identity serves as a “powerful schematic filter through which individuals understand, interpret, and react to new management initiatives” (p. 251). Changes to the university system involved shifts in shared interpretive schemata (identity), thus linking shifts in macro structures to the micro level, and their interdependence (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996).

Finally, Barker (1993) noted how socially constructed reality functions through interpersonal team dynamics, and may become morally binding on members (concertive control). Social constructions of reality and implicit meaning systems within organizations may also be influenced by field level understandings (Greenwood et al., 2002), particularly if they involve professional norms (Leicht & Fennell, 1997, 2001). Effecting changes to these meaning systems is complicated, however, by their status as both the medium and outcome of legitimate actions (Giddens, 1984). In conclusion, proposed revisions should be negotiated between members (Bartunek, 1984), be consistent with pre-existing schemata to be accepted (change acceptance zone; Reger et al., 1994), are facilitated by synthesizing old and new elements (Gersick, 1991), and need to be continually reinforced to promote acceptance (Labianca et al., 2000). The resulting revision of schemata promotes and enables shifts in socially constructed organizational reality (Barker, 1993; Isabella, 1990).

Synthesis of Change Literature

Pettigrew et al. (2001) note how much we still do not know about change, especially about the process of change. Several researchers have favoured studying

change as a continuous process, using a longitudinal approach to examine change processes (Beer & Walton, 1987), and providing better descriptions of organizational context, history and dynamics (Pettigrew et al., 2001). It is suggested that change involves building shared meaning among members (Beer & Walton, 1987), although this may involve different processes at different levels (Van de Ven & Poole, 1995), and/or interactions between levels (Weick & Quinn, 1999). Beer et al. (1990) suggest that recognizing change as a social process means that a bottom-up approach is required.

Several case studies offer additional insights into successful change. Labianca et al. (2000) determined that employee resistance stemmed from established, ingrained schemata. Barr et al. (1992) highlighted the importance of shifting mental models, through negotiations among members (Bartunek, 1984). Creative destruction of former structures (Biggart, 1977) combined with the enactment of new replacement structures will help avoid abortive excursions (Greenwood & Hinings, 1988, 1993). However, new schema must be consistent with pre-existing schemata if they are to be accepted (Reger et al., 1994), and gradual, continual reinforcement of new schemata is critical to their later legitimation (Labianca et al., 2000). This process is facilitated through synthesis of old and new elements (Gersick, 1991).

In summary, several points are worth noting. Existing schemata may form cognitive barriers that constrain understanding of new information and/or acceptance of new structures (Labianca et al., 2000; Reger et al., 1994). Shared schemata, such as organizational identity, help shape individuals' interpretation and understanding of events (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Isabella, 1990). Members will develop new schemata through dialectical analysis and synthesis of elements (Gersick,

1991; Isabella, 1990), following a process of discussion and negotiation between members (Balogun & Johnson, 2004, 2005; Bartunek, 1984; Labianca et al., 2000). New structures are socially constructed and revised through member sensemaking (Barker, 1993; Gioia & Thomas, 1996; Kuhn & Corman, 2003). Revised frameworks that build on and retain prior experience by grafting new knowledge onto existing schemata are more likely to be successful (Bartunek, 1984; Feldman, 2000; Fox-Wolfgramm et al., 1998; Greenwood et al., 2002; Pettigrew, 1985). Schemata revision will then promote and enable shifts in socially constructed organizational reality (Balogun & Johnson, 2004, 2005; Barker, 1993) and, consequently, member actions (Giddens, 1984). Finally, gradual, incremental change (Feldman, 2000) driven at the middle manager level (Balogun & Johnson, 2004) may be better at producing fundamental organizational change (Dent, 1991) than top-down driven radical transformations (Amis et al., 2004).

The Context for Change

Pettigrew (1985, 1987) highlights the importance of context as it relates to organizational change, lamenting the ahistorical, acontextual, and aprocessual nature of much of the change literature (Pettigrew et al., 2001). Two key contextual factors that may have influenced the approach, process, and outcome of change within EES are the nature of the firm (professional services firm, or PSF), and the specific intervention employed (the Balanced Scorecard).

The Management of Professionals

EES is an engineering and environmental services consulting firm comprised of engineers and scientists (e.g., archaeologists, biologists) that operates within the PSF sector. The company's roots are geotechnical engineering, and a significant percentage of

its employees and senior managers are engineers by training. EES' key asset is the knowledge (tacit and explicit) held by its members (Greenwood & Empson, 2003), reflective of a knowledge-intensive firm (KIF).

The management of professionals within PSFs and KIFs is akin to “herding cats,” where traditional management controls are unlikely to work (Greenwood & Empson, 2003; Robertson & Swan, 2003). The sociology of professions literature describes the tension between professional autonomy and management control (Freidson, 1984; Leicht & Fennell, 1997; Meiksins & Watson, 1989; Sorensen & Sorensen, 1974), arguing that professionals are likely to “rebel.” This tension has been exacerbated by the spread of management controls within professional organizations (Leicht & Fennell, 2001). Thus, identifying professionally “acceptable” controls may be critical to the success of interventions.

The dominant structure for PSFs is Mintzberg's (1983) professional bureaucracy archetype, where control is achieved through the standardization of training and skills. Combined with this are clan controls (Ouchi, 1980) involving communal norms and values that are organizationally and professionally defined. Socialization then plays a critical role in effecting control. However, “allegiance” to the profession is typically deemed to supersede commitment to the organization (Leicht & Fennell, 2001). Robertson and Swan (2003) note that KIFs will make concerted efforts to maintain a flat organizational structure and egalitarian workplaces (to reflect collegiality and autonomy), and the opportunity to provide input into the decision making process (voice).

Most PSFs continue to be structured as partnerships or private corporations (employee-owned), rather than publicly traded companies (Greenwood & Empson,

2003). Governance involves partners who manage on behalf of the others, but all partners “reserve the right” to pass judgement on major organizational decisions (Greenwood & Empson, 2003). When partner/owners do not support major structural change, they may block it (Hinings, Brown, & Greenwood, 1991). Thus, gaining widespread acceptance (coalition building) for major new initiatives is critical. In summary, PSFs/KIFs operate under an “enforced democracy” arrangement (Robertson & Swan, 2003), requiring collective endorsement of change to succeed.

Notwithstanding the presumed tension between autonomy and control (Leicht & Fennell, 2001), according to Meiksins and Watson (1989) and Watson and Meiksins (1991) most engineers perceive an acceptable balance, and are likely accepting of some traditional controls as long as management is facilitative, and coordinating rather than coercive. Key for engineers is interesting and challenging work, so the presumed tension between autonomy and control may not exist.

The Balanced Scorecard (BSC)

Kaplan and Norton’s Balanced Scorecard (BSC; see Figure 2) first appeared in 1992, in the *Harvard Business Review*. The Scorecard provides managers with a handful of financial and non-financial measures in a single report giving an overview of performance along four key dimensions (customer, internal processes, learning and growth, and financial). The BSC attempts to remedy deficiencies associated with traditional financial measures which only reflect historical actions.

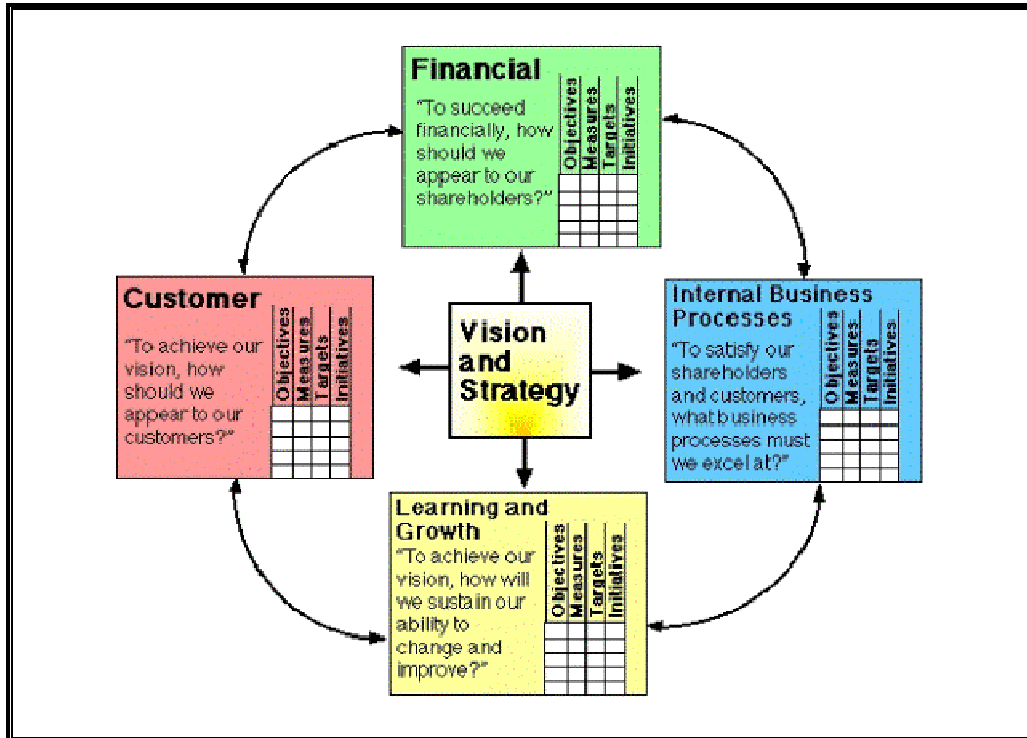


Figure 2. The Balanced Scorecard (Kaplan & Norton, 1992)

In their 1996 book, Kaplan and Norton revised their concept to “the Balanced Scorecard translates an organization’s mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system” (p. 2). “A properly constructed Balanced Scorecard articulates the theory of the business. The scorecard should be based on a series of cause-and-effect relationships derived from the strategy” (Kaplan & Norton, 1996, p. 17). By “making visible” interrelationships within the organization and defining causal linkages, the Scorecard can facilitate decision making and focus attention on the organization’s strategy. It may also provide employees with greater insight into the contribution they make towards overall performance. However, academics have questioned the ability of organizations to accurately define such cause-and-effect relationships (Bessire & Baker, 2005; Malmi, 2001; Norreklit, 2000; Tuomela, 2005).

Previous Balanced Scorecard Studies

Nevertheless, the Scorecard has been successfully championed as a significant management innovation, expanding the scope of accounting practices and thereby managerial control. Nonetheless, its value has been discounted within academic circles as another management fad (Norreklit, 2000, 2003; Staw & Epstein, 2000). Few academic studies had been conducted prior to beginning this study, and limited information was available about how companies have used the Scorecard. Most studies note its use as an information/management system (e.g., Ittner & Larcker, 1998a, 1998b; Lipe & Salterio, 2000), to facilitate management control (Anthony, 1957, 1965; Langfield-Smith, 1997; Malina & Selto, 2001; Merchant, 1998; Otley & Berry, 1980; Simons, 1991).

Using ABI Inform (an electronic database), a search was conducted of scholarly and practitioner journals for Balanced Scorecard articles published between 2000 and 2008. This yielded over 1,100 articles, suggesting that its popularity has not waned as would be expected with a management fad (Abrahamson, 1996). However, focusing on the introduction or adoption of the BSC within peer-reviewed scholarly journals quickly reduced this number to about 300 articles. Narrowing the search to leading management and accounting journals, excluding articles authored by Kaplan and/or Norton (due to creator bias), further reduced this to about 60 articles. A final filtering excluding articles focusing on informational aspects of Scorecard use (financial vs. non-financial measures), the development of Scorecard measures (including cause and effect mapping), the behavioural/performance effects of performance measurement systems (incentive/review systems), approaches to teaching the BSC, and the gaming of measures, yielded a total of 11 articles. Thus, although much has been written in general about the

Scorecard, scholarly articles pertaining specifically to its adoption or use as part of a strategic performance management system remains limited (Tuomela, 2005).

Part of examining EES' use of the BSC involves understanding how members understood and reacted to this new technology. Did they passively accept this new management control, or automatically resist it as predicted by the sociology of professions literature (Abbott, 1988; Freidson, 1984; Leicht & Fennell, 2001)? Based on studies by Aidemark (2001), Malmi (2001), Kasurinen (2002), and Tuomela (2005), responses can vary from resistance/rejection of the implicit domination structures, to acceptance after "customization." Customization may involve the design of the Scorecard and what measures are used (Aidemark), its linkage to manager performance bonuses (Malmi), or as a directive control versus interactive learning lever (Tuomela).

The article most directly related to this study is Aidemark (2001), which described the introduction of the BSC within a Swedish public health organization seeking to expand hierarchical control. The health professionals balked at this attempt by management, but discovered that the Scorecard could be revised to provide a more comprehensive picture of health care activities that reflected their professional ethos, rather than management's financial focus. Thus, similar to Tuomela's (2005) findings, use of the Scorecard in ways that facilitate interactive control (Simons, 1995) is more likely to engender positive reactions and benefits.

Structuration Theory

Giddens' structuration theory was developed over a series of books (1976, 1979, 1981, 1984), with *The Constitution of Society* (1984) representing its fullest development. This section provides a brief summary of that material.

Overview of Structuration Theory

Structuration represents a multipurpose project, challenging the “dominance” of functionalism and structuralism within sociology, while attempting to deviate from natural science informed (positivistic) inquiry by highlighting the interdependence of agency and structure (duality), while also integrating time and power more fully.

Structuration builds on the interpretivist and critical theory paradigms, noting the importance of socially constructed meanings (Berger & Luckmann, 1967), and employing dialectical arrangements to understand social systems and individual actions.

Giddens (1981) states that:

All human action is carried on by knowledgeable agents who both construct the social world through their action, but yet whose action is also conditioned or constrained by the very world of their creation. In constituting and reconstituting the social world, human beings at the same time are involved in an active interplay with nature, in which they both modify nature and themselves. (p. 56)

Central to structuration is the “duality of structure.” Giddens (1984) argues against the dominance of either structure or agency, but presents them as an intertwined duality. Actors are not ensnared by Weber’s iron cage, but neither are they wholly free. Rather, as suggested by Barker (1993), actors are dominated by structures of their own creation (concertive control) as both master and slave. Control runs deep as these structures involve rules and resources that are taken-for-granted, operating at an unconscious and preconscious level. To the extent that these structures constrain action and/or thought, they may dominate actors and organizations.

This duality extends to social structures. Social reality and the structures that guide human action are not “given,” but are the product of active member construction. Structures are both constitutive and constraining, facilitating agency within certain bounds socially (following certain rules) and cognitively (through interpretative schema).

Rules and resources are drawn on by actors to sanction their actions, which correspondingly legitimate and reproduce these structures into the future. For example, writing involves drawing on pre-existing rules of grammar and prevailing definitions of words. Employing these rules and definitions legitimates them, thereby reconfirming and reproducing them.

Dimensions of Structuration

Structuration theory addresses three interrelated dimensions: signification, domination, and legitimation (see Figure 1). Signification deals with the communication of meaning and involves interpretive schemes (based on shared stocks of knowledge) that actors draw on to make sense of events. These interpretive schemes are grounded on tacit knowledge, and may become taken for granted by members (Ranson et al., 1980). Signification structures are the product of past experiences reflecting historical influences, thereby binding time (time-space distanciation).

Domination structures deal with the distribution of power within organizations (control over people and resources), and the ability of individuals to exercise agency. Resources provide the medium through which power is exercised, with power involving reproduced authority relations between actors (and domination structures where institutionalized). Thus, shifts in resource allocation have the potential to revise domination structures (Covaleski & Dirsmith, 1988). Giddens (1984) argues that power and domination structures do not represent irresistible pressures constraining action (deterministic) as under institutional theory (coercive isomorphism). Rather a “dialectic of control” exists such that control can never be complete.

Legitimation is the final dimension and deals with the legitimacy of both signification and domination structures, and the perceived legitimacy of alternative structures. Alternative structures may be deemed legitimate owing to their adoption by others (mimetic), their “enforcement” (coercive), or their inherent (normative) appeal (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Legitimated structures will be reproduced, leading to their institutionalization (Tolbert & Zucker, 1996), whereupon they will be unconsciously drawn on as the basis for actions.

According to Barley (1986), the influence of these structural dimensions is reflected by certain scripts, power, and sanctions at the “realm of action” level, as “tangible” evidence of the functioning of these structures (institutional realm). Linking these two realms are certain modalities (interpretive schemes, resources, and norms), the influence of which has received limited specification. Yet their functioning has important implications for the process of structuring.

Structuration Theory Within the Organizational Literature

Structuration theory has attracted limited attention to date within the organizational literature. Papers specifically citing Giddens include Ranson et al.’s (1980) interpretation, Barley (1986) on CT scanners, Bartunek (1984) on description of changes in a religious order, and Orlikowski (1992, 1996, 2000) and Orlikowski et al. (1995) on the influence of software technology. Several studies within the accounting literature have also used structuration, including Scapens (1994), Macintosh and Scapens (1990, 1991), Burns and Scapens (2000), and Ahrens and Chapman (2002).

Prior to linking structuration theory with radical organizational change, several summary points should be noted that impact on this study. First, studies employing

structuration theory have generally involved qualitative case study, combined with a longitudinal orientation, including retrospective (Bartunek, 1984) and concurrent study (Barley, 1986; Orlikowski, 2000). As illustrated by Bartunek (1984), the adoption of new structures/actions, and their subsequent legitimation and reproduction may involve considerable lag (about 10 years). New scripts and routines may not be immediately accepted, even with new technology where prior routines are no longer valid (Barley, 1986). Thus an extended time frame may be necessary to identify shifts in scripts and structure.

Second, these studies indicate an emergent process of adjustment and negotiation between actors, and the social construction of resultant structures. Although change may be triggered through top-down actions such as adopting new technologies (Barley, 1986; Orlikowski, 1992, 2000), how members react and put new technologies into practice will determine their effect (Orlikowski et al., 1995). Members often do not passively accept the domination structures implicit in new technologies (Orlikowski, 2000), but rather will define how the technology is used (Orlikowski et al., 1995). Therefore, it is important to examine consequential adjustments enacted by users.

Third, Barley (1986) notes that there will invariably be some slippage between institutional templates and daily realities, with persistent slippages forming the basis of new patterns of interaction (similarly routines; Feldman, 2000). In other words, there is always the potential for change to occur with each instance of reproduction (Giddens, 1984). Thus, bottom-up change is as likely as top-down, adding a new dynamic to the traditional orientation.

Ranson et al. (1980) note that provinces of meaning involve interpretive schema that provide a sense of structure as they offer continuity during changing circumstances. What these schema are, however, is unspecified. They further suggest that shifts in understanding may precipitate shifts in structure, a notion that was supported by Bartunek (1984); implying that structural change requires cognitive shifts (Heracleous & Barrett, 2001; Orlikowski, 1992, 1996, 2000). Thus, the role of schema warrants further investigation.

Fifth, although order may emerge from incremental continuous processes, it may take time before it is recognized (Bartunek, 1984). What seems to occur is a process of dialectical synthesis, where new concepts are synthesized with pre-existing elements, consistent with Gersick (1991). Furthermore, a synthesis of old and new is more likely to bridge Reger et al.'s (1994) identity gap of being neither too similar nor dissimilar.

Organizational Identity

This section provides a brief summary of the organizational identity literature and highlights key aspects drawn on in this study.

Origin of Organizational Identity

The concept of organizational identity developed out of a grounded theory study regarding the intensity of debate during budget cutting deliberations at the University of Illinois (Albert & Whetten, 1985; Whetten 1998). Members suggested that the very core of the university was at stake, even though the cuts only represented a rollback of 2 percent. Organizational identity was defined as that which is “central, distinctive, and enduring about an organization,” and represents the set of core values, norms, beliefs, and tacit assumptions that members hold about their organization.

Since that original study, several variations and differing interpretations have been developed, leading Whetten (2006) to offer a clarification. He stated that the concept originally included three components. The first was ideational, involving members' shared beliefs about "who we are" as an organization, which draws on Mead's concepts about "I" and "me" (Foreman & Whetten, 2002; Hatch & Schultz, 2002). Accordingly, several studies have sought to extend self-identity concepts to the organizational level. Equally important is the second, definitional component—that which is central, distinctive, and enduring. The third is phenomenological, where identity becomes important during "fork-in-the-road" decisions, or crisis situations. It is such moments that spark discussion about an organization's defining characteristics, values, and beliefs, either through direct challenges to identity (Golden-Biddle & Rao, 1997), or indirectly through image (Dutton & Dukerich, 1991; Gioia & Thomas, 1996).

Organizational Identity and Culture

The distinction between identity and culture has similarly suffered from definitional imprecision. Fiol, Hatch, and Golden-Biddle (1998) define culture as the general system of rules that govern meanings, and provide the context for meaning and sensemaking. Identity "defines who we are in relation to the larger social system" (Fiol et al., p. 56). Hatch and Schultz (2002) suggest that culture is more tacit and contextual, whereas identity is more textual and explicit. Culture is regarded as operating more at the unconscious level (like structures), whereas identity provides a linkage to deeper cultural elements by operating at the preconscious level (like modalities). Whetten (2006) notes that cultural elements may be invoked as part of identity, but many cultural elements are

not included as part of identity. Notwithstanding overlap between the two, these concepts are treated as separate and distinct by identity researchers.

Development of Organizational Identity

Since the original Albert and Whetten (1985) study, most studies have involved qualitative case studies that sought to test and elaborate the concept. The most influential of these was Dutton and Dukerich's (1991) study of the Port Authority of New York and New Jersey, which introduced the distinction between image and identity, where identity represents members' beliefs about themselves, whereas image involves members' beliefs about how others view them as an organization. Image is described as a "mirror" for the organization, where disconnects between image and identity are likely to prompt revisions to identity to restore balance (Gioia & Thomas, 1996; Reger et al., 1994), or serve as a catalyst for change (Fox-Wolfgramm et al., 1998). Gioia and Chittipeddi (1991) and Gioia and Thomas (1996) linked organizational discussions about identity to sensemaking/sensegiving activities, suggesting that identity can change. The malleability of identity has since been supported by Fox-Wolfgramm et al. (1998), Empson (2004) and Ravasi and Schultz (2006).

Contributing to definitional confusion about identity may be paradigmatic differences between two streams (Gioia, 1998; Gioia, Schultz, & Corley, 2000). Ravasi and Schultz (2006) and Corley et al. (2006) describe differences between the social actor perspective of Albert and Whetten (1985), where identity builds on institutional theory and sensemaking, versus the social constructionist perspective of Dutton and Dukerich (1991), which involves sensemaking and shared understanding. The social actor perspective involves a series of institutional claims about a set of enduring and distinctive

elements that are likely to be codified, and therefore persist independent of member affirmation.

In contrast, the constructionist perspective involves central, shared collective understandings among members (Ashforth & Mael, 1996; Golden-Biddle & Rao, 1997). As noted in Whetten and Godfrey (1998), identity from an interpretivist perspective represents a continuously renegotiated set of socially constructed meanings about “who we are” that provides members with continuity of meaning and shared interpretive schemes. However, as these meanings and beliefs are socially constructed and shared, they too are subject to change (Ravasi & Schultz, 2006). Thus, identity is sustained by a reproduction process similar to that of structures under structuration theory.

Implications for this Study

This study builds on the notion of identity as a social construction that is shared among members of an organization. As such, it requires agreement among members as to what it is, and continued reproduction over time. However, this means that there is always the possibility of slippages in reproduction. Periods of crisis are likely to prompt reconsideration of and possible renegotiation of identity elements. Employing an interpretivist perspective facilitates focusing on identity’s role as an organizational level interpretive scheme (in contrast to its characterization as a thing under the social actor perspective), providing the basis for member sensemaking of new information. Finally, the interpretivist perspective enables using it to explain the interpretive schemes modality under structuration theory.

Structuration, Identity, and Change

This section develops and describes my proposed synthesis of Giddens' structuration theory (1979, 1981, 1984), using the concept of organizational identity (Albert & Whetten, 1985; Dutton & Dukerich, 1991) to elaborate on the process of change.

Structuration Theory and Change

Structuration theory has been used in several studies to explain change in response to the introduction of new technologies (Barley, 1986; Heracleous & Barrett, 2001; Orlikowski, 2000; Orlikowski et al., 1995). New technologies are likely to introduce new structures (designed into the system); however, these new structures may be inconsistent with existing structures. As members are exposed to these technologies, they may attempt to maintain historical interaction patterns or adapt by revising routines (Orlikowski, 1992, 2000).

Structuration has also described bottom-up, emergent change resulting from micro-level variations (Bartunek, 1984). As widely shared and long-standing institutionalized structures were delegitimated, experimentation, negotiation, and discourse resulted in a synthesis of a religious order's mission. Subsequent formal modification of the order's mission (structure) merely acknowledged what had already been tacitly accepted. Micro-level variations may also prevent structurally induced change, as illustrated by Heracleous and Barrett (2001). Despite top-down efforts to develop computerized trading in a London insurance market, long-established micro-level patterns were highly resistant to change. Thus, change at one level may not precipitate changes at another.

Extending Structuration Theory

Giddens developed structuration as a grand social theory to describe how structures serve as both the medium and outcome of human action, thereby privileging neither structure nor agency. The interplay between structure and action (structuring) reaffirms and modifies institutional structures, thereby enabling and constraining human action.

However, owing to structuration's macro orientation, the functioning of some micro elements is underspecified (Stones, 2005). To address this theoretical "gap," Barley (1986) and Orlikowski (2000) employed additional concepts (negotiated-order, technology-in-practice, metastructuring) to elaborate on how structuration processes work. A similar approach is taken in this study, using organizational identity to clarify structuring processes.

Complicating the process of change is the nature of social structures. Such structures have institutional qualities (tacit, taken-for-granted, enduring), and often operate at the unconscious level. Attempting institutional change requires surfacing these implicit assumptions, questioning their continued legitimacy, and engaging in discourse regarding alternatives. However, as illustrated by Greenwood et al. (2002), Sherer and Lee (2002), and Heracleous and Barrett (2001), a "direct assault" on institutions is likely to fail. While a precipitating jolt (Greenwood et al.) may call attention to institutionalized beliefs, their tacit and taken-for-granted quality will constrain members' ability to engage in discourse about their merit (e.g., alternatives to capitalism, post-9/11 patriotism). Additional mechanisms may be necessary to facilitate discourse and conceptualize possible legitimate alternatives.

Modalities and Change

As indicated by Sherer and Lee (2002), providing a pre-legitimated precedent may be necessary to attempt revising structure directly (Heracleous & Barrett, 2001). Bartunek's (1984) study indicates that member interpretive schemes or modalities are critical to the process of change. Although these studies acknowledge the importance of modalities, *how* they mediate between the institutional realm and the realm of action has not been adequately addressed.

Modalities do not seem to function as direct conduits between structure and action, but rather appear to translate and mediate the relationship, indirectly generating change at each level. In the case of the religious order discussed by Bartunek (1984), several years elapsed between experimenting with a social justice (action) ministry, and its acceptance as integral to the order's mission. In the case of the London insurance business described by Heracleous and Barrett (2001), notwithstanding larger institutional pressures for change to a computerized market, the ability to translate such actions between levels was stymied. While this may be attributed to general resistance, structure and action are linked through the modalities. If an intermediary process between the modalities and structures and action is involved, unpacking the black box of modalities will be necessary to greater understanding of the processes of structuring and change.

Consistent with Bartunek (1984), Isabella (1990), and Labianca et al. (2000), I argue that change involves the modification of interpretive schemes, thereby enabling shifts in mental models (Barr et al., 1992). Thus, change requires modification of structures, actions, and modalities. Although which interpretive schemes are involved is unclear, presumably it should involve those that have a significant influence on member

interpretative processes and sensemaking. During periods of organizational crisis and prospective change, the interpretive scheme most likely to be invoked is that of organizational identity (Albert & Whetten, 1985; Whetten, 2006).

Integrating Organizational Identity

Although interpretive schemes are vital to the process of change (Isabella, 1990; Labianca et al., 2000), what constitutes these generally has not been specified within the structuration literature. Different interpretive schemes are likely to produce significant variation in member interpretations and organizational responses. I propose an elaboration of structuration theory using organizational identity as the key interpretive scheme under the signification dimension.

Identity serves as a data reduction device like cognitive schema, simplifying social rules. As the central character of an organization, identity provides a relatively consistent set of values, norms, and beliefs that informs members' sensemaking (Weick, 1995), providing them with a sense of continuity and structure (enduring quality). Members will use identity to make sense of new information, which correspondingly shapes organizational responses by influencing how members perceive and interpret issues (Gioia & Thomas, 1996). By modifying identity, members are able to make sense of new information and consider variations to existing organizational reality.

Identity may also serve as a bridge for member discourse about governing social structures. Macro social structures have institutional qualities (tacit, taken-for-granted, unconscious) that make them difficult to "surface." Identity operates at the preconscious level, thereby bridging behaviour and beliefs (Fiol, 1991) to enable member sensemaking (Corley et al., 2006; Ravasi & Schultz, 2006). Centering negotiations around the

organization's identity (tacit yet consciously available to members; Golden-Biddle & Rao, 1997), facilitates member cognitive comprehension and thereby the prospect of meaningful dialogue (Bartunek, 1984).

However, modifying organizational macro structures also requires revision of the organization's identity. Revising identity, in turn, requires the building of shared meaning among members (Beer & Walton, 1987; Golden-Biddle & Rao; Gioia et al., 2000), as it represents a social construction that is actively created and sustained through continuing reproduction (Labianca et al., 2000) as members invoke elements of identity to legitimate their actions (similar to structures).

However, with each instance of reproduction lies the potential for variation (Barley, 1986; Feldman, 2000), such that members may occasionally need to reconfirm identity's shared quality and their continued "commitment" to it (Golden-Biddle & Rao, 1997). Members collectively will choose whether to maintain pre-existing structures, or accept the modification/replacement of these structures (Bartunek, 1984; Golden-Biddle & Rao).

Notwithstanding identity's historical association with change, it is also tied to stability by definition (enduring). Several identity researchers (Corley et al., 2006; Fox-Wolfgramm et al., 1998; Gioia et al., 2006; Gioia & Thomas, 1996; Ravasi & Schultz, 2006) suggest that identity may not be as resilient as initially conceptualized. Gioia and Thomas (1996) argue that if substantive strategic change has occurred, then some aspects of identity must also have changed. Fox-Wolfgramm et al. (1998) reach a similar conclusion, stating that "to sustain an organizational change, it is necessary to change an organization's envisioned identity and envisioned image" (corollary 3a; p. 120). Finally,

Ravasi and Schultz (2006) link organizational change with corresponding changes in identity at Bang and Olufsen. Thus, identity may be regarded as relatively persistent, rather than impervious to change.

Summary of Proposed Theoretical Framework

The preceding sections have provided background about the key theories, concepts, and literatures informing this study. This section integrates these points into an overall framework (Figure 3).

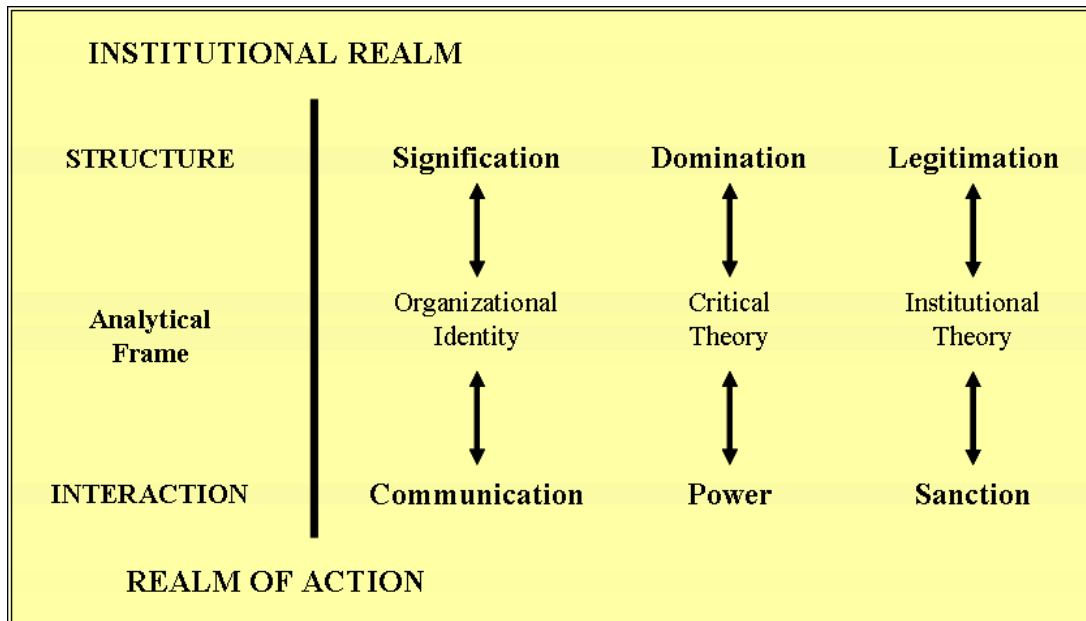


Figure 3. Theoretical framework

Structuration theory represents the macro theory guiding this study, describing the interaction of structure and agency as a duality, while organizational identity helps clarify the mechanics of how structures are produced, reproduced, and modified. Organizational identity and structuration are deemed ontologically similar (socially constructed), operating under a similar process of production/reproduction over time.

Structuration theory accommodates both top-down planned intervention-based change, as well as bottom-up emergent change. The emphasis for this study will be on emergent, incremental change, driven by slippages in routines that open the door to variation and change. The cumulative effect of this variation is the revision of governing structures through dialectical synthesis of old and new elements (intentional and unintentional). Associated with these points, is a holistic perspective involving interdependent components (dimensions and levels of analysis for structuration), such that changes in one level promote/enable changes in the others (Johnson et al., 2000).

Although this study examines the impact of a particular intervention on EES, I do not regard the Scorecard as the primary mechanism of change. Barley (1986) suggests that “technologies are better viewed as occasions that trigger social dynamics which, in turn, modify or maintain an organization’s contours” (p. 81). Thus, the adoption of new technology (BSC) represents a precipitating jolt that prompts reshaping of the existing social processes/dynamics at work (Orlikowski, 1992), rather than directly creating change (cause-and-effect relationship). Change then involves the negotiated social construction of a new organizational reality (Berger & Luckmann, 1967) by members of the organization. This revision of reality occurs through the modification of modalities.

Organizational identity facilitates this process by acting as a key interpretive schema, particularly during periods of crisis or change. As a central organizational sensemaking device, identity enables engaging in dialogue about “what the organization is,” and what governance structures members agree to invoke to control behaviour (Barker, 1993). Change will occur iteratively over time through negotiations between members and reinforced reproduction of new schemata. Thus, successful change requires

the revision of organizational identity (Fox-Wolfgramm et al., 1998; Gioia & Thomas, 1996). Without changes in members' shared interpretive schema, organizational changes cannot be sustained owing to cognitive discontinuity as replacement structures will be interpreted through pre-existing schemata (Elsbach & Kramer, 1996; Isabella, 1990).

Theorized Dynamics of Change

In summary, for the purposes of this study, change involves a dialectical process through which members learn how to employ alternative interpretive frames (Barr et al., 1992; Bartunek, 1984). Key to the process is initial sensemaking of new schemata using pre-existing schemata (Isabella, 1990), highlighting the importance of continuity to bridge schemes (Reger et al., 1994). Shifting to new schemata does not follow a Kuhnian paradigm shift of abrupt replacement, but rather requires the delegitimation (Dent, 1991; Oliver, 1992) and creative destruction (Biggart, 1977) of former structures, combined with gradual, continual reinforcement (or reproduction; Giddens, 1984) of replacement structures until they become established (or institutionalized; Tolbert & Zucker, 1996). Building on Bartunek's observation of the need to synthesize alternative perspectives, and Gersick's (1991) notion of combining old and new elements, I argue that although identity has an enduring quality, synthesis of a "new" identity is necessary and possible, as long as sufficient prior elements remain (continuity).

Customization of new technologies, such as the Balanced Scorecard (Westphal et al., 1997), will prompt reconsideration of the existing organizational system, particularly where the intent is to use the Scorecard as an interactive control system (Simons, 1995; Tuomela, 2005). Customization, however, requires a collective effort (Beer et al., 1990); that is, negotiation and agreement on revisions by members (Barker, 1993). These

negotiations will be enhanced by the translation of proposed interventions by intermediaries (internal or external) who are conversant with the organization's identity and are therefore able to bridge the schematic divide (Reger et al., 1994).

Members also need to be mobilized in support of change (Balogun & Johnson, 2005), rather than directed to execute plans dictated by senior management. How change is managed may be more important than the specifics of what is adopted (i.e., intervention technology). Organizations and individuals need time to consider, synthesize, and integrate shifts in interpretive schema (Balogun & Johnston, 2004, 2005; Isabella, 1990). As shifts in schemata occur, revisions to formal organizational structures will correspondingly be made explicit (Bartunek, 1984; Ranson et al., 1980).

CHAPTER 3:

METHODOLOGY

This chapter describes the research methodology employed for this study. First, a description and rationale for the particular research approaches and corresponding strategies employed is presented. In brief, an inductive, partially retrospective case study approach (Yin, 2003) using a mixed methodology (Tashakkori & Teddlie, 1998) has been employed. This approach enabled a more detailed examination of the phenomenon under investigation (Greenwood & Hinings, 1996) through the use of a combination of data sources and analytical techniques.

Second, the research questions guiding the study are discussed. Third, the primary data sources—semi-structured interviews, archival data, third party studies, and participant observations—are described. Data reliability issues are also noted.

The primary analytical technique used for the semi-structured interviews and some archival data was computer-aided textual analysis (NVivo, Version 7), using open coding and a hermeneutical approach (Gephart, 1993). This approach allowed various themes to emerge from the data, which were then used for subsequent analysis. Finally, a brief description of the ethical considerations pertaining to this study is presented.

Type of Study

This study employs a case study approach (Yin, 2003) that builds upon the grounded theory notion (Glaser, 1992; Glaser & Strauss, 1967) of developing new theory through the examination of phenomena. One of the grounded theory techniques borrowed involves the open coding of data, combined with additional data collection using theoretical sampling informed by the analysis. Subsequent analysis used these emergent

codes and sought to enhance fit of the new data with the emerging theory (which is also consistent with the iterative approach of Langley, 1999). A mixed methodology (Tashakkori & Teddlie, 1998) combining qualitative and quantitative data and analysis was also employed due to the nature of the phenomena under investigation (radical change) and the need for greater breadth of information.

A pragmatic approach (Creswell, 2003) was adopted, where particular methods are used based on “what works” (Patton, 1990). Pragmatism draws upon different philosophies and views of reality, selecting the best methods to research the problem in question. For example, qualitative methods were better suited to exploratory study of the adoption of the BSC, while quantitative measurement using established research methods (e.g., questionnaires) was better suited to assessing the organization’s culture and employee satisfaction. Moreover, all of the information necessary to assess the process of radical change could not be obtained through a single data source or analytical method.

Qualitative Case Study

This study employs a primarily qualitative, combined retrospective and concurrent, case study approach. According to Yin (2003), case studies are appropriate when examining “why” and “how” questions. Case studies are also appropriate when the phenomena in question are unfolding in a real-life context separate from the researcher’s intervention (i.e., EES’ decision to adopt the Balanced Scorecard). This allows for more in-depth analysis of the phenomena, and the use of a variety of sources and types of data (Creswell, 2003).

A qualitative approach is beneficial in situations where limited details are known in advance. This study began as an investigation of how EES was using the Balanced

Scorecard, and evolved into an examination of whether and how the BSC facilitated radical organizational change, as suggested by members. Semi-structured interviews with EES members helped define how and why the Scorecard was adopted, and the key events surrounding its adoption, development, and use. The interviews also allowed probing to help clarify participant comments, address gaps in the researcher's knowledge, and enhance understanding of the situation.

This study also employs a retrospective approach, for several reasons: the need for an example of successful change, not identifiable a priori; the extended time frame associated with change in this case; the ability to examine how the process of change unfolded; and the timing of obtaining access to EES (post-BSC adoption). However, not all of the study was retrospective. It included real-time data collection, beginning in the spring of 2002 and continuing on until the end of 2006 (see Table 2). Isabella (1990) suggested that a retrospective study is warranted with an interpretive approach, as members cannot evaluate and discuss the meaning and implications of change until after change has occurred and they have had an opportunity to reflect on what transpired and why. The realization and meaning of change, or key contributing factors, may not be apparent until well after the initial precipitating events and adoption of change interventions. For example, change may involve member perceptions that things are different, though in general, non-specific terms (Collins, 2001). In addition, if change follows a tipping point (Gladwell, 2000) trajectory, the effects of change will not be apparent until well into the process. It is only once change has become established that members may be able to identify and describe what occurred (Isabella).

Underlying this study's approach is an interpretivist/social constructionist perspective, which assumes that how members make sense of their socially constructed reality shapes their behaviour (Berger & Luckmann, 1967). This perspective naturally lends itself to qualitative study, given the need to examine members' own interpretations, explanations, and understandings of what transpired. An interpretive perspective is also suited to examining the social processes and dynamics at work following the introduction of new technologies (Barley, 1986; Orlikowski, 1992; Orlikowski, Yates, Okamura, & Fujimoto, 1995).

Finally, as noted by Eisenhardt and Graebner (2007), case studies are effective for building theory inductively, benefiting from close adherence to the data, and triangulation through multiple data sources, thereby reducing potential bias (including retrospective bias (Golden, 1992, 1997). Observations and conclusions from exceptional cases also can provide unique insights into particular phenomena not possible with typical cases (Siggelkow, 2007). Among the factors making this a potentially unusual case are that it is a case of successful change (Burke, 2008), involving a private, employee-owned firm that operates as a clan-controlled professional service firm.

Methods

As this study examined the dynamics of change, data collection included confirming differences between EES' former and current states, and the role and influence of particular historical actions and events. Thus, both baseline and later assessments of organizational state were required, though without the advantage of conducting a controlled study. Supplementing this was the need to identify the circumstances, timing, and effects of particular actions and events, and whether these

interventions were still in place. Particular attention was given to the role of the Balanced Scorecard, given its prominence in the opinion of members.

Guiding Research Questions

The particular phenomena investigated and point of continuity for the study involved EES' adoption and use of the Balanced Scorecard. Modifications in research focus and questions occurred as new information was collected and analyzed, and alternative framing examined using different literatures (e.g., management control, sociology of professions, change).

The first question addressed was, did EES change, and what was the nature of this change? Various traditional indicators were collected to address these questions, including:

- Company financial performance
- Company growth (employees, mergers and acquisitions)
- Employee satisfaction ratings
- Employee organizational commitment
- Changes in corporate structure
- Changes in key corporate statements (e.g., mission, values, goals)

To obtain such information, both qualitative and quantitative data from various sources were accessed (see Table 1). Members were also asked whether they concurred that the company had changed significantly.

Having established whether change had occurred, data was collected regarding the key technology, the Balanced Scorecard:

- How did EES members understand what the Scorecard was and how it should be used?
- Was EES' use of the Scorecard consistent with what Kaplan and Norton (1992, 1996) described and promoted?
- What reactions did members have to the Scorecard? Did they reject it as an attempt at increasing management control as posited by the profession's literature?
- Why did they accept the Scorecard and advocate its use?
- Did EES' use of the Scorecard evolve over time and in what ways?

Identifying members' understanding and use of the Scorecard provided insights into whether members accepted the norms and values implicit within the Scorecard, or chose to reshape it into terms more consistent with their firm and their view of reality (Orlikowski, 1992, 1996, 2000).

The third set of questions stemmed from members' statements that the BSC had been instrumental in changing the company. Did members attribute too much causality to the Scorecard, or were there alternative explanations? Thus, evidence was sought to confirm or identify the following:

- Antecedents to change in terms of precipitating events and rationale for employing the Scorecard
- The profile of change (pace, sequence, and linearity), and whether this matched that of the dominant change models
- Alternative actions and events that might have contributed to change
- Why change efforts were ultimately successful in EES

Members were also asked to verify and confirm one another's assertions regarding the influence and importance of the Scorecard in effecting change. Moreover, how change occurred and in what ways was as yet unclear. Determining this might provide additional insights into the dynamics of change, particularly if the pace, sequence, and linearity of change did not match that of the dominant change models.

Table 1

Key Questions, Measures, and Data Sources

Key Questions	Measures	Data Sources
1. Did change occur at EES?	Corporate financial performance	Company annual reports Company records
	Industry performance	Statistics Canada
	Staffing levels	Company records
	Employee share ownership	Company annual reports Company newsletters
	Employee organizational commitment (affective vs. continuance)	OCI study Company annual reports Employee satisfaction survey (survey and closing comments) Semi-structured interviews
	Employee morale	OCI study Informal discussions Employee satisfaction survey (survey and closing comments) Company records
	Company core values Member impressions of change	Company documents Semi-structured interviews Informal discussions Employee satisfaction survey (closing comments)
2. What contributed to change at EES?	Member impressions/assessments of change	Semi-structured interviews Informal discussions Employee satisfaction survey (survey and closing comments)
	Member identification of contributing factors	Semi-structured interviews Informal discussions Employee satisfaction survey (closing comments)

(table continues)

Table 1. (continued)

Key Questions	Measures	Data Sources
	Significance of OCI study	Semi-structured interviews Informal discussions
	Significance of BSC	Semi-structured interviews Informal discussions
3. How did the BSC contribute to change?	Understanding of the BSC	Semi-structured interviews Informal discussions Archival documents Employee training seminar
	Initial reactions to Scorecard	Semi-structured interviews Informal discussions Employee training seminar
	Development of the BSC	Semi-structured interviews Informal discussions Archival documents Participant observation
4. What else contributed to change?	Change in leadership	Semi-structured interviews Informal discussions
	New programs, incentives	Semi-structured interviews Informal discussions Company newsletters
5. What was the profile of change?	Pace of change	Semi-structured interviews Informal discussions Archival documents
	Sequence of change	Semi-structured interviews Informal discussions Archival documents
	Linearity of change	Semi-structured interviews Informal discussions Archival documents
6. Does EES' culture reflect the Constructive orientation?	Cultural alignment with Constructive orientation	Semi-structured interviews Informal discussions Employee satisfaction survey (survey and closing comments)

Data Sources and Collection

To address these questions, a variety of data were required, including contextual and problem-specific information. Contextual information came from company documents and included standard variables such as company size, industry, history, and

financial performance over time. Data confirming the timing and sequence of events that transpired, details about the development and adoption of the Scorecard, and additional change initiatives undertaken, addressed questions about the pace, sequence, and linearity of change (Amis, Slack, & Hinings, 2004). Problem-specific information came from the interviews and survey data, involving clarification of the company's identity and its core values and beliefs, the key interpretive schemes employed by members, firm performance indicators and their importance, and changes to the company's formal core values statement in 2005. Specific measures of corporate culture and organizational identity (from employee surveys), as well as indicators of interpretive schemes, systems of power and domination, and forms of legitimacy, were also collected. Archival data such as meeting binders, newsletters and annual reports represented a particularly important data source for this aspect as it reflects the prevailing construed reality and frames of reference (i.e., macro social structures) in effect at specific points in time, particularly those dominant between 1996 and 2001.

In addition, data reflecting EES' situation both pre- and post-intervention were required, to determine differences between the firm's former and current states (outcome), and the role and influence of particular historical actions and events (process). This is not meant to imply that EES moved from one equilibrium state to another; merely to confirm that it did change from its former state to something else. However, as suggested by Barr, Stimpert, and Huff (1992), it could also mean that the firm had moved from a frozen to permanently unfrozen state. Longitudinal data, combined with selected cross-sectional data was collected on firm financial performance, staffing levels, employee morale and commitment, and the organization's culture. The 1996 OCI study

provided key baseline data for assessing cultural change (both for this study and from the perspective of the firm’s members), as did the annual employee surveys. The respective timing of collection of the various data sources by the researcher (retrospective or current) is summarized in Table 2.

Table 2
Timing of Collection of Data Sources

Source	2002	2003	2004	2005	2006	2007
Semi-structured interviews	X	X	X	X	X	
Informal discussions	X	X	X	X	X	X
Participant observation		X				
OCI study		X				
HA Consulting employee surveys		X	X	X	X	X
Public data sources	X	X				
Newsletters, annual reports			X	X	X	X
Private corporate data	X	X	X			

Exploratory Phase

Initial investigation focused on obtaining background information about EES including its history, the nature of the consulting services it provides, the industry and its competitors, and corporate policies and practices. Semi-structured interviews with members beginning in the spring of 2002 helped define how and why the Scorecard was adopted, and what transpired afterwards. The interview process also served to clarify participants’ comments and address gaps in the researcher’s knowledge and understanding of organizational dynamics. Moreover, participants were able to refer the researcher to additional relevant sources of information (both individuals and documents). Snowball sampling (i.e., referrals by participants) facilitated the collection of additional relevant data during the exploratory phase.

Additional sources drawn upon during this phase included public corporate documents and business and industry media articles. However, due to the private (employee-owned) nature of the company, limited public information was available. Thus, most of the data were from corporate sources including participant interviews and reports (with the potential for inherent bias). Post-intervention/change data were collected from a variety of sources including third-party employee surveys, corporate documents, and semi-structured interviews.

Primary Data

Primary data were collected via three key methods: semi-structured interviews (2002–2006), informal interactions (2002–2007), and participant observations (2003). Each of these is described below.

Semi-structured Interviews

Semi-structured interviews facilitated the investigation in several ways. First, little was known about the firm prior to entry and so few preconceptions were held (however, it is impossible to be devoid of inherent biases). The semi-structured format provided the flexibility to pursue participant comments regarding the Scorecard as the mechanism for change. Second, in such studies, it is important just to get participants talking, as discussion may lead to new insights (such as the OCI study). Third, questions are likely to evolve as themes begin to emerge from the data. Rigidity in pursuing scripted questions would hinder rather than assist subsequent data collection.

These interviews and informal discussions proved critical to ascertaining members' accounts of organizational actions and events during the period under investigation. Comments covered a variety of topics including changes that had occurred,

and EES' use of the Balanced Scorecard. Interviewees included senior and middle managers, members directly involved in the Scorecard's development and implementation, partners, and junior staff. Fortunately, almost all of the members involved in key aspects of instituting change were still with the company and thus were accessible. This greatly facilitated data collection, as did endorsement by the president of EES Canada.

A total of 24 formal interviews were conducted, with participants from several offices located across the country (see Table 3). Participants held a variety of positions ranging from administrative to executive levels, thereby providing a broad perspective on the company. Moreover, many participants have held a variety of positions, rising up through the ranks, transferring between offices, and/or holding management positions, and thus were able to comment on their experiences within a variety of contexts.

Table 3
Schedule of Interviews Completed

Level	Western	Eastern
Senior Management	4	2
Office Manager	4	2
Partners	5	2
Other	2	2
International	1	

These interviews were generally conducted on-site in company offices.

Conducting interviews in person and on-site has the advantages of being able to note non-verbal cues from participants, as well as having access to pertinent documents (e.g., the OCI study). Three interviews were conducted over the telephone. These interviews ranged in length from 30 minutes to over 2 hours and covered a variety of topics including firm history, culture, the Balanced Scorecard, and change. In most cases,

participants were provided with a copy of the proposed questions in advance (see Table 4), allowing them to consider their responses; however, they were allowed to answer questions as they wished, sometimes touching on several related topics at once. The interviews were conducted between February 2002 and December 2006, supplemented by additional informal discussions held during this period. The interviews were not conducted all at once, but in stages, following and building upon concurrent data analysis. In most cases, they were tape recorded, with the researcher taking additional notes. The recorded interviews were transcribed, with both electronic and hard copy records produced for further analysis (using NVivo software).

Table 4

Typical Interview Questions

1. What is your background with this company and present position?
 2. Could you provide me with a bit of background about the company?
 3. When did your company adopt the Balanced Scorecard and why?
 4. How and when did you first hear about the Balanced Scorecard?
 5. Who spearheaded the initiative to adopt the Scorecard and how was it implemented?
 6. What's the current status of the Scorecard?
 7. What other initiatives has your company used to manage performance? Are they still in use?
 8. Could you describe a bit about the process of designing the Scorecard for your company, including the measures selected?
 9. What are the key Scorecard measures from your perspective? At the corporate level?
-

(table continues)

Table 4. (continued)

-
10. What do you see as the key benefits of the Scorecard?
 11. Does the Scorecard affect what you do?
 12. How has the Scorecard been received by employees?
 13. Have you encountered any problems or difficulties developing and implementing the Scorecard? What have you learned from these experiences?
 14. What is your overall impression of the Scorecard?
 15. Do you think the Scorecard has improved the management of the company? How?
 16. Any other comments about the Scorecard?
-

Prospective participants were selected using several criteria including position (both management and non-management representatives), office location (division between eastern and western Canada), background (association with Scorecard development or knowledge about the company), and accessibility (timing and location). Snowball sampling (referrals by participants to other individuals) was also used. Additional interviews were conducted in 2004 and 2006 based on preliminary analysis and the need to corroborate findings and collect additional information. Although unintentional, almost all the participants were with the company at the time of adopting the Scorecard, including several who participated in the OCI study. They were therefore familiar with the context and events that had transpired. Due to accessibility rather than intentional sampling, more participants were from the west. Informal discussions with company members, many at a junior level, supplemented and corroborated the formal interview information.

Although the majority of formal interview participants held manager or partner positions, and the data might be biased in favour of management's perspective, two senior participants also spoke on behalf of junior staff. These members were actively

engaged in EES' internal training programs and had regular contact and discussion with junior members. They commented on the particular thoughts and concerns of junior staff, including their reactions to topics such as the BSC and employee ownership.

During each interview participants were asked to recall historical events and actions (Isabella, 1990), as well as to provide comments regarding the company's current situation. Golden (1992) suggests that where possible, retrospective and current information should be collected in separate interviews to avoid potential bias. However, the practicality of conducting separate interviews precluded such a strategy.

Notwithstanding this potential limitation, interviews were oriented towards collecting retrospective information at the beginning, then progressing towards more current information and impressions. Providing participants with a list of questions prior to the interview aided their subsequent recall of events (see Table 4). Triangulation with alternative sources, primary and secondary, was also used to identify potential bias (e.g., dates, timing of events). Informal discussions were particularly important in this regard.

Informal Discussions

Supplementing the semi-structured interviews were numerous informal discussions with EES members held between 2002 and 2007 in a variety of settings and contexts (bar, office function, client reception, recreational activity). Although these conversations could not be recorded, their substance was noted and compared with the formal remarks.

These informal conversations were important sources of information as participants were more forthcoming, and a variety of additional subjects could be addressed. Topics discussed included EES' culture, the company's history, changes in the

company, and other current issues. The company's strong oral tradition meant that informal situations were important venues for the elaboration and discussion of their history, culture, and key personalities. These conversations provided the opportunity to corroborate statements expressed in the formal interviews. The general lack of inconsistencies between responses provided additional confidence in the reliability of the interview data.

Finally, ongoing informal discussions regarding the company and its management were held with a middle manager informant. Although these discussions were not recorded, they helped verify and clarify certain aspects of the company's history and how it operated, provided insights into the firm's culture, its current activities and issues, and served as a check on my interpretations of actions and events.

Participant Observations

A final type of primary data collection involved participant observations at a 3-day national office managers' meeting (2003) and a 1-day new employee orientation seminar (2003). The national office managers' meeting included formal and informal gatherings, and a few EES International representatives. Attendance at this meeting helped provide valuable insight into how the company was managed, and the perspectives of the various managers themselves.

The meeting covered a variety of items including the president's report on the state of the company, prior year results and forecast for the year ahead, regional reports and outlook, issues of company-wide concern, and initiatives to be undertaken at the individual office level. The meeting also featured specific discussions about the Balanced Scorecard. Over two hours of meeting time was allocated to this discussion. Breakout

groups talked about revising and updating the Balanced Scorecard to keep it fresh and avoid losing employee attention and interest. The meetings also featured information sharing and dissemination, as well as corporate planning and decision-making.

The employee orientation seminar was held off-site and delivered by in-house members. The seminar provided a history of the company, an introduction to the Scorecard, and an introduction to the consulting business. The orientation also introduced new members to the company's culture, highlighting the company's rich history and stories about the actions of some of its larger-than-life characters as they built the company. The role and importance of employee ownership was noted, and members were encouraged to buy into the company. Ownership was linked not only to sharing in the company's success, but also the importance of "taking care of what you own." This ownership mentality promoted the idea that acting in the best interest of the company was intertwined with one's own interest. Orientation trainers noted that although numerous other topics could be discussed, the Balanced Scorecard had remained a central component since the beginning. Training on the BSC is also provided at middle manager training and development courses.

Copies of the employee orientation seminar manual, and of the 2003 national office managers' meeting were obtained. In addition, copies of the national office managers' meetings for 1999 to 2004, and selected eastern and western regional managers' meetings were accessed and reviewed. All documents were accessed through senior staff and reviewed on-site during 2003 and 2004.

Secondary Data

A variety of secondary data sources were accessed. Some of these represented primary data collected by third parties (such as OCI Consulting and HA Consulting), while others were publicly published data. Published data included articles about the company and information produced by EES and made publicly available (e.g., the firm's website and brochures). Most of the secondary data were collected from internal sources. These data represented a mix of information available to all members through their intranet (defined as public corporate data), and less widely distributed management information (defined as private company data). An important source of time-dependent yet longitudinal information on company changes were EES Canada and EES International internal employee newsletters and annual reports. This periodic information was collected over time between 2002 and 2007 as it became available.

Third-Party Sources

Third-party sources included the 1996 organizational cultural inventory conducted by OCI Consulting, and HA Consulting's 2002 and 2007 annual employee satisfaction surveys, which ranked best employers (non-public, internal documents were accessed on-site; also see Brearton, 2007; Brearton & Daly, 2004, 2005, 2006; Brearton, Friesen, & Brooker, 2006; Daly, 2002; Daly & Brearton, 2003; Gordon, 2000; Macklem, 2002, 2005; McKay, 2001). While some detailed information pertaining to each of these studies was obtained, the raw data were not accessible, and the respective survey instruments represent propriety information. However, EES managed to acquire more detailed information than was publicly available for the 2002 and 2007 HA Consulting surveys. Each of these studies and their significance to this study are described below.

Organizational Cultural Inventory

OCI Consulting conducted their OCI survey in 1996 to determine why EES was experiencing low employee morale and declining member commitment (OCI Consulting report to EES, 1996; private, internal document). According to participants, this study was instrumental in convincing partners of the severity of the company's problems and its corresponding need for change. The 1996 OCI study constituted a precipitating jolt and provided a sense of urgency regarding the need for change.

The OCI study consisted of two parts: a 96-item, self administered questionnaire, and focus group interviews with selected members. The survey was conducted during the summer of 1996, and a report produced in September. The results of the study were provided to a gathering of partners in Vancouver in October 1996, with the results subsequently reported to all company staff. (For a description of the Organizational Cultural Inventory, see Appendix B.) A copy of the OCI final report was accessed in late 2003.

While results from the self-administered questionnaire part of the study were available, the detailed interview comments were provided only in summary form. However, according to the report, members were generally consistent in their comments. Participants acknowledged that the study was accepted as an accurate assessment and portrayal of the company at that time. Thus, the OCI study provided the baseline against which changes in EES could be compared, based on the extent to which the firm did or did not reflect either the Aggressive/Defensive or Constructive cultural orientation. This data and the coding structure informed by the OCI components were key to assessing EES' organizational identity and changes to it over time.

While EES acted on the conclusions and recommendations provided by OCI Consulting, unfortunately they did not conduct a follow-up Organizational Cultural Inventory, owing to time and cost considerations. Time commitments and a proprietary measurement system precluded independent replication of the OCI. As a proxy, data from the 2002–2007 annual employee satisfaction surveys (HA Consulting; internal documents) were used.

The satisfaction survey data represent a suitable proxy for the following reasons. The surveys had broad participation; response rates averaged over one-third of all employees. The results were highly representative of the firm's population (not subject to the sampling considerations associated with general population surveys). This data source provided time-specific information about employee opinions, capturing employee opinions at particular points in time. A retrospective survey (Golden, 1992, 1997) or replication of the OCI might not provide as reliable results. Also, the survey was conducted annually, thereby providing trend information. Furthermore, the survey provided snapshots of employee opinions 5 and 10 years after the OCI study—important longitudinal data. The survey was conducted by a third party using an independent, established methodology, where the questions posed were not influenced by potential researcher bias from this study or the OCI instrument. The nature of questions posed on the employee satisfaction survey dealt with many of the issues that were of concern to members back in 1996, issues involving morale, organizational culture, motivation, and commitment. Moreover, several of the satisfaction survey questions were similar to those used on the OCI, and would have been replicated on a researcher-initiated survey. Finally, the 2002 and 2007 survey reports included members' verbatim comments on a

wide range of additional issues about the company, many focusing on cultural and related issues, which provided additional insights into employee opinions. This last data set is of particular interest for this study, as the data represent an appropriate proxy for conducting multiple interviews or another survey.

HA Consulting Employee Satisfaction Surveys

EES participated in HA Consulting's annual employee satisfaction surveys to identify the best employers in Canada, and made the 50 Best list each year between 2002 and 2007 (Brearton, 2007; Brearton & Daly, 2004, 2005, 2005; Brearton et al., 2006; Daly, 2002; Daly & Brearton, 2003; Gordon, 2000; McKay, 2001). The survey is conducted the year prior to the release of results, so that 2007 rankings are based on the survey conducted in 2006 (references below are designated by the rankings release date rather than when the survey was conducted). Thus, the 2002 rankings reflect employees' opinions 5 years after the original OCI study, and the 2007 rankings reflect opinions 10 years after the OCI study, thereby providing two key points of follow-up data.

The employee satisfaction survey is web-based, and response rates have generally been quite high (40+ percent) within EES. The survey asks participants over 100 Likert scale response items (130 items, in 2007) covering a variety of topics such as employee satisfaction, motivation, quality of management, pay and benefits, and people policies. Key to the rankings is the company's score on *engagement* (see Table 5), which involves speaking positively about the firm (*say*), having a desire to stay with the firm (*stay*), and putting forth extra effort to do a good job (*strive*). Engagement has some parallels to measures of organizational commitment (e.g., speak positively, want to stay). Organizations with high engagement are described as having lower turnover, less

absenteeism, higher employee morale, and fewer accidents. They are also employers of choice and are more productive.

Table 5

Employee Engagement

Question	
Say	<i>I would, without hesitation, highly recommend this organization to a friend seeking employment. Given the opportunity, I tell others great things about working here.</i>
Stay	<i>It would take a lot to get me to leave this organization. I hardly ever think about leaving this organization to work somewhere else.</i>
Strive	<i>This organization inspires me to do my best work every day. This organization motivates me to do more than is normally required to complete my work.</i>

Employee Concluding Comments

As with most surveys, participants were given the opportunity to provide additional written comments at the end, via an open-ended question. This form of response is typically used to probe participants' previous responses, particularly where research is of a more exploratory nature (Fowler, 2002). Fowler recommends against allowing open-ended responses on self-administered questionnaires, suggesting that they do not provide useful data, and are too difficult to code. However, he also acknowledges that open-ended responses allow for unanticipated answers (see Plouffe, 1999) and "may describe more closely the real views of the respondents" (Fowler, p. 91), by allowing participants to answer questions in their own words as opposed to using forced responses. These qualities, combined with the quantity and time-specific nature of such information, made this a particularly rich source of data for assessing employee opinions, organizational commitment, organizational culture and identity, and change.

On average, respondents provided one or two sentences commenting on a few aspects of corporate climate and practices, although some included quite lengthy and detailed responses (almost 500 words) on a variety of topics. As noted by HA Consulting, although the comments may not be regarded as representative of all employees, they acknowledge that these “comments are generally volunteered by employees with the strongest views,” and thus reflect the opinions of those with “something to say” (HA Consulting survey, 2002). Given the high number of EES participants who voluntarily chose to provide such comments (over 75 percent of respondents in 2002), the responses may be regarded as representative.

Although these data have not been obtained annually by EES due to cost, data were available (as internal reports) for 2002 and 2007. About one-third of survey respondents chose to include some form of additional comment, thus providing feedback from a broad cross-section of the firm. While there was considerable variation in numbers between the years, there is no real significance to the changes as participation was completely voluntary, and participants were under no obligation to respond (see Table 6).

Table 6

Employee Final Comments

Survey Year	English	French	Percentage of Respondents
2002	160	12	77.1%
2007	364	19	30.8%
TOTAL	524	31	

Publicly Available Data Sources

EES has also been rated as one of the best-managed companies in Canada (Bitti, 2008; “Canada’s 50 Best Managed Companies,” 2005, 2007; Deloitte, 2004; Maich,

2006). The details behind the calculation of this award were not available, but did not involve an employee survey. The company has also been successful in industry-based rankings of top firms, reflecting recognition among its peers (Murphy, 2002). Although the company has been successful in these rankings, it has received only limited press coverage, even within industry journals. Typically it is mentioned in the press in connection with technical excellence awards on specific projects. To the extent available, these documents were accessed in 2003 and 2004 and reviewed. EES also publishes a regular public newsletter, though this is directed to industry sectors and provides technically oriented information about its services and past projects. In summary, limited public information was available about the company itself.

Public Corporate Data Sources

This source includes internal corporate documentation generally available to staff, and includes EES Canada and EES International quarterly newsletters, annual reports, Balanced Scorecard reports, employee handbooks, and the summary results from the annual employee satisfaction surveys. Collection of this information began in 2003 and continued until 2007.

EES Canada quarterly staff newsletters for the period Q4 1999 to Q3 2006 were obtained and analyzed using NVivo (Version 7) software with a combination of predefined and emergent themes. Unfortunately, the first such newsletters were published in 2000 (the 1999 Q4 report, in an internal document); so information regarding earlier events was not available through this medium. Nevertheless, the newsletters provided valuable historical context about important events, issues, and indicators of change over time. These reports were also used to identify and confirm the timing of various corporate

initiatives. Finally, the newsletters provided an additional indicator of the influence of the Balanced Scorecard upon the firm, and how its use was promoted to members (in particular between 2000 and 2002).

Since 2000, the general format for the newsletter has been based on the Scorecard quadrants (i.e., people, business processes, clients, and financial), including a cover page summary of Scorecard results during 2000–2001. EES International newsletters and annual reports have also adopted this basic format, although their newsletters have a different orientation and reporting style.

The researcher also accessed EES International annual reports for the years 2001 to 2006. In general, these reports focus on the company's financial performance, noting specific projects and activities that occurred during that year. Typically less than 60 pages long, they provide limited detail and information in comparison to publicly filed corporate annual reports. Company Balanced Scorecards for 1999 to 2006 were also obtained (see Appendix H). Overall the Scorecard has not changed significantly during this period.

Employee training and orientation materials were also referenced and obtained where possible. For example, an orientation session was attended and a copy of the 2002 Employee Manual obtained in 2003, which provided general company information including core values, the Balanced Scorecard, and employee policies. Finally, results of the annual HA Consulting employee survey have been posted on the company's intranet, providing summary scores for EES broken down by various survey topic areas, such as health and safety, though not the additional written comments.

Private Company Information

Some information normally available for public companies could be obtained only through company sources. Quantitative data consisted of corporate financial information from internal systems, and from the company's quarterly staff newsletters and annual reports (e.g., audited statements). This included financial performance information for the Canadian company between 1985 and 2006. Financial information for the parent company was obtained through annual reports and newsletters (dating 1999 to 2005). The company's financial results between 1994 and 2006 provided a standard measure of overall performance, and whether the company experienced improving or declining performance (as traditionally defined). The emphasis on financial performance during this period was indicative of management orientation and corporate culture, particularly given that EES is a consulting firm, where contracts and billings are critical to survival.

Other data such as management briefings were requested and obtained through corporate contacts. Documents from corporate board and management meetings (2000–2004) were reviewed, as were internal corporate communications and presentations to staff (including the Balanced Scorecard). Agendas for the management meetings were examined to identify key issues under discussion and the amount of meeting time devoted to them. The appearance of various issues on the agenda, combined with the amount of time allocated and their recurrence over time, provided an indication of their importance. Notable was the amount of time devoted to discussion of the Scorecard during the 2000–2003 meetings.

Data Reliability

This study drew upon a variety of data sources, both primary and secondary, internally and externally produced, qualitative and quantitative, and retrospective and time-specific. Moreover, these data were generated for various purposes and audiences. Using a variety of data reduces the potential for common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), enhances internal validity through triangulation, and reduces the potential for bias associated with retrospective recall of events (Golden, 1992, 1997). Member accounts of historical events were compared to archival document accounts that are time-specific and reflective of conditions at that time.

In general, significant discrepancies or inconsistencies between these data types and sources were not encountered (mostly factual), providing a high degree of internal reliability. Although reliance on corporately produced information might suggest bias due to “managed” information, given the breadth of sources accessed, such concerns do not seem warranted.

Many of the comments expressed and information provided in the interviews were remarkably consistent from member to member. This consistency was reflected through both the formal and informal discussion; therefore, the information provided was deemed highly reliable and representative. Several corroborating statements were uttered by different members in completely separate and different contexts, thereby indicating not only consistency of the data, but also of member understanding and interpretation of these events.

In terms of third-party studies, such as the OCI study (private internal document, 1996), and in-house studies, such as the employee satisfaction ratings data (HA

Consulting studies, private documents; also, Brearton, 2007; Brearton & Daly, 2004, 2005, 2006), members' agreement with the studies' conclusions, and their willingness to act on these findings provided an additional measure of their reliability. For example, some EES members were initially sceptical about the accuracy of OCI Consulting's results, particularly given their dramatic divergence from partners' perceived reality. Nevertheless, members ultimately accepted the results as an accurate assessment. Moreover, reliability concerns regarding HA Consulting's annual employee satisfaction survey from any participating company were not identified, and the firm involved was (and still is) respected within its field.

Data Analysis Techniques

Data were analyzed using a combination of techniques, depending upon the nature of the data; these included content analysis, textual analysis, and such previously noted indicators as affective commitment measures, (Miles & Huberman, 1994). For example, in the case of documents such as management meetings, staff newsletters, and other internal communications, content analysis techniques such as lines of text and time allotted were used to indicate the relative importance of various issues.

Computer-aided textual analysis (Gephart, 1993) was conducted employing QSR's NVivo (Version 7) qualitative software using both predefined and emergent coding. NVivo software enables sorting and grouping qualitative data into particular nodes (*coding themes*, in NVivo terminology). These nodes may be defined by the user in advance (e.g., OCI styles), or developed as one analyzes the data (e.g., open coding). As additional cases are added, they may be manually coded by the researcher (method used), or coded by NVivo through the use of keywords. Analysis of the data may also involve

content analysis, as statistics are compiled by NVivo regarding the amount and percentage of text coded under particular nodes. In general, the analysis for this study involved thematic coding, especially for the semi-structured interview data and employee comments.

Primary Analytical Techniques

The primary analytical techniques employed were textual and content analysis to identify themes, particularly those indicating how the organization understood and enacted the Balanced Scorecard. Shifts in research focus required adopting additional analytical approaches. For example, the identification of internal cultural conflict within EES, and the role of the Scorecard as a driver of cultural change, prompted the search for supporting evidence. As the baseline had already been established in terms of the OCI styles, subsequent analysis (e.g., additional employee survey comments) followed an OCI styles-based coding structure (see Table 7). Similar coding techniques were used to analyze data such as the employee newsletters (see Table 8) and the semi-structured interviews (see Table 9).

Table 7

OCI-Based Node Coding

OCI Tree Node	Branch	Description
Achievement		Focus on achievement and the pursuit of goals.
	Morale, Satisfaction, Recognition	Comments regarding the state of employee morale, satisfaction, and recognition of efforts by the company.
	Professionalism	Operation of company as a professional firm including reputation, professional and ethical standards (follow or not). High quality people and expertise. Well managed.

(table continues)

Table 7. (continued)

OCI Tree Node	Branch	Description
Self-Actualizing		Members allowed to seek self-growth through work and training.
	In-house Training:	Specific mentions of internal training programs.
	EES U	
	Great Place to Work	
Humanistic/ Encouraging		Firm supportive of members' needs including health and safety and work/life balance.
	Long Hours, Workload, Stress	Mention by employees of long hours, overtime, or level of commitment required to get work done. Also complaints about others not carrying their share.
	Work/Life Balance	Comments about firm's support of or encroachment on maintaining a healthy work/life balance.
Affiliative		Focus on teamwork and cooperation, friendly and collegial work environment.
	Compensation Issues	Whether employees feel they are reasonably paid for the work they do, either with respect to others, vs. the competition, or economic/living costs.
Approval		Members try to gain the approval of others and generally go along with others.
Conventional		Members are expected to follow the rules. Want certain degree of order and stability. Expect conformity.
	Balanced Scorecard	Specific mention use of Balanced Scorecard
	Chargeability and Profitability	Focus on chargeability and company profitability. Also concerns about controlling costs.
Dependent		Members expected to check with superiors on decisions and follow orders.
Avoidance		Members seek to avoid blame and risk, while management avoids making tough decisions.
	Junior/Senior Divide	Sense or extent to which members perceive that some members (senior/partners) are treated differently than others. Notion of class differences included. Also of gap between management and staff.
	Senior Leadership	Comments by members about the quality or lack thereof of good social, management, and leadership skills by managers and/or senior employees.
Oppositional		Members are critical of others and challenge new ideas.
Power		Individual focus where members engage in political behaviour, seek and expect power and control.
Competitive		Members try to outperform others and act in a competitive fashion internally and/or externally.
	Comparison to Competitors	Assessment of how well the company is doing compared to competitors, the industry, or economic conditions.
Perfectionistic		Focus on working hard, knowing the details, and not accepting mistakes.

Table 8

Newsletter Node Coding

Tree Node	Branch
1. BSC—People	BSC People—Learning EES U
2. BSC—Business Processes	BSC—Business Processes Health and Safety Initiatives and Investments Project Quality Management Risk Management
3. BSC—Clients	BSC—Client Key Clients Major Projects
4. BSC—Financial	BSC—Financials
5. Communications	Changes to Newsletter Consultation and Feedback External Communications Introduction—Highlights
6. Community Indicators	Culture Employee Satisfaction Mentoring Shareholders Team News
7. Company Performance	Acknowledgements and Kudos Areas for Improvement Company Cash Position Company Outlook Company Size External Assessments—Awards Negative Performance Office News—Performance Positive Performance
8. Company Structure	Leadership Team Market Sector Teams Mergers, Acquisitions, Expansion Partners
9. Corporate Strategy	Balanced Scorecard Business Strategy Differentiation Key Success Factors Shared Vision

Table 9

Interview Node Coding

Tree Node	Branch
1. Participant Background	
2. Balanced Scorecard—Initial	First experience with BSC Company adoption of BSC Initial development of BSC Learning about the Scorecard People involved in development Initial reactions and acceptance
3. Scorecard Measures	Selection of Scorecard measures Key Scorecard measures Changes to BSC Revising the Scorecard
4. Effects of Scorecard	Key benefits of Scorecard Influence of Scorecard Effect of BSC on management style
5. Adoption Process	Implementation problems Problems and pitfalls
6. Assessment of Scorecard	Current status of BSC Personal impression of BSC Level of support for BSC Assessment of progress Fit of BSC Future of BSC Individual scorecards Strategic alignment
7. Company Information	Corporate culture Communication Office information Organization structure Company dynamics
8. Company History	Historical company context Previous strategic approach Other management systems OCI Consulting study
9. Other	Opinion about company/job Knowledge gaps about BSC Final comments

Node coding. Defining the thematic codes to be employed varied by the type of data, and also varied over time as new themes emerged. Table 9 provides the initial

coding structure used for the semi-structured interviews, which were based on the questions used in the interviews (see Table 4). This structure was modified to reflect participant responses, and as emerging themes were explored with subsequent participants. Thus, to the extent that positive lessons were identified about developing, implementing, or using the Scorecard (see Node 4 in Table 9), corresponding new nodes were created. Caution was exercised when choosing to add or not add new nodes, as an overly expansive coding structure could overstate the importance of particular items, while too many themes might preclude focus. The full node-coding structure employed for the interviews is provided in Appendix E. Coding of the company employee newsletters (Table 8) from 1999 to 2006 used a similar approach of predefined (Scorecard quadrants) and emergent categories.

Three types of node coding were conducted using the OCI-based coding structure. The first structure involved seeking to ascertain the overall tenor of the additional comments (positive or negative), translating these into a 5-point Likert scale to facilitate comparison with the employee satisfaction survey results. The second involved coding these comments according to whether they reflected cultural styles as depicted by the OCI categories (e.g., Affiliative, Oppositional, or Dependent). This technique was employed to facilitate comparison with the OCI study results. Finally, a combination of predefined and emergent themes was used to code the data set, providing a comprehensive analysis of these comments. Table 7 shows the initial coding structure based on the style and orientation definitions employed by OCI Consulting in the organizational cultural inventory survey instrument.

Tenor of concluding comments. To analyze the overall tenor of comments provided by employees, a conversion of this data into a traditional 5-point Likert scale approach was conducted, quantifying the qualitative data. Comments were coded based on whether they were strongly positive (5), neutral or balanced (3), or strongly negative (1). Each comment was coded as a whole depending upon its overall orientation, rather than coding individual parts of each comment. The translation of comments into numerical categories was conducted as follows.

Very positive responses (5) were those that expressed only highly positive opinions about the firm using terms such as *excellent*, *exceptional*, *great company*, *proud to work here*, and *would never leave*. These members would be regarded as having high affective commitment (Meyer & Allen, 1991) and strong loyalty (Withey & Cooper, 1989) to the firm. The extent to which employee comments were skewed towards this end of the scale suggested that high employee satisfaction existed, and that the workplace climate was perceived as strongly aligned with the preferred ideal culture.

Responses coded as 3 were those that expressed either a neutral opinion or a roughly evenly weighted combination of positive and negative opinions. Categorization did not depend upon the presence of specific keywords. Members giving such responses could therefore be regarded as loyal and satisfied, with no major concerns, and not contemplating leaving the company.

Very negative comments (1) came from members expressing only negative comments about the firm, sometimes noting their intent to leave. These members could be characterized as exhibiting continuance commitment at best. This category may be underrepresented relative to the others if a number of members had already exited and

therefore did not participate in the survey, or did not bother to make their opinions known (turnover rates would capture this). A significant number of employees within this category would have indicated low employee satisfaction and morale problems. An example of these types of responses is provided below.

Very Positive (5)

EES is an exceptional place to work. (1) We have open communication lines in our organization, between management and staff, we can talk to the junior or senior partner at any time for our concerns or problems. (2) EES's Vision: "To Become the "go to" firm for our people, our clients and our owners" is clear to us. EES's Balanced Scorecard is posted monthly, we know how we are doing. (3) The management is focused on employees and provide training to sharpen our skills. I like the EES U, and I appreciate the company supporting me to take other courses at S College to develop further skills for my work. (4) In my group, we have a very high team spirit, we help each other to work through lots of the projects and we share our success. Everyone in my group is treated equally (clerical staff, like myself, included). (5) In my five years' working life at EES, I am proud of my company not just being an employee, I am a shareholder (my shares are small but they will grow with the company). (HA Consulting survey, internal document, 2002)

Neutral (3)

Overall a good place to work. Pay is not particularly high—only adequate. However, an enormous benefit is the use of overtime and the ability to take time-off in lieu. Senior management is a little mixed as to how appreciative they are. Some make a point in involving all levels in thanks—others seem to forget some people. Timescales are always very difficult. People frequently don't appreciate how long it takes to do something—and expect their job to be done instantly. Company does a lot of good things for entertainment. Lovely Winter party—Stampede events and extra events on a team and group level. Communication is not always particularly open. There have been a number of people who have recently left—but staff have not always been told. This can lead to the feeling that there is "something wrong." Overall, I wish to continue with the Company. (HA Consulting survey, internal document, 2007)

Very Negative (1)

I work in a consulting firm, and although the company has many commendable programs available to employees, it is a fact of the industry that long hours are often required, as projects are client driven and most people are juggling many projects at once. The bottom line is that the company has to make money. Senior level employees (I am in this category) do not receive overtime compensation. It is very difficult to maintain adequate work/life balance in this type of

environment. This remains the primary source of dissatisfaction to me. I am also lacking an element of personal satisfaction for the work that I do. I often feel that I am overwhelmed by the volume of work, and that I cannot give my best to everything that I do. The workplace itself is somewhat overcrowded, noisy, and has heating/cooling issues, therefore it is often difficult to be productive or efficient. I enjoy my coworkers but the difficulty of achieving work/life balance means that I cannot foresee remaining in this workplace for the rest of my career. I would not hesitate to leave for another position that I felt would offer more personal satisfaction and greater work/life balance. (HA Consulting survey, internal document, 2007)

Responses coded as either a 2 or a 4 captured those who were either strongly positive or negative, but who also included a qualifying or contrasting comment (such as “great company, but . . .”).

In each of these analyses, the focus was on the number of respondent comments that fell into each category, rather than the number of words, sentences, or keywords associated with each comment. Thus the emphasis was on the frequency rather than the quantity of text reflective of particular orientations, as many strongly positive comments were quite brief, whereas strongly negative opinions typically involved more detailed responses. These results were compared between the 2002 and 2007 surveys, and with the overall survey results.

Cultural styles coding of concluding comments. The second form of node coding reflected cultural styles as depicted by the OCI categories. As stated previously, a follow-up OCI was not conducted. However, employees’ comments provided a unique window into the opinions of employees at particular points in time (2001, 2006), and many of the issues they raised dealt with aspects of the various cultural styles.

In order to assess the company’s climate five and 10 years after the 1996 OCI study, the 12 OCI cultural styles were used as a template for the nodes. Coding comments according to the styles was facilitated by referring to the specific questions used in the

OCI instrument to determine whether they reflected that style. Table 7 provides a detailed description of how specific themes, key words, and phrases were coded according to each style. Tree node refers to the various OCI styles, while branch refers to related concepts that emerged from the data. Many responses were coded to multiple cultural styles as the more lengthy comments usually addressed several different styles (e.g., affiliative, achievement, and competitive).

Again, the focus was on the number of respondent comments that fell into each category, as opposed to the number of words, sentences, or keywords associated with each comment. The content of the comments was also taken into consideration, particularly whether respondents indicated they were describing the perceived actual culture (“we are like family”) or their desired culture (“our current work/life balance is inconsistent with company values”).

Comprehensive coding of concluding comments. Finally, a combination of predefined (e.g., OCI styles) and emergent themes (e.g., workload, recognition) was used to code the data set, providing a comprehensive analysis of these comments. Concerns expressed about stress and work/life imbalance were of particular interest to the extent that they indicated the growing influence of a task oriented culture. This form of coding most closely follows the hermeneutic, emergent process typically used for qualitative analysis of text. Noteworthy themes included the Balanced Scorecard, organizational commitment, changes to the company, quality of management, rewards and recognition, and corporate culture. The frequency of mention and type of comments expressed was compared between the two data sets to assess shifts. The full list of nodes is provided in Appendix E.

Node coding of newsletters. Under content analysis, the quantity of text devoted to selected topics within the company newsletters was also deemed important. The relative proportion or weighting of space within the newsletters to these topics or issues was deemed to indicate their significance at a particular juncture in time. Certain issues reflect an ebb-and-flow, periodic influence, particularly those associated with crisis situations. Others persisted as topics of discussion, thereby confirming their centrality and importance to the organization. The timeliness and/or continuity of these issues revealed transitional issues versus permanent shifts in the broader discourse.

For purposes of this study, the key topic areas identified for the newsletters involved the four quadrants of the Scorecard, introductory comments and performance highlights, specific BSC results, business strategy, and future outlook (see Table 8). Scorecard results between 2001 and 2003 and discussion of the company's future prospects during 2000–2001 were also deemed important.

However, the use of content analysis became problematic when applied to newsletters after 2005, as a standard length (six pages) and format (one page per quadrant) was adopted. This precluded analysis equating quantity of text with importance. In addition, the increasingly graphical orientation of the newsletters (pictures, tables, and graphs) reduced the significance of text.

Secondary Analytical Techniques

A variety of secondary types of analysis were used. This section will begin by describing the analytical techniques used for the third-party, compiled information, followed by consideration of corporate authored materials.

Analysis of the employee satisfaction surveys. Two forms of analysis were conducted on the annual employee satisfaction survey data, corresponding with the two types of data collected, quantitative and qualitative. The first involved the node coding described previously, while the second involves more typical survey data analysis. Assessments of the state of the company were based on both types of data. Special attention was given to the 2002 and 2007 surveys as these represented the initial and latest surveys, in addition to gauging employee opinions five and 10 years after the OCI study. Moreover, these two surveys contained more detailed information, such as regional, tenure, and position breakdowns.

Typical survey data analysis involved assessing employee responses to the Likert-scaled, close-ended questions. Quantitative data are typically used to test various a priori hypotheses, in this case seeking to determine which companies scored highest in terms of employee engagement (see Table 5) and, correspondingly, those that were deemed to be the best employers. Topics addressed included company work practices, people policies, growth and development opportunities, quality of management, and pay and benefits. However, changes to the survey questions over time meant that data for more than five years were only available for about 25 questions (out of 130 in 2006), even allowing for slight variations in question wording.

As raw survey data were not accessible, statistical analyses could not be directly conducted. However, the survey firm did provide indicators in several cases where the firm's results deviated significantly from the rest of the 50 Best pool, or where the responses of some groups deviated from those of the rest of the company. Of particular

interest was the trend of employee responses regarding certain key indicators of satisfaction (such as commitment).

Analyzing the employee concluding comments. While probing, open-ended responses are typically under-analyzed in studies, open-ended concluding comments responses are even less likely to be examined (Plouffe, 1999). Such comments are typically treated as for information only. Neither the surveying firm's final reports for all years nor EES' own internal analysis in 2007 indicated systematic analysis of these additional comments.

Despite the breadth, depth, and quantity of data solicited and available from open-ended survey responses, there are few guidelines for analyzing this data (Plouffe, 1999). Plouffe conducted a survey that generated significant unanticipated, unsolicited feedback, even though space for such responses was not provided (participants wrote in the margins and added pages). The volume of responses (18.5 percent of completed surveys) suggests that respondents wanted to convey information that was not explicitly requested. In some cases, these responses provided markedly different insights into participants' impressions than the quantitative data, but the lack of established methods for assessing this open-ended data complicated analysis.

In light of the lack of acceptable coding and analytical techniques for such qualitative data, Plouffe employed established qualitative data analysis techniques (Miles & Huberman, 1994), coding the data into various concepts and themes that emerged from the data. A similar approach was used in this study to analyze such data, using themes that emerged from the data combined with themes based on certain research questions.

Over 30 percent of EES survey respondents chose to include some form of additional comments, thus providing feedback from what may be considered a broad, representative cross-section of the company. While it was not possible to determine the specific status of the respondents (e.g., partner, new employee), the comments themselves indicated that respondents represented a variety of levels (partner, professional, technical), tenure (new, intermediate, career), offices, and professions (engineer, administrative, environmental).

As expected, these data elaborated upon and challenged some of the conclusions based solely on quantitative responses. While this is not to suggest that the comments should be accorded primacy over the quantitative results, they did provide a richer, more developed picture of the firm. The other advantage of these data was that they captured respondents' opinions at particular points in time, which retrospective surveys cannot. Analysis of these data together with the interviews, archival documents, and more recent survey data facilitated the triangulation of analysis and corresponding conclusions.

Analysis of newsletters. In contrast to the previous analyses, the quantity of text devoted to particular topics within the company newsletters was deemed important. The relative proportion or weighting of space within the newsletters to specific topics or issues was deemed to be indicative of their significance, particularly at that juncture in time. It was expected that certain issues would reflect periodic influence (i.e., ebb and flow over time), particularly those associated with crisis situations. Other issues were expected to persist, thereby confirming their centrality or importance. The timeliness and/or continuity of these issues might also indicate more permanent shifts in the broader discourse.

The key topics areas identified for the newsletters involved the four quadrants of the Scorecard, introductory comments and performance highlights, specific BSC results, business strategy, and future outlook. The explicit reporting of Scorecard results between 2001 and 2003, and discussion of the company's future prospects were deemed of particular importance.

Management meeting agendas. Agendas from several management meetings between 1999 and 2004 were reviewed and analyzed. As with the analysis of newsletters, the relative amount of time allocated to particular topics within the context of the overall managers' meetings was deemed indicative of their importance. While this assessment was based on planned agenda time rather than actual meeting time, meetings generally stayed on time and so should be roughly equivalent. Given the limited time frame available for each meeting and the variety of issues that could be discussed, allocation of significant time to a single issue was deemed indicative of its importance. For example, allocating half a day of meeting time within the context of a 2-day schedule for the Balanced Scorecard indicates the high importance of this topic to management. Similarly, repeated inclusion on the agenda indicates that the Scorecard was a prominent topic for discussion, and warranted significant management attention.

Research Ethics

Research Ethics Committee approval (for the Faculty of Business) was received for primary data collection involving the use of semi-structured interviews (see Appendix F). Therefore, any potential ethical concerns are believed to have been sufficiently addressed within the application and by the Board. In terms of company willingness to participate, the president of the Canadian company endorsed this study internally, and

therefore potential concerns from the company's perspective are also believed to have been addressed. Additional modifications were made to the data presented to enhance anonymity of the company and individual participants.

All interview participants were provided with an information sheet stating that participation was strictly voluntary and that no individual comments would be shared with company management (see Appendix G). This sheet also required signature by the participant, verifying that they had been advised of the purpose of the study and the manner with which shared information would be handled. The information sheet also stated that every attempt possible (within reason) would be made to ensure the security and confidentiality of the data and identity of participants. However, participants were not advised that they would have the opportunity to review any proposed use of their comments in the final version. Nevertheless, participants did not seem concerned by the possibility. Moreover, many of the participants were senior members of the firm, and therefore capable of using informed judgement concerning the potential implications of their statements. As the standard list of questions was generally provided in advance, participants had the opportunity to assess whether the questions dealt with sensitive information, and thus had the opportunity to decline further participation, though none did. Finally, participants were told that the company would not be specifically identified in any written communication.

Chapter Summary

This chapter has provided an overview of the proposed research program, and description of the research methodology and methods employed for this study. A pragmatic grounded theory, informed case study approach using mixed methods was

employed, along with corresponding research strategies. The key research questions to be addressed were identified, as well as the data required to address these questions.

Semi-structured interviews, archival data, third party studies, and participant observations constituted the primary data sources used. How these respective data sources were used to address the identified research questions, and methods involved in their collection, was described. Techniques for the analysis of these data sources were outlined, with computer-aided textual analysis (NVivo, Version 7) using a hermeneutical approach the primary method. Coding and analytical guidelines using NVivo were also described. Finally, a brief description of the ethical considerations and review of the proposed study by the Research Ethics Board was provided.

CHAPTER 4: RESEARCH SITE

Overview

This chapter describes the chosen research site (EES Consulting), and provides evidence of radical change. First, key contextual information about EES is presented, including its history, structure, business, management, and culture. Next, EES' organizational identity is described to provide the context for how members understand and respond to change (Labianca, Gray, & Brass, 2000; Pettigrew, Woodman, & Cameron, 2001). Following this, several measures of organizational change are provided as evidence supporting the claim that EES experienced radical change. Based on this information and the intent of the study, justification for selecting EES as the research site is discussed.

Description of Research Site

The following section provides an overview of EES Consulting, beginning with the international company, then describing the focus of this study, its Canadian operations.

EES International Background

EES International is an international engineering and environmental services consulting firm with over 4,500 employees located in more than 20 countries, and revenue exceeding \$US500 million in 2006. The company began in the 1960s providing geotechnical engineering for public sector civil engineering projects. The company has expanded over time, and now provides hydrology, environmental impact assessments,

health and safety, and site remediation services to companies within the oil and gas, mining, and other sectors.

The cornerstone of the firm's operating philosophy is to provide innovative, high-quality technical solutions on behalf of clients. The firm has been ranked as a top engineering firm to work for within the industry, and a top employer overall in Canada. EES enjoys a very positive reputation within its field, and has received numerous awards for innovative engineering solutions and technical excellence.¹

P 3: Okay. Well, most of the senior guys within EES, if they look back on how they joined the company, the vast majority of us were actually invited to join the company, where, you know, we knew somebody in EES or we had a working relationship with EES. And what you would find was somebody would tap you on the shoulder and say, are you interested in joining EES? And that's exactly the process that happened with me...And then in the early 1980s, I mean EES had such a fantastic reputation in the geotechnical engineering field, I mean you considered it a huge compliment if somebody from EES asked you to join the company. (2004)

EES has expanded through a combination of internal growth and mergers and acquisitions; particularly the latter, when entering new countries to gain local presence, or new fields (technical disciplines) by acquiring existing expertise. Entry into new markets has typically been in response to client needs, and individual identification of market opportunities. Nevertheless, the company has remained focused on knowledge-intensive, technical consulting services, rather than entering into the construction/contracting field.

Like many firms in the engineering services industry, EES has avoided becoming a publicly traded corporation, and does not conform with the traditional partnership model (Greenwood & Empson, 2003). The company is fully private, with about half of its employees (at all levels) owning shares (not restricted to partners only). Several other

¹ Where not otherwise indicated, block quotations in the dissertation are taken from transcripts, as dated, of interviews conducted by the researcher.

firms within this industry also promote themselves as employee-owned companies, although their ownership structures may differ. While there is competition between junior employees to achieve partner status, continued employment is not incumbent upon becoming a partner (Cravath model; Sherer & Lee, 2002).

EES Consulting Canada

The focus for this study is on EES' Canadian operations.² EES Canada was selected due to available access, and because it has been more proactive in its adoption and development of the Balanced Scorecard.

EES Canada has over 1,500 employees located in more than 20 offices across the country, with revenue exceeding \$200 million. EES offices have traditionally operated on a largely decentralized basis, but the company has managed to maintain a strong corporate identity. Intracompany ties are supported through inter-office collaboration on projects, electronic communications, national and regional office manager meetings, and the shift to an overall market sector orientation (e.g., oil and gas, mining industries).

Physical Characteristics of the Research Site

EES' Canadian offices are roughly evenly distributed between eastern and western Canada. These offices vary in terms of age, size, geographic location, revenue, and technical specialization. Some were established by the company, while others are the result of mergers and acquisitions. Although the average office size is around 90 employees, some are significantly larger (over 300 people), or smaller (less than 30). Office sizes are characterized as small (under 50 people), medium (50 to 150), and large (over 150). Revenue by office roughly correlates with size, while technical specialization

² Unless otherwise specified, all future references involve the Canadian firm.

varies by regional economies and client locations (e.g., oil and gas–related services are dominant in western Canada).

EES offices are more likely to be located in suburban, corporate offices (e.g., Markham, ON, or Richmond, BC), rather than downtown. Offices are generally leased in formal office buildings rather than owned, although some are in mixed commercial areas (light industrial). Office entrances are professional but not large nor ornate. Entrance area walls are often adorned with awards (e.g., best employer, technical excellence, community service), including descriptions of significant projects that the firm has done. Some entrances also display pictures of founding members of the firm.

The layout and quality of furnishings are typical of many firms—professional but not lavish, with a combination of offices and cubicles. Offices are more reflective of uniformity and functionality than as markers of hierarchy or status, with limited variance in size between junior and senior members. Some locations are decorated using company colours or related themes (e.g., earth tones, natural materials like slate, aquariums), while two offices had lab facilities (e.g., soil testing) on site, combining professional and technical activities.

There are no executive boardrooms, CEO office suites, or executive washrooms. Senior management and partner offices were not noticeably larger than offices for lower-level staff, nor were they physically set apart. For example, one of the founders continues to work as a consultant, but does not have a special or even window office. Reserved parking spaces also do not exist (except for visitors).

In terms of personnel, the eastern offices are “older” from several standpoints. Many of the eastern offices were founded earlier than those in the west. Eastern offices

also tend to be older in terms of average employee age, as well as having a greater number of long-tenure employees. A greater percentage of partners are also located in the east. In recent years, the western offices have tended to experience faster growth which has contributed to their “younger” profile. Large offices, however, are located in both the east and west.

Corporate History and Growth

The company began as a “boutique” operation, specializing in geotechnical (earth) engineering consulting related to civil engineering projects. EES has slowly expanded its portfolio of services and expertise over time.

SM 1: It was founded in 1960 . . . as a ground engineering firm, at a time when ground engineering was a pretty new engineering, well it wasn't that sophisticated yet. It was a pretty high value proposition to be a good ground engineer. After that time, we started adding, so that was mainly on the civil infrastructure side. Roads, highways, public works types of projects, dams, things like that. And then, that naturally led the company into the mining industry. Ground control issues in the mining industry, underground openings, caverns, things like that. And then after that we added on groundwater capabilities, from a technical point of view. So we're doing things to do with the earth and water basically. And that led us into contaminated groundwater, so you have soil and, water mixed together, and then you have humans come along and dump, spill stuff on it. So, we ended up getting into contaminated lands business quite a bit. Investigating contamination sources and coming up with remedial plans. That, when would that have been? So that would have been added to the company in the early 80s. And then we started branching out into the biosciences areas, starting in the early 90s. So that added fisheries, and biophysical services, archaeology. The most recent additions are focused more on the air. Air engineering and modelling, and GIS and data management. (2002)

This diversification into related technical disciplines and capabilities reflects an emergent growth strategy (Mintzberg, 1978), or the “prospector” orientation (Miles & Snow, 1978). EES’ growth into new areas was due to individual initiative and taking advantage of new opportunities as they arose, rather than a corporate strategic plan.

P 3: Oh, it was powered by individuals within the company. You know, what would happen, particularly during the 1980s, is certain individuals around the

company would just say to a client, oh yeah, we can do that, and then go out and get a sub-consultant to do it, or you know, actually hire somebody that had the skills to do it. So we, initially, we would diversify our services organically from within, and quite often you would learn quite by happenstance that somebody in Ontario was doing this sort of business, and the response would be geez, I didn't realize that we had people that did that. . . . I mean when this company started it was built around strong personalities that were basically sole practitioners in a technical area in a particular geographic location, all right? So what happens is we moved into certain technical areas through the sheer power and motivation of individuals, saying, we're going to do that. I'm going to move into that area of business. I'm going to become the key guy in that area. So, you know, you can look at, as we say, we got into rock mechanics through Chad in Vancouver. You know, we got into mine waste dumps through Dan in Vancouver. You know, we got into the nuclear waste business through Don in Seattle. You know, we got into the oil sands through Jack in Calgary. You know, just by the sheer weight and power of these individuals' personalities. It wasn't a group of people sitting around strategizing. There might have been an element of that but it took one individual to actually be the champion and drive it. And so that's how individuals' names have become associated with technical areas or in some cases geographic areas. You know, people that said, I'm going to go to such and such. I want to start an office there. And they did it by power of personality. (2004)

EES' client base features a diversified mix of multinational corporations, local and regional business clients, and government. The company also participates in larger projects on a subcontracting or partnership basis. The company's current strategy focuses on building and maintaining strong relationships with clients, fostering repeat business by providing high-quality technical advice and services.

M 6: We have had a consistently growing office, relatively modest rate of growth, absolutely consistently profitable office. And in a small community-like [city], . . . you don't do that without doing proper client development and maintenance.... . . . I've always referred to it as, love your existing clients. We get 90 percent of our business from repeat clients. (2002)

The firm has expanded through a combination of internal growth and mergers and acquisitions, adding new technical capabilities in response to client needs. Although technical capability is an important consideration, participants suggested that these acquisitions have involved firms that EES regards as culturally similar, based on prior working relations.

P 3: *Oh, the fit's everything. Every merger and acquisition that we've undertaken, the cultural fit with us is absolutely paramount. I mean if there's no cultural fit then it's pointless even embarking on the process. So you know, is this company's value system the same as ours? Are they interested in doing quality work for quality clients? Do all their people have an ownership mentality? Are they going to be comfortable with EES's fairly flat, non-hierarchical management structure? Are they comfortable with a culture of employee ownership? All these things are key. If the cultural fit isn't there then it's pointless proceeding, 'cause it won't work. (2004)*

This consideration for cultural fit extends to hiring practices, seeking like-minded individuals. Candidates may include staff from competing engineering consulting firms, related professional service firms, or academia. Historically this has been achieved through hiring friends, referrals, and work acquaintances. However, with its more recent growth has come the need for increased recruitment of cold contacts. Notwithstanding EES' objective of acquiring culturally similar companies, not all acquisitions are completely successful, and some new employees do leave.

P 2: *But the disciplines that we're involved in, we're being forced to get into them because clients want that sort of thing. And we've got to go and search and get people. And we have not always been successful. Some of the younger guys said, hey, we didn't get involved in this field of discipline, let's buy this company. You can't buy people. I mean very seldom has it turned out where you buy a company and you try to integrate it to your organization and it worked. And the company goes, disintegrates and there may be one or two people. Where our emphasis has been in going after individuals, not companies. If somebody wants to sell a company there's something wrong with it.... So the way to do it is to go after individuals. People, people, we are in the people business.... . . . And it's people, good people with the right attitude. (2002)*

According to company documents, the firm has historically enjoyed robust annual gross revenue growth and profitability averaging over 8 percent (see Figure 4). Moreover, it has never posted a financial loss in its history.

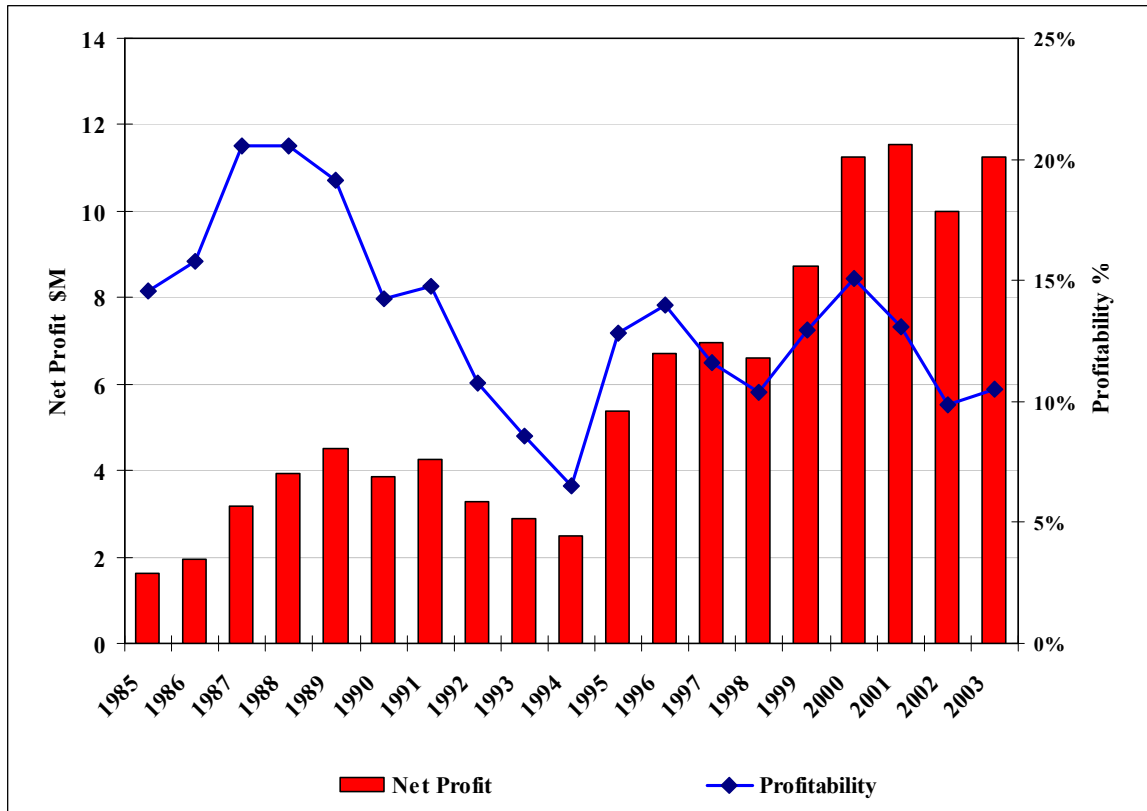


Figure 4. EES Canada's financial performance

Organizational Structure and Management Style

EES describes itself as having a flat management structure, with a limited corporate head office. The head office is based on the president's location rather than a static location, and the top management team is similarly dispersed across the country (as is EES International). This flat management structure is similar to that of other knowledge-intensive firms (KIFs; Robertson & Swan, 2003) and professional services firms (PSFs; Greenwood & Empson, 2003).

Top managers are all partners in the firm, as are office managers, and have been promoted from within. The senior management team addresses corporate level issues, including the communication of corporate values, strategies and goals, and the development of appropriate management and technical capabilities. Local office

managers support senior management through collaboration on the development and implementation of corporate direction, as well as managing local operations. Office managers' meetings are held on a regular basis to address corporate issues and determine future direction. The creation of a new layer of senior management in 2005 modified these traditional roles and relationships, with office managers becoming more focused on local operations.

As a scientific and technologically oriented company, EES is staffed primarily by highly educated, technically skilled employees. Most are professional engineers, scientists, or related professionals. The project-driven and frequently innovative nature of their consulting work, combined with a flat management structure, suggests that EES fits the adhocracy organizational structure (Mintzberg, 1983) rather than that of a professional bureaucracy. As such, the focus is on individual projects and project teams, rather than the delivery of standard or commoditized services (like audits or training programs). The lack of formal organization structure charts also reflects the more fluid arrangements associated with an adhocracy. When asked if there was an organization chart, one manager noted "No, and we kind of pride ourselves on not having one." However, EES has recently been "forced" to develop organization charts to satisfy ISO 9001 certification requirements. The lack of organization charts may also reflect the company's claimed tacit aversion to bureaucracy, and emphasis on clan control (Ouchi, 1980) based on professional values and norms (Leicht & Fennell, 2001). Thus, informal inter-office communication, cooperation, and cultural socialization take on added significance given the lack of formal structure and rules.

EES' flat management structure is supplemented by a partnership management system. Partners have a combination of position and ownership power. Members are invited to become partners based on a combination of shareholding and perceived contribution. The partner group includes individuals of varying age, seniority, and background. Most partners are not involved in day-to-day management of the company, preferring to be actively engaged in project work, but do participate in defining strategic direction as active (and vocal) shareholders. As in many PSFs/KIFs, partners would rather not be burdened with corporate administrative tasks.

Although offices are semiautonomous, the company operates collectively, regularly sharing corporate knowledge, personnel, and resources. One of the Balanced Scorecard (BSC) business process goals is to achieve a certain percentage of shared work between offices, to promote cooperative collaboration.

M 6: The other one that I, interestingly enough, I argued against forever, well for the last couple of years, is this business process to improve our inter-office cooperation and teamwork. And the measure was the number of hours or percent of project hours on jobs for other offices. My argument is that, it's nothing I can control, and it's nothing that, to the best of my knowledge, any other office manager can control. It's an outcome. I do not, and nor have I ever, gone into the office and thought, gee, how can I get my guys working on other people's projects 35 percent of the time. We strive for a dream world where I go in on Monday morning, and we have exactly enough work, at exactly the right time, to keep exactly the number of employees we have, exactly 100 percent chargeable. This is what I'm trying, I am focused on the outlook, absolutely trying to get it to run like a top. But if I ever got there, I would have achieved, as far as my perspective, Nirvana, right. Perfect. But that's not the way it works. So there's a lot of shucking and shuffling, and trading, etc., depending on needs that goes on back and forth. And the outcome is 35 percent of project hours, more or less, historically, that's what we've done. So nobody comes in on Monday morning and says, oh 35 percent of my time this week I'm going to spend working on somebody else's job in another office. Having said that, yesterday when we we're going through these measures, and what we wanted to do about readjusting them for 2003. I in fact found myself arguing for leaving it on, because if you look at the strategy, it says the strategy is to leverage technical resources across the company through cooperation and teamwork. Absolutely, absolutely that has to

be a tenet of the company. So if we took the measure off, then this strategic goal would have to come off, and I, 100 percent believe in the goal, I just think the measure's silly. (2002)

Projects frequently involve inter-office cooperation, drawing upon the capabilities of members in other offices. This approach reduces the need for duplication of expertise within each office, facilitates technical specialization, and enables more efficient utilization of resources. Part of this relates to improving the chargeability of all offices due to mismatches between personnel and available work. However, another factor is the increasing size and complexity of projects, which require a combination of skills and resources generally not available within a single office. The collaborative fieldwork and client-based nature of many projects often results in members visiting other offices, both nationally and internationally, thus enhancing ties between offices.

Employee Ownership

EES is a 100 percent employee-owned, private firm, which is touted as a distinguishing and unique feature and part of its organizational identity.

P 5: *Employee ownership is number one. I think if anyone tried to change the employee ownership structure of the company then the company's going to die, because a lot of the people who are here are here for that very reason.*

Q: *That is sacrosanct?*

P 5: *That's sacrosanct. (2005)*

All employees are encouraged to purchase shares, with just over 50 percent of employees worldwide currently owning shares.

P 3: *A lot of these people that we've hired in that eight, nine, ten years of experience bracket have actually joined us from other consulting companies where the ownership has been tightly held and so they've not had a chance to participate in the ownership of the company. So they find our ownership model very, very appealing in terms of being able to become an owner, and be able to share in the profitability of the company through share ownership, and actually to be able to have a say in how the company's run. That they find very appealing. (2004)*

This open ownership participation was noted positively by several members in the employee satisfaction surveys.

Orientation sessions begin socializing employees regarding the benefits of ownership, including sharing financially in the company's success through dividends, described as "working for yourself." Company newsletters regularly report on the excellent rate of return provided by company shares, highlighting the over-subscription of share purchases during 2001–2003. The company has offered zero interest financing in the past to encourage broad ownership, and currently offers a monthly payroll deduction purchase plan.

While employees are partially motivated by the investment opportunity provided, they are also encouraged to purchase shares as a sign of their commitment to the organization (affective commitment; see Meyer & Allen, 1991). As noted by one member:

S 1: You quickly learn that . . . if you want a long-term career here, you better buy in, you put some money down on the table. And at first that's overwhelming, why would I want to put money in an organization? But as you work with the people here and realize that, the ownership is fairly widespread, and some of the senior people have some major sums of money invested in the company....And you learn quite quickly that anyone who buys in is considered an owner of the company regardless of having 1 or 10,000 shares, and goes to meetings and can be asked their opinion on how the company's being run. So the culture's tied up to the ownership . . . (2002)

Ownership provides members with the opportunity to provide input into what the company is doing, while correspondingly expanding employee input beyond the partner level. But perhaps more importantly, it strengthens the bond between the company and employees, and creates an ownership mentality amongst employees. The influence of this ownership mentality exhibits itself in several ways, expressed by one of the founders as "taking care of what you own."

P 3: *There's an emotional attachment to this company that to a large extent, you know, transcends certain monetary values. I've heard several of the old guys saying, we didn't build the company to sell it . . . I mean every time anything other than employee ownership has been mentioned, nobody is interested in it. The whole focus is we want this company to stay employee-owned. And the reason, or if you want to look at it from a business perspective, you know what makes us attractive to external buyers makes us very, very attractive to the owners. So if that's so attractive to somebody outside, why would we want to give that up? We'd want to keep it ourselves, wouldn't we? (2004)*

Corporate Culture

While individual offices operate on a decentralized basis, the firm has managed to maintain a strong corporate culture. Adherence to a set of core values and business principles established and promoted by the founding members has been a key feature of the firm since the beginning.

Q: *Now I notice when you're going through talking about some of the history of EES, there seems to be a lot of mention of specific individuals over the course of history, which I found sort of interesting, that it was usually directed to very specific people as opposed to offices or something like that. Is that part of the, oral history of the company as well?*

P 3: *Yeah, I think your oral history analogy is really very, very good. I mean, you know, the stories that get passed down are the ones around, you know, the larger-than-life personalities, the people that built the company. I mean the people that we talk about are the reasons why this company is what it is today. You know, they're the people that built the model of employee ownership. They're the people that developed the initial value set, not consciously, by sitting down in a room and saying these are our values. They developed the value system based on their own behaviours, which became the culture and the way things are. (2004)*

This quote echoes an observation by Collins and Porras (1994) regarding how the HP Way represented an extension of who Bill Hewlett and Dave Packard were, rather than something crafted by wordsmiths. Correspondingly, EES' culture appears to be a reflection of the values shared by the original founders and early partners. A copy of the company's core values statement from the 2002 version of the employee handbook is presented in Appendix A.

New employees learn these values and principles through a formal orientation seminar and mentoring. To further promote maintenance of these values, recruitment and selection of new employees includes an assessment of their fit with the company's culture (i.e., personnel controls; see Macintosh, 1998). Corporate mergers and acquisitions typically involve some degree of prior working relationship. For example, one acquisition was involved in subcontracting work on a project, which later led to a query regarding whether they wished to join EES. These screening processes, together with active promotion of personal investment in the company, combine to create a membership climate and strong sense of differentiation from other firms.

Many employees have been with the company for the majority of their careers, and generally speak quite highly of the firm. Turnover (excluding retirement) is very low among partners. Another indicator of strong corporate culture is member identification. Withey and Cooper (1989) suggest that wearing clothing featuring the corporate logo reflects member identification (Brenneman, 2000). Based on participant observations and a review of various corporate records (newsletters, calendars), this practice is fairly common. For example, during the course of a national office managers' meeting in 2003, practically every manager wore clothing featuring the company's logo at least once during the three days. Several staff also wore such clothing at social events and during the researcher's site visits. Staff recognition awards often involve company clothing. The presence of many lifetime employees also reflects strong member identification.

Secondly, Allen and Meyer (1990) indicate that personal financial commitment reflects member affective commitment (the strongest form of organizational commitment), with the majority of EES employees owning shares. Since 2001, the

demand for shares has consistently exceeded the available supply. Affective commitment may actually be understated, as senior members are required to divest their holdings as they approach retirement age (65).

Finally, Foreman and Whetten (2002) suggest that high employee satisfaction levels are indicative of positive organizational identity. Based on the results of an annual employee satisfaction survey conducted by HA Consulting, and corresponding ranking as a top employer in Canada (Brearton, 2007; Brearton & Daly, 2004, 2005, 2006; Brearton, Friesen, & Brooker, 2006; Daly, 2002; Daly & Brearton, 2003; D'Arcy & Woodward, 2001; Gordon, 2000; Macklem, 2002, 2005; McKay, 2001), EES enjoys strong employee commitment and thus a positive organizational identity.

The following comment from the 2002 employee satisfaction survey provides a nice summary of the company's culture:

Over the years, EES Consulting has evolved from a company which appeared to the younger staff to be very much dedicated to older staff and not so much to the younger staff. Within the last few years, the company has introduced a system, whereby a manager of an individual branch stays in that position typically no more than five years, and the manager is dedicated to training his/her replacement. Upon completion of a term as a manager, the person will return to a role of a technical specialist within the company. Managers are expected to provide employees with the information they would like to have, whether it be financial performance, or information on training opportunities, or investing in the company. In general, all managers have an open door policy, where any employee is free to come and talk about any issue, problem, or concern. Also, any employee is free to call the president of the company or any other senior manager, any time with an idea or concern, and can expect a return call within a reasonable amount of time. The company is an employee-owned company. We encourage our employees to become owners. Owners of the company have a greater sense of pride in their work and the product we provide to our clients. This is one of the items which truly makes EES Consulting a good place to work, because we all have a vested interest in doing our best. The company has also introduced an internal training program consisting of numerous short courses and field camps, where our young people learn from people who have been performing the functions for years. (HA Consulting Survey, 2002)

Organizational Cultural Inventory (OCI) Report

In 1996, senior management asked OCI Consulting to conduct an assessment of the company's culture using their OCI instrument. Most interview participants were with the company at the time of the OCI, and several had participated in the survey. Some even still had copies of the final report.

The OCI utilizes a self-administered paper questionnaire containing 96 Likert-scaled items to measure the company's culture according to 12 sets of behavioural norms (for a complete description of the Organizational Cultural Inventory, see Appendix B). Members completed two surveys; one rating the company's actual culture, the other indicating their desired ideal culture for the firm. The percentile score for each style indicates the strength of that particular style, with the highest ratings representing the primary and secondary cultural styles (see Table 10). The 12 styles are divided into three colour-coded orientations and associated styles:

- *Constructive (blue)*. Achievement, self-actualizing, humanistic/encouraging, affiliative
- *Aggressive/Defensive (red)*. Oppositional, power, competitive, perfectionist
- *Passive/Defensive (green)*. Approval, conventional, dependent, avoidant

For EES International, the primary and secondary actual cultural styles were oppositional and competitive respectively, which fall under the aggressive/defensive orientation. In contrast, the primary and secondary ideal cultural styles were humanistic/encouraging and self-actualizing (constructive orientation). The scores for EES Canada were essentially the same. For the constructive orientation, a negative gap existed between actual and ideal, indicating substantial variance. For the defensive

orientations (passive and aggressive), less of a variance was indicated. Thus, the first set represented a “do better” list, and the second set a “stop doing” list, if the firm were to match members’ ideal.

The standard deviation of respondent scores, or intensity, indicated the degree of consistency between respondents’ opinions (see Table 11), ranging from weak to very strong. High deviations indicate disagreement between members (weak intensity), while low deviations indicate agreement between members (strong intensity). For the Canadian company, a wide divergence of opinions existed for the actual culture styles. In contrast, standard deviations were low regarding the company’s ideal culture, indicating strong consensus. Thus, members collectively and tacitly knew what kind of organizational culture they wanted; however, junior staff did not perceive this as their reality, which prompted dissension.

Table 10

Summary of OCI Results

Style	Actual %	Ideal %	% Gap
Constructive			
Humanistic/Encouraging	23	95	-72
Affiliative	13	80	-67
Achievement	41	94	-53
Self-Actualizing	29	95	-66
Passive/Defensive			
Approval	37	16	21
Conventional	43	17	26
Dependent	40	7	33
Avoidance	58	21	37
Aggressive/Defensive			
Oppositional	74	75	-1
Power	58	31	27
Competitive	65	40	25
Perfectionistic	61	42	19

Note. Source: OCI Consulting survey, internal document, September 1996

Table 11

Summary of Intensity Variation (Standard Deviation)

Style	Actual	Intensity	Ideal	Intensity
Constructive			Std. Dev.	
Humanistic/Encouraging	6.27	Weak	3.87	Strong
Affiliative	6.23	Weak	3.97	Strong
Achievement	5.28	Average	3.54	Very strong
Self-Actualizing	5.21	Average	3.63	Strong
<hr/>				
Passive/Defensive				
Approval	5.16	Average	5.22	Average
Conventional	5.73	Average	4.57	Strong
Dependent	6.08	Weak	3.87	Strong
Avoidance	6.06	Weak	3.99	Strong
<hr/>				
Aggressive/Defensive				
Oppositional	4.39	Average	5.15	Weak
Power	6.29	Weak	5.60	Average
Competitive	5.80	Average	5.95	Average
Perfectionistic	4.79	Average	4.34	Strong

Note. Source: OCI Consulting survey, internal document, September 1996

The actual cultural style most out of alignment was *power*—members perceived a strongly power-based culture, with stronger and more explicit political behaviour than they desired. Just slightly lower was humanistic/encouraging—members wanted a much more supportive and encouraging culture, one that recognized individuals and their needs, including a better work/life balance. The style with the lowest score or greatest alignment was oppositional—members both supported an oppositional cultural style, and the current level was deemed about right.

Organizational Identity

While the OCI study provided an important snapshot of EES' culture, participants' comments were critical to gaining a deeper understanding of the company. Members acknowledged the negative aspects, but also highlighted the positives: a

collegial atmosphere, the freedom to develop their careers, the ability to share in the success of the company, and the firm's technical excellence and intellectual capital.

Organizational identity is generally characterized in terms of positive qualities, those that make an organization unique. An important indicator of an organization's identity is its stated core values. The company's core values at that time reflected the founders' values (Collins & Porras, 1994). EES' core values were outlined in the company's employee handbook (EES Employee Handbook, internal document, November 2002) as follows:

- Reliable, innovative, cost effective solutions
- Professional, cultural and business diversity
- Supportive of personal growth, learning, and risk taking
- Responsible participation in business success and ownership
- Sustainability of financial return to staff and owners
- Integrity in our relationships, commitments, and service

Whetten (2006) suggests that cultural values may form part of an organization's identity, but that identity may include other elements as well. What is important is that they are shared between members. However, identity also represents a preconscious, tacit schema, which is enunciated rather than codified, and so must be inferred. Based on participant comments, survey findings, and corporate documents, the following elements were identified as comprising EES' organizational identity:

- Employee ownership
- Collegiality and self-actualization
- Technical excellence

These identity elements also hold deeper significance and meaning, with interrelated facets. Table 12 presents the alignment between identity elements and core values.

Table 12

EES Identity and Core Values

Identity	Core Values
Employee ownership	Responsible participation in business success and ownership. Sustainability of financial return to staff and owners.
Collegiality and Self-actualization	Supportive of personal growth, learning and risk taking. Integrity in our relationships, commitments, and service.
Technical excellence	Reliable, innovative, cost effective solutions. Professional, cultural, and business diversity.

Employee Ownership

The first element of EES’ identity is its broadly based employee ownership. This element involves multiple layers and facets. Partners and long-tenured employees consistently noted the importance of ownership. This aspect was also highlighted in new-employee orientation procedures and newsletters. Participants noted that all offers to purchase the company had been refused, as members valued retaining ownership and control.

Legally, the concept of employee ownership means that employees control the majority of shares, though these shares may be either privately held or publicly traded (like WestJet). Traditionally, shareholding within PSFs has been restricted to partners, but many firms have moved to the corporate model (Greenwood & Empson, 2003).

Although other PSFs describe themselves as employee owned, EES encourages all

employees to become owners, distinguishing EES from competitors. Financially, this has the benefit of expanding the pool for new capital beyond the partners.

Allowing broad ownership signals an egalitarian community. Several participants noted that no one owns more than 2 percent of the available shares. As shareholders, members have access to information about the firm's performance, and standing to voice concerns. The lack of employee participation in ownership in the first half of the 1990s delivered a clear message about staff dissatisfaction. Similarly, renewed staff interest in shares may be interpreted as a vote of confidence.

Meyer and Allen (1991) state that individual financial investment signals member affective organizational commitment, while members suggested that it enhanced reciprocal trust. Active shareholding signals an employee's commitment to the company, and conversely whether the company can trust the employee to act in the firm's best interests. An oft-repeated saying is: "no one ever washed a rental car; you take care of what you own." Members trust each other owing to vested interests, thereby building community. Participation also signals career aspirations, as a certain number of shares are required to become a partner.

Inviting staff to become owners increases their personal interest in the company's performance, encouraging them to work harder as direct beneficiaries (motivational lever). For example, both the new-employee orientation and company newsletters translated faster project billing and collection into shareholder return effects (i.e., lower debt servicing costs increase profitability), to reinforce the importance of this activity. Rather than being perceived as an administrative burden, prompt action on billing had tangible benefits (increased dividends).

Ownership allows staff (not just partners) to see a return on their sweat equity. Several participants noted that this had attracted them to the firm initially, and had also attracted experienced personnel from other firms. It also serves as a point of pride. Members as owners were involved in creating something. Selling the company would constitute much more than a simple financial transaction; it would be seen as divesting themselves of something they had jointly created.

Finally, allowing broad ownership, promotes organizational sustainability through orderly transfer of ownership to the next generation (predefined ownership sell-off schedule). This also increases the importance of preparing the next generation to assume responsibility. To the extent that senior partners wish to preserve EES in the form they have created (stewardship mentality), this necessitated identifying younger members with similar values and perspectives, combined with proper mentoring and development.

Thus, although employee ownership represents a simple statement of organizational structure, it held much deeper and broader meanings and implications, affecting many facets of organizational structure and operation, as well as corporate culture.

Q: I wanted to talk a bit more about the culture of the company . . . in terms of describing what some of the core values and beliefs of the company are, some of the things that if you were to change, would make us not what we are?

P 5: Employee ownership is number one. I think if anyone tried to change the employee ownership structure of the company then the company's going to die, because a lot of the people who are here are here for that every reason.

Q: That is sacrosanct?

P 5: That's sacrosanct. And if I have to say one thing could have brought Bob down as president, that would be it, it was the view that he was going to try and take the company public. And it's something we use to attract people, and people come for that reason, and if we change that structure we would lose a lot of the good people we've been able to attract. Other core values, people are important.

We've got to invest in, we have to invest in people if we want to keep them. We ask people to invest in the company and the company has to make an investment in people to attract the best. I think one that's probably jumping to the forefront these days is we've had a couple of accidents where people, we've actually had a couple of people killed. And so the health and safety of our staff. It all again boils back to people are important, but overall the health and safety of our staff is one of the most important things we've got to take care of. (2004)

Collegiality and Self-Actualization

Members ideally wanted a culture with a constructive orientation where there was high regard for people, reflecting the affiliative, humanistic/encouraging, achievement, and self-actualization styles. While respect for people should not be a surprise as the key value-generating asset of any KIF is its people, and developing and keeping talented personnel is critical to success, EES enacted this in ways that suggest it was more than lip service:

About a year ago, one of my staff members and his wife had a new baby. At the time of birth the doctors discovered a problem with the newborn. As you can imagine, the stress on the staff member to balance family and work was tremendous at this point in his life. When my managers became aware of the problem, they brought the staff member in and explained that the best thing he could do for the company was to focus on his family until things cleared up. From the company perspective, this meant falling behind on schedules and rearranging responsibilities. It is nearly two years later and the family is doing very well. The staff member is still an integral part of the team, who is treated no differently than any other member of the team. Since the initial couple of months, no mention has ever been made about the time taken off. To me this indicates a company that treats the staff members as if they were family members. (HA Consulting survey, internal document, 2002)

Exceptional commitment to employees. From a personal perspective EES has always shown me that I am valued through career opportunities and training. My best example however is very recent. My son was recently diagnosed with cancer and I was in the middle of a transfer to another office which included a substantial promotion. Once the diagnosis was reached and it was realized that I could not live in the city the company had just paid a lot of money to send me to, they made arrangements to look after our new house, found another person willing to take over my position for the interim (and paid to move him), paid to move our possessions back to a city where treatment was available, and told me to take what ever time I need off during the next year plus of treatment. On top of that almost \$14000 was raised for a children's cancer research program (half of that

was a direct match by the company). I can think of no reason I would ever work for another company. This is one example of how when we talk about our company we are really talking about the people we work with, and we like to treat each other the way we would like to be treated. (HA Consulting survey, internal document, 2002)

An emergent theme echoed throughout the employee surveys: the company's collegial atmosphere. Senior staff in particular commented on this value and the importance of taking care of their people. As noted by one long-tenured member, "one worked with colleagues and friends, rather than as employees" (personal communication, 2003). Many members spend the majority or all of their careers with EES as a result of this collegial atmosphere. Concluding comments from the 2002 and 2007 employee satisfaction surveys highlighted several examples of positive support from the company, particularly those experiencing personal issues (e.g., personal or family health issues, or child care). The company newsletter provided several examples of staff participating in social, community, and team activities to show they are not "all work" (and signify that this is okay).

EES is a collegial place to work—lots of highly-qualified, friendly, and cooperative peers that are almost always willing to join a project team. The main reason I will stay here until I retire is the people I work with, and the interesting and relevant work that I do for our clients. I also highly value being part of an employee-owned company. (HA Consulting survey, internal document, 2002)

The fact that teamwork is emphasized, it is like working in an extended family. There is lots of flexibility in regards to family matters for all that work here, and the company really strives to keep us all happy. People take precedence over the financial aspects. The belief is that if the people are happy they will do good work and the financials will follow on its own. (HA Consulting survey, internal document, 2002)

The importance of collegiality, combined with egalitarianism, help explain the significance of the former actual/ideal cultural gap between junior and senior members. One participant suggested that part of the feeling of disconnect related to working for a

senior partner as a junior employee. Although there is obviously a difference, there is also a difference between working *with* someone, versus working *for* them. The perception of an old boys' club was inconsistent with this value of collegiality, and the company's professed flat management structure, which implied a lack of hierarchical distinction based on position. Notwithstanding the lack of formal hierarchy, members readily accepted the existence of an informal, expert-power-based hierarchy.

A second important factor at EES was the celebration of individual initiative. The firm's history includes numerous stories recounted informally and in new-employee orientations of individuals who identified new fields and became experts (e.g., nuclear, power generation, and mine remediation). Several employees noted the importance of international opportunities, training and development opportunities, and learning from others, to satisfy self-actualization desires.

Finally, members noted the importance of being involved in interesting, challenging, and innovative work. Corporate documents suggest that the firm's strategy involved seeking custom consulting projects, rather than promoting more standardized systems and services.

S 2: Through these Scorecard things, we do these employee satisfaction surveys where we actually get together and try to talk about our ideal workplace, and it's quite funny, you know you get a bunch of engineers in a room and all they want is interesting and challenging work, and they don't care if the place makes money, as long as they're doing interesting and challenging work. Year after year that one came up as number one to the point where I think Dan was running these, he said, I'm just going to take that one off the list because it's just given that we do interesting and challenging work. (2002)

Technical Excellence

Quality, innovation, and technical superiority represented a cornerstone for EES of how it approached and conducted work. In the past, doing quality technical work was

regarded as the key determinant for attracting clients and new work. However, technical excellence was also the identity component that brought out the aggressive/defensive elements of EES' culture, exhibited through the oppositional, competitive, and perfectionistic styles. These elements can also promote a task- versus people-oriented culture, with many PSFs similarly reflecting this task orientation.

EES had an image of focusing too much on technical aspects (getting projects done) while neglecting the "people side" (managing client and employee relations). Client feedback reported in the company newsletter noted both positives and negatives about their working relationship with EES.

- Our staff have very high technical abilities, often the best in the marketplace.
- In most cases our costs reflect the quality of our product.
- Common complaints are late reports and surprises on invoices. (EES employee newsletters, internal documents, 2002)

EES' task-focus translated into neglect of business processes such as planning and billing, and the lower importance assigned to "people" issues. This emphasis on completing projects at any cost also resulted in negative work/life balance complications.

Related to the notion of technical excellence was the aura of being an elite firm. EES' premier status was perceived as part of its strategic competitive advantage, in terms of attracting both clients and new employees. Similar to McKinsey, EES was firm in its conviction that it is a premier engineering consulting firm, though not in a boastful way. This confidence in capabilities translated into a desire to overcome adversity.

- state of the art and creative solutions to complex problems
- multidisciplinary approach to problem solving
- world class experts supervising the larger projects

This company's ability to bring in and utilize the very best people available is like nothing I have ever seen at any other company. I have some problems with some

aspects of the company as a whole, but it is the people I work with that will keep me here for an extended period. The intellectual capital at hand here is exceptional. (HA Consulting survey, internal document, 2002)

Preserving the firm's elite status and desire for interesting projects requires top quality staff. EES has traditionally sought top candidates from university and other firms, as well as established experts within particular fields. The firm has also taken active steps to develop expertise internally. Focusing on innovative and interesting work is important not only for attracting and retaining top talent, but also to challenge individuals and promote the continuing acquisition and development of new skills and knowledge.

Employee Awareness of Identity

Members appeared to have a strong sense of what EES' culture and identity entailed. They also expected to be guided by these values, and were cognizant of any divergence or discrepancies.

The organization is better than most in terms of salaries, benefits, employee recognition, and career development. The negative side of the organization is the long hours and workload that is generally unmanageable and affects the work/life balance such that it tips in favour of work. This is curious considering one of the organization's core values is work/life balance. It is difficult to achieve this balance personally as one feels like they are not doing enough if they are seen by others as having a life outside work rather than putting in long hours.

EES is an exceptional organization. The only way I would leave, assuming it stays true to its current values, is to move into a completely different type of work. This organization has the will to face problems, and then address them in a constructive fashion. I share the values of the company and I do think that we make a positive difference in the world.

This company espouses core values such as sustainability and environmental responsibility, but does not actively demonstrate much commitment to those values if there any economic or financial impact. The organization and its leadership do seem to mean well, and perhaps the issues are in the difficulty in implementing and actualizing the core values. The unfortunate result within the Environmental Department and Hydro is a feeling of slight environmental hypocrisy and of wages that are far below those in other related fields and workplaces. (HA Consulting survey, internal document, 2007)

In conclusion, the OCI study shocked senior partners as it revealed that they had failed to live up to their core values, and indicated the breadth of the gap between their actual and espoused identity. Their lack of awareness of this emergent gap suggests that there was a gradual, incremental divergence over time that was subsequently reproduced and reinforced rather than consciously driven. If the study had addressed only unimportant facets of their culture (rather than identity), there would not have been as much pressure, incentive, or willingness to change.

Case Study of Radical Change

In order to study shifts in members' cognitive frameworks associated with radical organizational change, an organization that has experienced such change is required. Radical change may be measured in a variety of ways, including a significant change in performance (e.g., profitability, share price), renewed growth (e.g., number of employees, units), culture (e.g., Aggressive/Defensive to Constructive), and/or member behaviour (e.g., loyalty vs. exit). Radical change is defined in this study as involving revisions to EES' deep structure (i.e., identity), thereby resulting in renewed corporate health and performance. Such change is difficult to predict a priori, or to assess using traditional measures of performance alone (e.g., sales, profit). Therefore, this study expands the scope of measures indicative of organizational health to include increased employee satisfaction, changes to the company's core values, and increased organizational affective commitment levels (similar to the Scorecard approach).

EES As Example of Radical Change

EES is presented as a suitable example of radical change for the following reasons. From a traditional indicator perspective, EES experienced renewed positive

financial performance and corporate growth. EES International grew from about 1,500 full-time employees in 1997 to over 4,500 employees in 2006, and increased its gross revenues from less than \$US200 million to over \$US500 million. In addition, two significant non-financial indicators were: receiving best employer awards in Canada and internationally, and revision of the company's core values and mission statement in 2005.

While this study presents a "typical" case of change via management intervention, EES' situation may be considered as representing two change experiences. The first involved EES' downward slide in the early 1990s as the cultural divide between partners and staff emerged due to identity drift. This slide represented incremental, unintentional change, resulting in a loss of organizational health. The second and more typical change experience involved EES' efforts to reverse this decline and heal the internal divide by rediscovering and revitalizing the organization's identity. Critical to this change process was providing for and engaging in open dialogue to reproduce the social structures necessary to reinforce the desired identity. Radical change occurred through a process of negotiated social construction between members, where the Balanced Scorecard facilitated this process by serving as the medium for engaging in dialogue and rebuilding commitment to a shared desired identity.

When this study began, how EES used the Scorecard and what its past difficulties were, were not known. The study shifted focus after several members claimed that the BSC had been instrumental in changing the company. Notwithstanding member claims, this attributed a high level of causality to a tool that was regarded by many as a management fad. Thus, confirmatory evidence was sought that change had occurred in EES, and about the process of change.

- Has EES changed, and in what ways?
- What contributed to these changes?
- Did the BSC contribute to these changes, and if so, how?
- Were there additional actions and events that contributed to change?
- What was the profile of change (e.g., pace, sequence, and linearity), and did this match or differ from traditional change models?
- Does EES' current culture reflect the Constructive orientation?

The following section will provide evidence supporting the position that EES did experience radical change (see Chapter 5 for a discussion of what contributed to that change and how). Several aspects of organizational health are considered, beginning with the firm's financial performance (individual and in comparison to the industry), its size, structural changes, employee affective commitment (including shareholding), employee satisfaction and morale (including engagement), and changes to the company's core values.

Traditional Indicators of Change

Financial performance. Traditional indicators of organizational problems involve declining financial performance in terms of: revenue, margins, profitability, stock price, or some combination thereof. As stated previously, part of the impetus for the OCI study was declining financial performance during the early 1990s, exhibited in two ways. First was declining profitability (see Figure 6), after relatively strong growth during the last half of the 1980s (see Figure 5). Taken together, these graphs indicate a significant reversal.

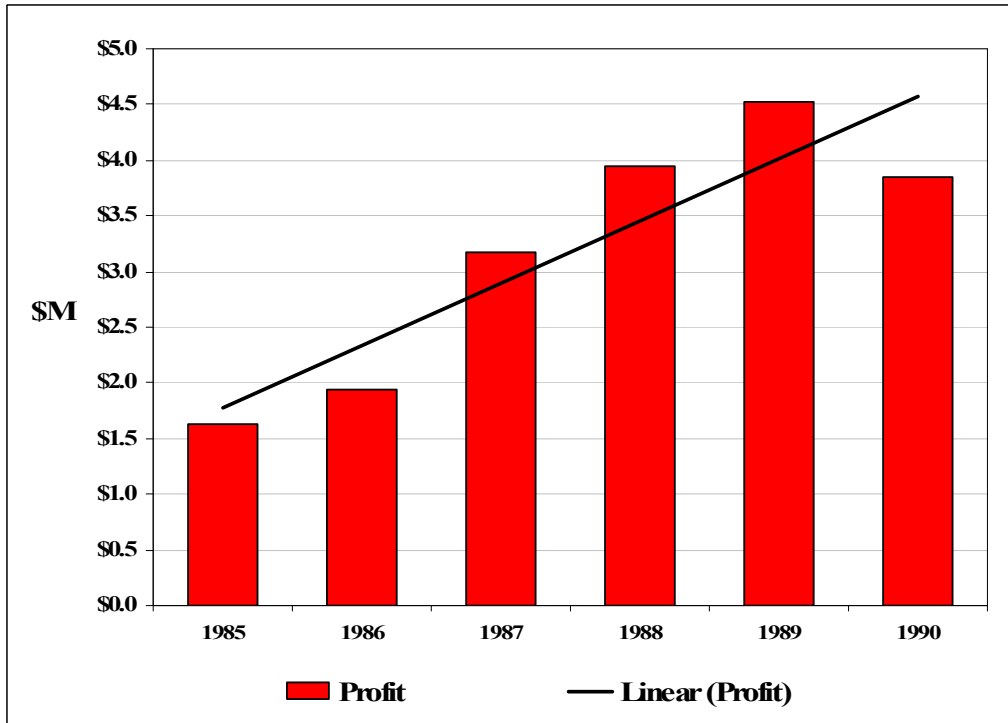


Figure 5. EES profitability (1985–1990)

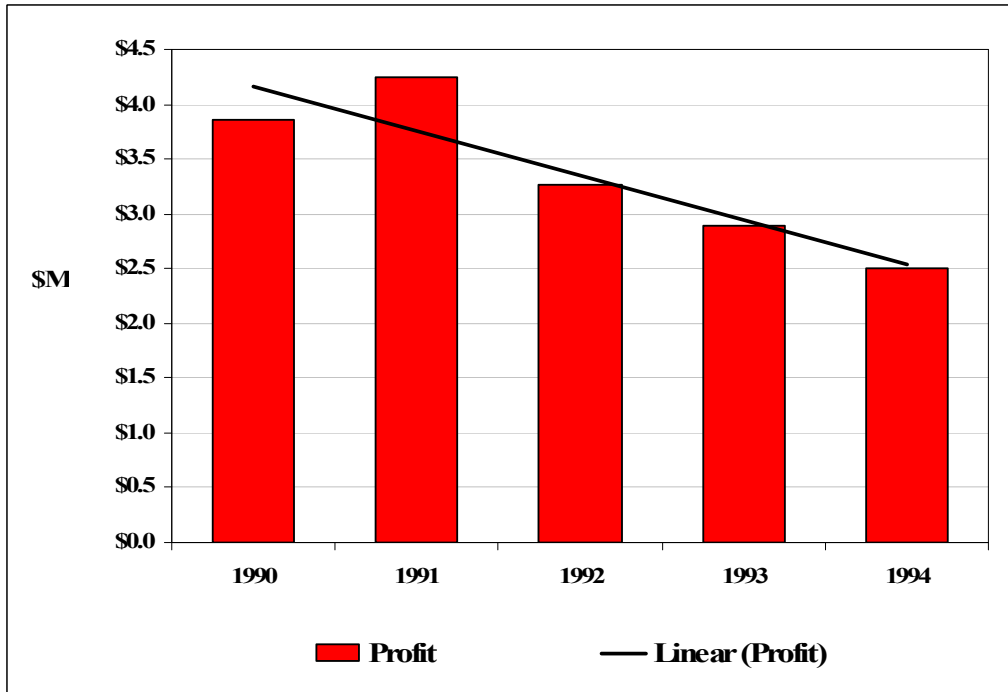


Figure 6. EES profitability (1990–1994)

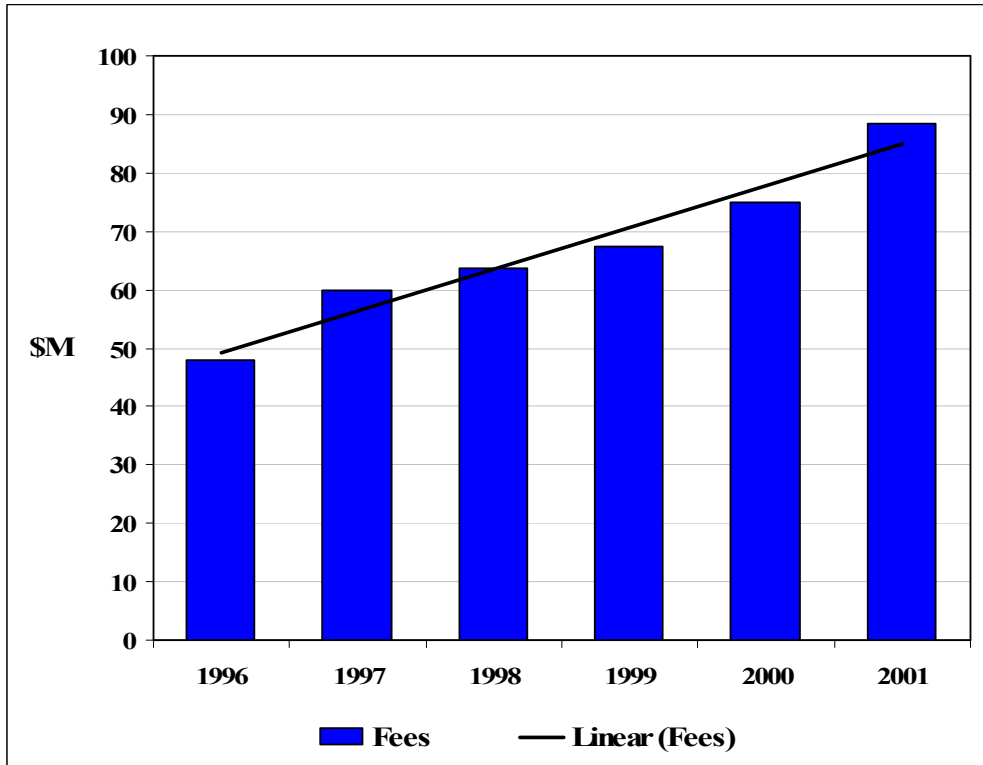


Figure 7. EES fee revenue (1996–2001)

EES' financial performance began to recover after 1996 (see Figure 7), but remained below historical trends until 2002 according to EES members. In terms of company performance in relation to the industry, two series of Statistics Canada data were used. The first involves engineering consulting industry price indexes (Statistics Canada, Table 327-0007), using 1997 as the base year (1997=100). The extent to which the industry is able to charge higher or lower amounts for its services (see Figure 8), indicates favourable business conditions and prospects for higher profitability. In the periods 1989–1994, 1998–2001, and 2004–2006, the industry enjoyed increasing prices for its services, but relative softness in 1994–1998 and 2001–2004.

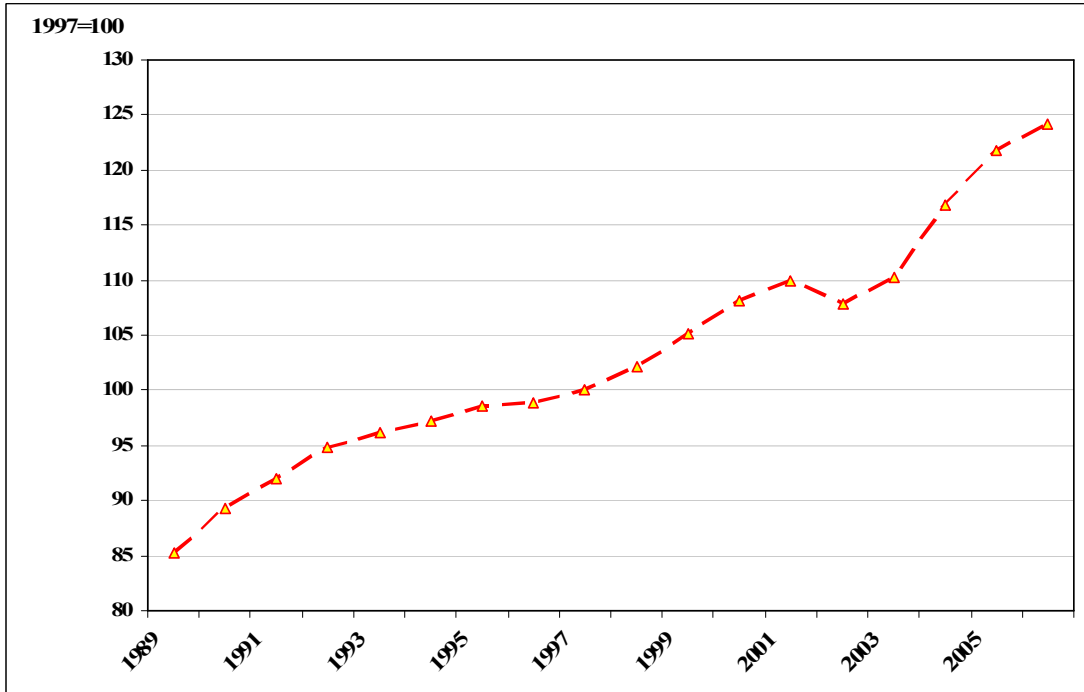


Figure 8. Engineering consulting industry price index (1989–2006)

The second industry data set tracks industry operating revenue and profit margins between 1997–2005 (see Figure 9). Total industry revenue grew from \$8.25 B in 1997, to \$13.8 B. in 2005, for an average annual growth rate of about 8.4%. However, industry growth was slower during the late 1990s, reflected by single digit profit margins in 1999 and 2000. Higher industry profitability did not begin to occur until 2004, suggesting that the industry was not performing well (relatively speaking).

In contrast, EES was experiencing declining profitability during the early 1990s, at a time when the industry was able to command higher prices and stronger margins. This suggests that EES' performance lagged that of the industry during this period. Secondly, EES' rebound in performance after 1999, both in terms of revenue and profitability, diverged from that of the industry. Although EES profit margins were not substantially higher, its rate of revenue growth exceeded that of the industry. Thus, EES'

financial performance did not appear to mirror that of the engineering consulting industry over this period, and cannot be explained solely by general industry trends.

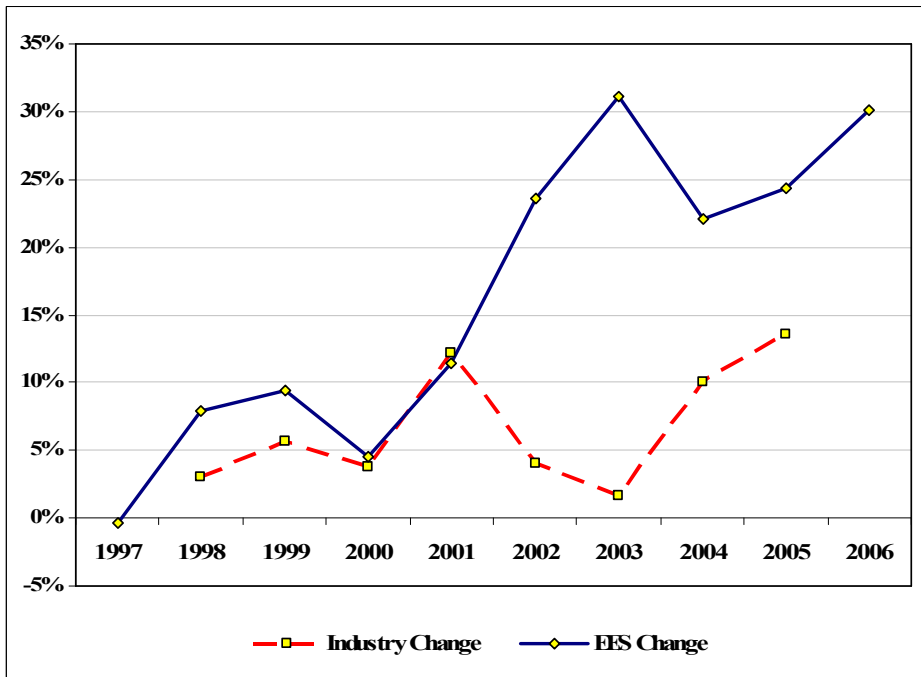


Figure 9. Industry and EES change in revenue (1997–2006)

Company growth. Prior to 1996, the company’s growth in terms of number of personnel began to level off. While this may be partially attributable to layoffs due to declining revenues and profitability, it was also reflective of a loss of organizational health as some members no longer wished to be associated with the firm (exit), and the firm was not attractive to prospective members. Renewed growth in personnel suggests that EES was once again an employer of choice. According to the company newsletter, EES practically doubled in size since 1996, growing at 15 percent annually (see Figure 10), after five years of relatively slow growth (4 percent).

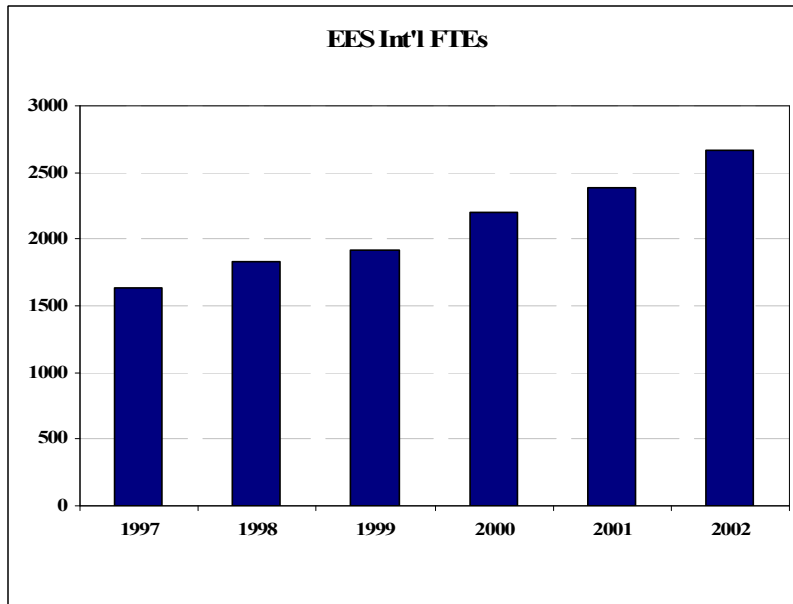


Figure 10. EES International personnel

Structural changes. One stream of the organizational and strategic change literature builds upon contingency theory (Burns & Stalker, 1963; Donaldson, 2000) and the importance of proper alignment between structure, strategy, and the environment (Daft, 2006). Changes in strategy or the environment should be matched by corresponding changes in structure. The extent to which EES was not matching industry performance might suggest that it was suffering in part from such misalignment.

In recent years, radical change has frequently been associated with significant organizational restructuring through initiatives such as re-engineering (Hammer & Champy, 1993), team-based approaches (Barker, 1993), or moving from the P2 to MPB professional service firm model (Cooper, Hinings, Greenwood, & Brown, 1996). While some structural changes occurred—a market sector orientation (e.g., power, oil and gas) versus a client-based, more team-based approach (as opposed to individual clients), and changes in senior leadership—major organizational structural reforms did not occur prior

to 2005, when EES added a new layer of senior management to better coordinate national, regional, and local office activities. This initiative expanded the size and responsibilities of the national management team as the company began to promote a more consistent approach to clients.

What is significant about the timing of this change is that it occurred well after the process of radical change had begun. Under a managerialist approach, structural reform is often used as a precursor to change, where changes in reporting relations, roles, and responsibilities, are deemed to be necessary to effect change (Demers, 2007). In the case of EES though, these actions were enacted to manage changes that had already occurred.

Employee commitment. For a public company, active trading and a strong stock price indicate confidence in a company and its management. For an employee-owned private firm, this takes on a slightly different dynamic. The first question is whether company stock represents a good financial investment. Given the company's declining profitability, the return on EES stock may not have been as attractive relative to other investments. As there is a limited pool of potential investors, this can be a dangerous situation.

Second, employee investment is linked to employee affective commitment (Allen & Meyer, 1990; Meyer & Allen, 1991). Members who identify positively with an organization will commit to it in different ways, ranging from staying (lowest), to talking positively about it, to investing financially in it (highest).

Third, participation is important in terms of signalling employee organizational commitment, and corresponding career aspirations (partner), as employee ownership represents a core value for EES. High or increasing employee investment levels therefore

provide an important signal of organizational health in several respects. In 2006, share ownership for EES International was at 50 percent, up from 41 percent in 1999 (see Figure 11). This turnaround in staff interest in company shares was highlighted in the company's newsletter:

In 2001, over 104,000 shares were purchased and the total number of shareholders increased to about 1,000 *individuals*. All of the available shares were purchased and demand currently exceeds supply. This is a positive development and the demonstrated support of our ownership model is extremely encouraging. At the end of February 2002 there were approximately 18,000 (new) shares available in trust and a demand on waiting lists for about 160,000 shares. . . . The Board will assess the share demand and supply in November to determine whether the creation of additional treasury shares is warranted. (EES International newsletter, internal document, March 2002)

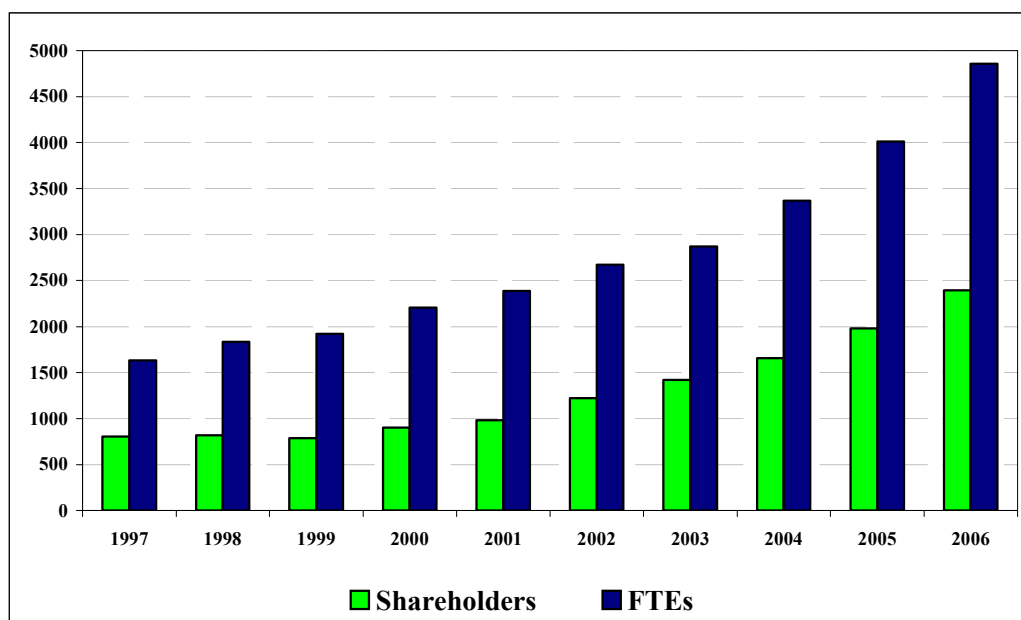


Figure 11. Share ownership versus FTEs (EES International)

Another indicator of employee commitment also involves affective commitment. Wearing clothing bearing the company's logo, particularly when it is not required (as a uniform or dress code would be), is regarded as an expression of loyalty (Withey & Cooper, 1989). For example, Brenneman (2000) recounted how employees at his

company intentionally removed the Continental Airlines logo from their uniforms as they were ashamed to be seen in public wearing them. Most members of professional service firms are not required to wear anything that explicitly signifies they are associated with a particular firm. When individuals do wear such clothing to the office, on casual days, at social events, or on personal time, this indicates a measure of allegiance and identification that goes beyond continuance commitment.

The researcher observed many individuals wearing such clothing during visits to company offices, social events, and meetings. At the national managers' meeting, practically every manager wore something with the company's logo. Moreover, intentional employee purchases of such apparel suggest strong attachment. Staff sales of such clothing have been quite strong, initially exceeding most people's expectations. A catalogue of items is now regularly available.

Q: *And do you notice a lot of your colleagues wearing it on a regular basis?*

S 4: *Absolutely, absolutely. Are you going to be around tomorrow?*

Q: *Yeah.*

S 4: *Well, if you're around tomorrow, you'll . . . tomorrow being Friday . . . I'm sure that you will see at least 50 percent of the people wearing something with EES on it. (2002)*

Employee satisfaction and morale. EES contracted OCI Consulting to conduct an investigation into why it was experiencing low employee morale. The OCI revealed that a key contributing factor was the wide divergence between actual and desired culture for junior members. In contrast, there was strong congruence between actual and desired culture for partners, indicating that they continued to experience the social reality that they had collectively created.

A key indicator that EES has changed would be elimination of this gap between junior and senior members. This divergence between actual and desired culture, combined with congruence at the partner level, suggests an ideographic or multiple identity organization, though EES partners envisaged a holographic (shared) identity. Whetten and Foreman (2002) suggest that high employee satisfaction can also be considered an indicator of identity congruence. Thus, to the extent that EES displays high levels of employee satisfaction, it can be inferred that EES members perceive strong identity congruence and alignment with the Constructive orientation.

Ideally, conducting a second OCI survey after adoption of the Balanced Scorecard would provide strong evidence either for or against change. Unfortunately, EES was not willing to undertake the significant expense (time and financial) of a second survey. Therefore, other evidence of high employee satisfaction or a Constructive orientation was sought.

An employee satisfaction survey has been conducted annually at EES since 2001 by HA Consulting as part of a national Best Employers ranking (Brearton, 2007; Brearton & Daly, 2004, 2005, 2006; Brearton et al., 2006; Daly, 2002; Daly & Brearton, 2003), with results published the following year. Key to the rankings is the company's engagement score, which includes speaking positively about the firm (*say*), having a desire to stay with the firm (*stay*), and putting forth extra effort to do a good job (*strive*), measured by the items listed in Table 5. Theoretically, these measures align with the concepts of positive voice (Withey & Cooper, 1989), affective organizational commitment (Allen & Meyer, 1990; Meyer & Allen, 1991), and highly motivated employees.

EES placed on the 50 Best Employers list in their first year of participation, surprising some in the company. EES' ability to remain on this list indicates that their culture changed, and that this change has been sustained.

Two additional types of analysis were conducted on data from the annual employee satisfaction surveys (HA Consulting, internal documents, 2002, 2007). The first focused on employee responses to the Likert-scaled, close-ended survey questions. The second involved qualitative analysis of employee closing comments. Special attention is given to the 2002 and 2007 surveys, as these measured employee opinions five and 10 years after the OCI study, and contained more detailed segmentation of respondents.

Quantitative Survey Results

Employee responses to the more than 100 close-ended questions were used by HA Consulting to determine which companies scored highest in terms of employee engagement (see Table 4 for the questions). Additional topics addressed included company work practices, "people" policies, growth and development opportunities, quality of management, and pay and benefits. However, due to changes in the survey questions, data for more than five years was available for only 26 questions (out of 130 in 2006), even after taking into account slight variations in wording (see Table 13).

Table 13

Trend Data for Similar Questions

Question	2002	2003	2004	2005	2006	2007	Chg
WORK ENVIRONMENT							
It would take a lot to get me to leave this company	78%	80%	79%	75%	71%	70%	-8%
I would, without hesitation, highly recommend this company to a friend seeking employment	92%	88%	87%	83%	83%	83%	-9%
This company inspires me to do my best work every day	78%	74%	80%	73%	71%	70%	-8%
I hardly ever think about leaving this company to work somewhere else	72%	68%	68%	61%	60%	60%	-12%
The physical work environment is appropriate for the kind of work I do	94%	85%	89%	86%	83%	84%	-10%
My job makes full use of my knowledge and abilities	83%	63%	70%	64%	59%		-24%
I have the authority to make the decisions necessary to do my job well	82%	73%	76%	75%	73%		-9%
At work, my opinion counts	80%	73%	80%	76%	73%		-7%
My work related stress is manageable	69%	72%	69%	61%	61%		-8%
The balance between my work and personal commitments is right for me	70%	64%	62%	58%	54%	56%	-14%
Given the opportunity, I would recommend this company's products and services to potential customers	98%	95%	96%	95%	93%		-5%
I am certain that our business creates something that adds value to our community	93%	89%	90%	90%	82%	83%	-10%
I believe this company acts as a good corporate citizen within the community	92%	80%	83%	87%	82%		-10%
PEOPLE							
I feel like I 'fit in' well here	87%	79%	84%	78%	79%		-8%
My coworkers work together to achieve our goals	92%	84%	83%	79%	81%		-11%
My manager (the person you report to):							
Is open and honest in communication	83%	80%	77%	77%	75%		-8%
Understands my job well enough to evaluate my performance	80%	79%	79%	77%	74%		-6%
Senior leadership:							
is appropriately accessible to employees	80%	70%	72%	58%	71%		-9%
provides clear direction for the future	82%	79%	78%	68%	70%		-12%
is open and honest in communication	77%	76%	78%	66%	72%		-5%
I see strong evidence of effective leadership from the senior leadership team in Canada		79%	78%	69%	70%	67%	-12%
GROWTH AND DEVELOPMENT							
There are sufficient opportunities within this company for me to:							
Improve my skills in my current role	82%	78%	80%	80%	78%		-4%
Develop skills necessary to assume greater responsibilities	83%	77%	78%	77%	76%		-7%
PEOPLE PRACTICES							
I am truly appreciated for the contribution I make to the company	71%	67%	64%	71%	69%		-2%
My performance has a significant impact on my pay	69%	51%	47%	45%	42%		-27%
My benefits meet my (and my family's) needs well	84%	84%	81%	79%	81%	77%	-7%

While EES Consulting has remained on the list of Best Employers, their relative standing has declined over time (from 20th in 2002 to 42nd in 2007). In response to this decline, EES management expanded the sample for the 2007 survey to enable a more detailed analysis. HA Consulting noted that it has observed a general decline in engagement scores among the 50 Best, which they attribute to heightened employee expectations rather than a decline in employer practices.

As raw data from the surveys was not accessible, statistical analyses beyond those done by HA Consulting were not conducted. HA Consulting highlighted positive and negative deviations in the firm’s results compared to the rest of the 50 Best, and between groups within the firm. Table 14 compares EES’ engagement scores between 2002 and 2007, noting declines in the respective components. Some of the decline in scores was matched by the other top firms. The biggest declines were on the following non-engagement questions:

- My job makes full use of my knowledge and abilities (-24%)
- My performance has a significant impact on my pay (-27%)

Table 14
Engagement Score Comparison

	Question	2002	2007	Change
<i>Say</i>	I would, without hesitation, highly recommend this organization to a friend seeking employment.	92%	83%	-9%
	Given the opportunity, I tell others great things about working here.		78%	

(table continues)

Table 14. (continued)

	Question	2002	2007	Change
<i>Stay</i>	It would take a lot to get me to leave this organization.	78%	70%	-8%
	I hardly ever think about leaving this organization to work somewhere else.	72%	60%	-12%
<i>Strive</i>	This organization inspires me to do my best work every day.	78%	70%	-8%
	This organization motivates me to do more than is normally required to complete my work.		64%	

Qualitative Survey Results

Additional evidence of the change in corporate culture was provided by the written employee comments at the end of the survey, where employees can express their opinions in their own words. As the Best Employer survey contains over 100 items, many participants could be expected to quit the survey without completing this section. However, for the 2002 survey, over three-quarters of respondents “had something more to say” (see Table 4).

Content analysis was used to assess the final comments, as the frequency and nature of comments was deemed more significant than the overall quantity of text. While some only provided brief remarks, others provided extensive comments (in excess of 200 words). This approach compensated for the fact that many positive comments were more succinct (e.g., “great place to work”). Provided with the opportunity to voice, many chose to do so. The majority of these comments were positive in 2002, but less so in 2007 (Table 15).

Table 15

Likert Scale Conversion Summary

Coding	2002	2007
5—Very Positive	35	68
4—Positive	107	109
3—Positive and Negative	10	76
2—Negative	6	93
1—Very Negative	1	18
TOTALS	160	364

The comments in English were coded using NVivo (Version 7) into a 5-point Likert scale, ranging from 5 for *very positive*, to 1 for *very negative*, based on their overall tenor. Each comment was coded as a whole. Very positive responses (5) were those that expressed only highly positive opinions about the firm. Members expressing such comments are regarded as having high affective commitment (Meyer & Allen, 1991) and strong loyalty (Withey & Cooper, 1989).

Responses coded as 3 were those that expressed either a neutral opinion (neither positive nor negative). These members may still be regarded as loyal, satisfied, and are not contemplating leaving. *Very negative* comments (1) represent those making only negative statements, sometimes expressing an intention to leave (exit). While few comments fell into this category, this group may be underrepresented as dissatisfied staff may have already left prior to the survey (this would be captured through high turnover). Responses coded as either a 2 or a 4 represented those that were either strongly positive or negative, but included a contrasting comment.

In brief, the 2002 survey comments were more reflective of high employee satisfaction, with over 80 percent providing either *positive* or *very positive* comments. In

contrast, the 2007 comments were decidedly less positive, with more concerns expressed.

Figure 12 presents the grouping of comments from Table 15 graphically.

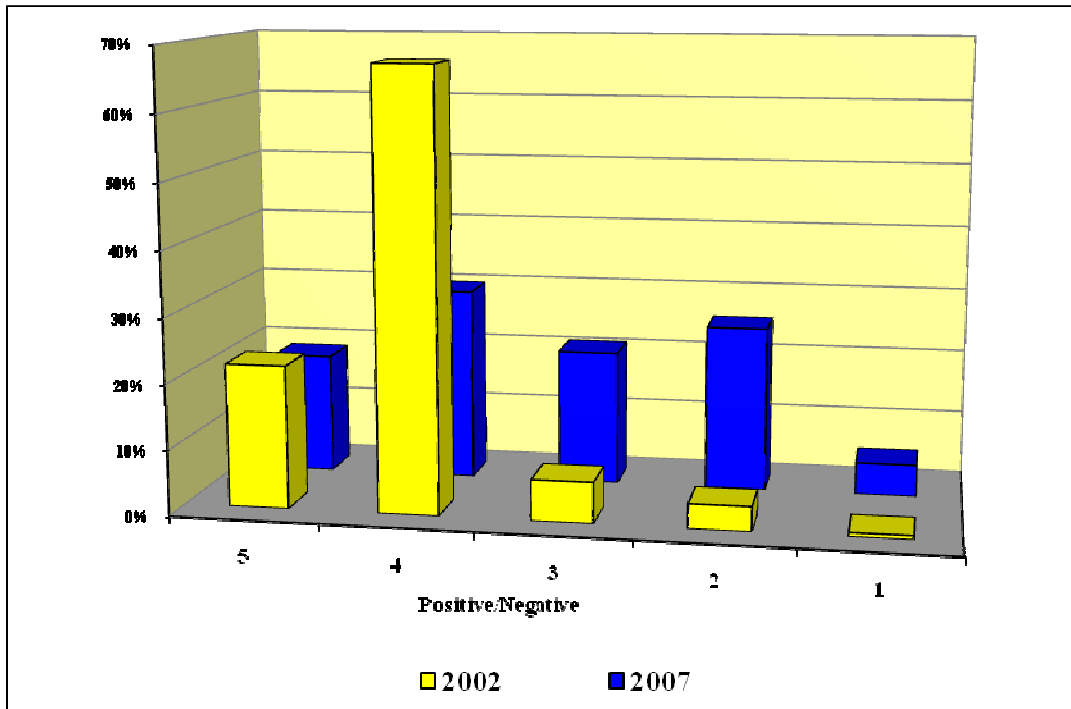


Figure 12. Summary of coding (percent of responses)

Based on the HA Consulting employee engagement scores, EES appears to have achieved high employee satisfaction in 2002. Moreover, the following employee closing comments seem to provide additional evidence of a shift towards the Constructive orientation.

EES is a collegial place to work—lots of highly qualified, friendly and cooperative peers that are almost always willing to join a project team. The main reason I will stay here until I retire is the people I work with and the interesting and relevant work that I do for our clients. I also highly value being part of an employee-owned company.

The fact that teamwork is emphasized, it is like working in an extended family. There is lots of flexibility in regards to family matters for all that work here and the company really strives to keep us all happy. People take precedence over the financial aspects. The belief is that if the people are happy they will do good work and the financials will follow on its own.

I have a nice office. I have a place to shower and park my bicycle. The company has supported external training. I have been given the opportunity to travel. I have the ability to refuse jobs if it is a major inconvenience, without problems. I like coming to work on most days.

The people are really nice and understanding. If you're going through some hard times in your personnel life they will understand.

My experiences with my company to date have been great. I have been given the opportunity to be involved in a variety of different types of projects. Our company provides employees with training courses, as well as seminars that are always very informative and keep employees updated about how our company is doing as a whole. The people that I work with are easy to communicate with and we work very well together as a group. The people that I report to are very approachable and are great with providing feedback. I believe that our company provides quality services and I am proud to be part of the team. (HA Consulting survey, internal document, 2002)

However, based on the 2007 employee satisfaction survey results, some weakness was emerging, though given continuing strong employee ownership levels, employees may have been choosing to voice rather than exit or exhibit neglect (Withey & Cooper, 1989).

Revising the Core Values

An approach many organizations adopt as part of attempting cultural change is to create and promote a mission/vision statement, and/or set of core values to provide a mental picture of the type of organization desired. Although EES was seeking to effect cultural change, it did not follow this particular strategy, but revised its core values retrospectively, as a reflection of, rather than precursor to change. The company began the process of updating its core values in 2004 because members suggested that the former statement (see Appendix A) was no longer reflective of the company. EES' core values were formally revised in the spring of 2005, with an associated office-wide roll-out, communication strategy, and feedback sessions by senior management.

The company’s new core values are summarized in Table 16, while the full (three-page) core values statement is provided in Appendix D.

Table 16

EES New Core Values

Core Values	Personal Actions
Solutions	Client services Quality and innovation
Diversity	Equal opportunities
Supportive	Health, safety, and wellness Personal development Appreciation and recognition
Participation	Teamwork, collaboration, and collegiality Open, honest, and clear communication
Sustainability	Ownership attitude Sustainable growth Community involvement and social responsibility
Integrity	Honesty, fairness, and respect

EES’ updated core values statement (internal document, 2005) provides much more detail than the previous version. The revised statement reflects many of the values identified previously, combined with several emergent values. The new statement provides greater recognition of “people” issues, including collegiality, work/life balance, health and safety, and values reflective of a Constructive orientation. The explicit addition of these values reflects not only their perceived importance, but suggests a shift in the company’s identity. Nevertheless, technical quality and innovation remain central, as do teamwork and employee ownership. To the extent that members agree with this revised statement, EES has changed.

This does not mean, however, that all aspects of its new identity have become institutionalized. Closing survey comments indicate that individuals are experiencing increased difficulty living up to these values, particularly work/life balance. The company has attempted to highlight specific core values on a monthly, quarterly, and annual basis to promote and reinforce their reproduction as the “new” guiding social structures.

A further shift in social structures involved client relations. Formerly, members would refer to clients as *their* clients, but are now described as *corporate* clients, consistent with a shift from the P2 to MPB archetype (Cooper et al., 1996). Associated with this has been greater emphasis on building relationships with clients, rather than relying on their technical excellence to win contracts. Although technical expertise remains central, it is tempered by the importance of having strong internal and external relationships.

Member Impressions of Change

Notwithstanding some of the more objective indicators of organizational change discussed above, interview participants also noted that the firm’s culture has changed significantly since the mid-1990s (an indicator cited by Cooper et al., 1996):

Q: *So you started where?*

M 7: *In Office M for two years, in the early 80s, when it was the mean old EES Consulting. There was no hugging back then, and I have been through most of the changes, I mean I’ve been involved in a lot of changes. (2006)*

Q: *Now in terms of the company’s core values, have you seen much shift in that over time? Are those things pretty much what you would call a core value, been fairly consistent over time?*

P 3: *There have been some changes. Core values of employee ownership and emphasis on quality have always been there. They’ve been a mainstay of our culture and our core values. We’ve been going through a process of quite*

significant cultural change in the last six or seven years so what I've seen in that period of time is a move towards valuing people and relationships much more strongly. I think a move towards valuing broader skills rather than just the very strong technical expert being the king. I see this diversity of being valued a little bit more, and the whole concept of functioning as a team rather than just a series of sole practitioners has been a significant change, really, in the last seven or eight years. So that's where I see our biggest value shifts having occurred. (2004)

P 3: *Oh yeah, those overheads that OCI Consulting produced show this dramatic disconnect between what the founders, what the partners and key owners of the company think and what the rest of the company think. Those two overheads were shock therapy of the first order....But one reflection I'll make is that, you know, amongst a lot of the senior guys in the company, they often referred to the OCI Consulting study, that it was, it's one of these milestones in the company's history that's ingrained in the memories of the people that were involved and lived through it, Ken. So people will go back to, geez it was the, you know, it was the OCI Consulting study. If we hadn't have got OCI Consulting to take a look at us. It was, you know, I think Joe often says, you know, it was OCI Consulting that held our face up to the mirror and made us look at what we were and we didn't like what we saw, so we had to change. So it's a milestone event. (2004)*

Moreover, based on their 1996 OCI, OCI Consulting made a prediction regarding the company's future if it did not change. This prediction, however, failed to materialize:

P 5: *One of the comments they made was if you don't change, the company's going to die. They said there's some, as it was explained to the general audience in office M, was OCI Consulting people up and said, there's some things we're going to tell you that are opinion and there's some things we're going to tell you that are fact. And if we say they're a fact you can guarantee they're a fact, based on our however many years of experience and all the studies. Number one fact is if you don't change as a company, the company's going to die! (2005)*

Many members have long-standing tenure with the company (15+ years), and therefore personally experienced this transition. Many were able to recall and discuss the company's previous climate, and provide an assessment of what transpired. The subsequent influx of new members provides an additional internal measure of whether EES now exhibits traits associated with the ideal (Constructive) or prior actual (Aggressive/Defensive):

The fact that teamwork is emphasized, it is like working in an extended family. There is lots of flexibility in regards to family matters for all that work here and the company really strives to keep us all happy. People take precedence over the financial aspects. The belief is that if the people are happy they will do good work and the financials will follow on its own.

I think EES is a great company to work for. Office C is predominantly young, professional people, with a great working environment. Work is challenging and we're given an opportunity to work on projects that one wouldn't get a chance to work on at a smaller company. It is great to work for supervisors that are experts in their field. Having worked for different companies and hearing stories from my friends, I know that EES is an exception. I would recommend EES to any of my friends.

My work environment allows me to take pride in the quality of work that I am able to achieve. The company has a large resource of people and knowledge which I am able to tap into. As a shareholder in the company I find it rewarding to share in its financial and technical performance. (HA Consulting survey, internal document, 2002).

The company has traditionally operated with a strong clan culture (Ouchi, 1980).

The highly professional nature of the firm and the engineering profession (Leicht & Fennell, 2001) elevate members' consciousness of whether they are acting in accordance with the values, norms, and beliefs that define acceptable behaviour. Discussions about the company invariably led to discussions about their values and culture. Members also commented on the influence of the Balanced Scorecard on change:

Q: *And what's your overall impression of the scorecard?*

P 3: *I like it. I'm absolutely convinced that it's been one of the reasons why we've been able to transform this company over the last five or six years. (2004)*

Q: *And how do you think the Scorecard fits with the culture at EES?*

SM 3: *Well, I think rapidly it is becoming our culture. It's what defines our culture. We want to be a company where we look after our people but we want to have good systems. We want to look after our clients, and if we do those things we'll be a successful company. So I think we're getting to the point where it's difficult to separate them anymore, but it's had such an effect on changing our culture. I mean would we have ever been a company that could have entered a*

competition like the best company to work for without the balanced scorecard? Probably not. Because we would probably never have had enough focus on our people to be confident to enter something like that. (2002)

. . . a focus on the Balanced Scorecard for developing client strategies, staff training and career planning, and for continuously improving company processes. The company attempts to attract young, bright professionals and keeps them challenged with the work. Travel opportunities exist for those who are interested and capable. The company is loyal to those who have demonstrated dedication. Communication has been improved many-fold over the last five years or so as the whole company becomes more attuned to the Balanced Scorecard approach. (HA Consulting survey, internal document, 2002)

Although this was not the initial intent of this study (which was use of the BSC as a performance management system), it became its focus: examining the role and impact of the Balanced Scorecard as a driver of organizational change, and why it was successful.

The Balanced Scorecard and Change

According to members, the reason for change was their adoption of the Balanced Scorecard. This section describes members' initial impressions and understanding of the BSC. Actions designed to build legitimacy and gain support for the BSC are noted, followed by illustration of its use as a strategic communication tool. Based on this, the validity of attributing change to the Scorecard is considered.

Adoption of the Scorecard. Although EES was aware of the Balanced Scorecard in 1997, it was not adopted until late 1998, with 1999 as its first year of application. The covering memorandum officially introducing their first Balanced Scorecard stated:

The Balanced Scorecard is all about managing strategy and communicating it throughout the organization in simple terms. Please read the following quotations carefully:

The Balanced Scorecard puts strategy and vision, not control, at the centre. It establishes goals but assumes that people will adopt whatever behaviours and take whatever actions are necessary to arrive at these goals. The measures are designed

to pull people toward the overall vision. (EES memorandum, internal document, December 18, 1998)

Whereas many firms have adopted the Scorecard as a fully formed technology for performance measurement, diagnostic control, or accountability, EES intentionally used the Scorecard to manage and communicate its strategy. Several actions were taken to support and reinforce this approach. The firm minimized the number of goals and measures to focus attention on key drivers of performance. Measures, objectives, and targets were revised over time as their understanding of their business model developed. For example, the first Scorecard in 1999 had 14 measures of performance (see Table 17 and Appendix H). By 2002, the key indicators of performance were reduced to eight. In contrast, many firms increase the number of measures employed, seeking to measure or control more areas of the business, following the maxim “more is better.”

Initial understanding of the Scorecard. Members were asked why the company adopted the Scorecard, and what it was about the BSC that appealed to them. Participants noted that the Scorecard was first identified and advocated by Harry, the international president.

P 4: . . . it would've been the spring of 1998. And Ron [Canadian president] asked if I would implement the Balanced Scorecard in EES, the Canadian company. And I said “sure,” but I had never heard of the Balanced Scorecard. I didn't know what it was at all, first time I'd heard the name. So when I asked him, he was somewhat dismissive. He said, “Oh, it's mandated by the board,” the EES International board. The directors thought that we should do it. And his interpretation was, “It's some HR thing,” and that was pretty much a direct quote . . . (2006)

Q: OK, so he didn't really have a lot of background about it either?

SM 2: No, but I think what he did know about it, Harry, our corporate president at the time, I think the way Harry introduced it at the board, it sounded very much to Ron, at least the way he conveyed it to me, that it was a stick to beat people with. That was Ron's perspective. The words “stick to beat people with,” they're my words. (2002)

Q: *So it was the then president who brought this forward as what he saw as a way to address what were perceived to be the problems for the company at that time.*

M 4: *Yeah, but we very much picked it up and ran with it as a local initiative. You know, Harry brought it to us and encouraged us to use it, but I don't know whether we were formally a guinea pig or whether we just went with it. I think we just picked it up, and you know, in true EES fashion said this looks good, we'll have a go at it, we'll do what we can . . . (2002)*

Senior members initially did not have a clear understanding of the BSC; some regarded it as an HR tool, others as a way of addressing accountability. One participant was surprised by the researcher's reference to it as an accounting tool. Interestingly, the accountability focus developed more strongly within the United States offices.

Q: *Now when it was first introduced in the office, how receptive were people to the scorecard? What were some of their initial reactions to it?*

M 3: *Very receptive. They were saying it's about time. About time we get accountability. About time we have direct accountability for people and what their expectations were for performance. So it's primarily viewed . . . people looked at the . . . office's goal for developing work and they loved the idea that it's on an individual level and putting people responsible and accountable to develop work. Not only to develop work, but then the financial performance of their individual projects. 'Cause we had a long history in Office D of project managers screwing up their projects. They may have gotten the work, gotten all the accolades for bringing in a big project, but then they would fall on their face, or trying to get paid for the work, or going over budget and not managing the project properly. And this balanced scorecard provided a tool to measure the performance of the individual, okay . . . so it was embraced. (2002)*

However, members were consistent in regarding it as a form of a diagnostic management control system (Simons, 1995), consistent with its original official characterization (Kaplan & Norton, 1992; see Table 17). This characterization is not surprising as EES is dominated by engineers who were likely to interpret the Scorecard as a control system, similar to the French *tableau de bord* (developed by engineers; Bessire & Baker, 2005).

Table 17

1999 EES Balanced Scorecard

	Goals	Objectives	Measures	Targets
PEOPLE	Learn the business	Require personal accountability	Staff feedback through course evaluations	Score >7 on content, presentation and format (9 = excellent). Overall meet or exceed expectations
		Invest in people through EES.U.	Training hours through EES.U.	6400 hours (avg. of 8 hours/person/year)
		Build capability and confidence through teamwork		
		Teach the business and foster ownership mentality		
BUSINESS PROCESSES	Fix something	Improve project management	On time delivery	80% (based on original date promised assuming no change in scope)
		Improve invoicing procedures	Time to issue invoice	Within 10 working days of month end. Intercompany 20 working days
		Improve email for road warriors	No. of complaints	<300 complaints (i.e. less than 20% of time assuming 1500 road trips)
		Enhance technical review on projects		
		Establish PID in all offices	No. of new claims	Less than 2 new claims
CLIENT	Win Clients	Concentrate on core business (what we understand we're good at)	Client feedback questionnaire	800 questionnaires
		Focus on markets and service packages	Contact hrs. w/ existing good clients, for new/more business	22,000 hours (avg. of 1 hr/week/professional)
		Identify and leverage existing clients	Contact hours with potential new clients	11,000 hours (avg. of 0.5 hrs /week /professional)
		Listen to clients and respond to their needs (not whatever we think they need)		
		Prospect for new clients		
FINANCIAL	Revenue up, write-offs down	Focus senior staff on revenue generation	Net revenue	\$67 million
		Manage to budget top line	Days outstanding	85 days
		Minimize WIP	Work in progress	10 days
		Reduce write-offs	Revenue/employee average	\$85,000 avg/employee (FTE)
			Write-offs	Less than 3% of fees on average with no big ones

Initial reactions to the Scorecard. Initial reactions varied considerably amongst EES members. Some members remarked that it made intuitive sense to them, whereas others regarded it as fluff, and dismissed it as some sort of management fad. Some saw the potential of the BSC to promote change, while others remained sceptical and reserved judgment.

SM 1: *I guess my first impressions were quite positive, because, it made, it made intuitive sense to me.*

Q: *Okay, did you find that with other top managers who were first exposed to it?*

SM 1: *No. There was a lot of, there was an awful lot of resistance amongst our senior managers. (2002)*

P 6: *You know, in fact, one of the quotes from one of their senior people in the company . . . he said, "if this thing's still around in a couple of years, I might pay attention." Flavour of the day! Fad! But not everybody. Like some people listened, even though it wasn't, the presentations weren't well done. But smart people will kind of overlook that. Hey, there's something here, and some did. But a lot of people just said, "I'm busy, I'm going to go back to work." (2006)*

Assessing members' reactions in terms of Reger, Gustafson, DeMarie, and Mullane's (1994) concept of a change acceptance zone, this mixed reaction suggests that the Scorecard fell within the zone. If only a few members had deemed it worthwhile, this would suggest that it fell outside the zone as too radical. Disinterest would suggest that it was just more of the same.

SM 1: *That helped, but it was very localized. There's only a couple of locations that said "Wow, this is exactly what we need," and started trying to do something pretty much autonomously on it. And those groups that chose to do that actually adopted the, moved into the adoption of the overall BSC of the company much faster. They kind of quickly put aside the individual ones Scorecards and said okay, let's work down from the large-scale one. So they were quicker adopters. (2002)*

Three key factors contributed to the Scorecard's eventual acceptance. First was its legitimization by two respected senior members, particularly one infamous sceptic. As a

firm based on technical expertise, certain EES individuals were looked to as barometers for the credibility of new ideas. Tacit acceptance provided a measure of initial legitimation, that it was worth additional consideration.

Q: *He's always looking for new ideas?*

P 6: *He's always at the front end, he's always out there. And if there's not enough chaos, he'll create it. . . . But in a role like that, you need a bit of an antidote to Jeff, and Joe I thought would be the perfect. Joe is a senior fellow, like Jeff. . . . in different characteristics. . . . Like he will, I think enjoyed, finding reasons why things wouldn't work. You come with a million ideas, and Joe would systematically tell you why none of them would work, "They're all stupid."*

Q: *So sort of the check on this system? If it got by him then . . .*

P 6: *So between Jeff and Joe, you could be sure that there were lively debates . . . but if this notion of Balanced Scorecard didn't get by Joe and Jeff, we would've put it in the trash-can at lunchtime, and that would've been the end of it . . .*

Q: *So basically it was the idea of, if it gets by those two . . . it was perceived as being legitimate for the organization, or . . . that it would fly?*

P 6: *Yeah, not a sure thing. If it was only Jeff, it'll be just another idea. Joe, on the other hand, would be different. (2006)*

Second was the time frame for its adoption. Senior management recognized that building acceptance for the Scorecard would be a five-year project, based on their understanding of the political dynamics within EES getting new ideas accepted. They also recognized that members would reject any forced, top-down adoption of new ideas. .

SM 2: *Keep it simple. This is not a complicated business. I mean if you can't express your strategy and what's important to run your business in a simple way then you really don't understand it. And it takes time to get—it has to be driven from the top, that's another key message. If the senior people aren't behind it, it won't work. It takes time, but it's worth spending the time. Like it does take three to five years, and I think it is a bit of a top down exercise. You got to start with the top senior people and then, you know, work down through the organization. It'll start to come bottom up as, you know, younger people hear about it and get enthusiastic about it. They're going to become the future managers and leaders and so on, so that's where we are now, but yeah, it takes time so I guess that's some of the key things. (2002)*

M 6: *No, I don't think we've ever talked about that actually. It gets discussed but not directly. We sit back and say to ourselves, geez, JWC has really grown across the country, they've got, and they have, and they've been cut in a few spots and places, but the fact of the matter is that, you know, JWC's president decides what he's going to do, it's his company and he just does it. We have to do it with consensus, in the shareholders to, and particularly the senior shareholders, to undertake any major initiative. And that takes time. And consensus isn't simply a majority, it has to be a lot broader than that. And you probably get 50% of people on board in relatively short order, and then, 25 percent sometime after that, and then getting the next 15 percent to sort of get 90 percent agreement takes a long time. So the process is time consuming. (2002)*

Facilitating their education process was a consistent message delivered by an enthusiastic inside champion who was experienced in firm dynamics. This also facilitated tailoring of the BSC message to fit EES' situation.

Development of the Scorecard. One of the interesting features associated with EES' adoption of the Scorecard was their relatively limited exposure to formal Balanced Scorecard technology or outside education. For the most part, EES' development of the Scorecard was an internal exercise. Key members learned about the Scorecard through early publications and a Kaplan and Norton conference in 1998. Scorecard technology at that time was promoted as a performance management system to facilitate strategic control through increased accountability (Kaplan & Norton, 1996). However, EES' version did not follow this path, and promoted it as a strategic management and communication tool, reporting on performance in a readily accessible format.

M 5: *Certainly the key benefits are the simplicity for communication. We can—you can use the Balanced Scorecard, one page, you can put in front of people and talk, communicate the simple, straightforward strategy for our business, and that is—I think that's a huge benefit is the simplicity and communication. It also—another benefit is it does help us to change our—because when you do measure something, when you do put that focus by putting an issue on the Balanced Scorecard, it focuses people's attention and allows you to implement changes within the organization, and we've seen evidence of that through EES U and the changes that have come about in our attitudes towards training. We've seen that in our project management protocols and how the focus that is given by the Balanced Scorecard, the follow up measurement that is done, the comparison, the*

rivalry that is created between offices, all of those things come about because of the profile given to the issue through the Balanced Scorecard. We've seen, again, examples of that. For a long time I remembered receivables being a big issue in our business. It's still a big issue, but the performance and the improvement that we've seen in managing that has been, I think, fairly dramatic since implementing the Balanced Scorecard and putting the measures, raising the profile on the issue and providing the feedback through measuring and reporting back to staff. So those are the benefits as I see it. (2002)

M 7: We didn't, and that's part of my problem. There was a period where we beat it to death. We would spend a whole day and then some at the managers' meeting coming to terms with what our, what messaging we were trying to get into. So I remember all the beginning of this stuff, and I didn't understand it, didn't value it, and then I thought it was a very good tool to get our messaging and explain strategy. I'm guessing, probably around 2001 in Vancouver, we probably spent a whole day where, we, as a team, we broke up, we discussed each quadrant. We discussed the pros and cons, what our big picture issues were with the company, and how we could actually identify real measurable goals that would be beneficial to people. And we spent a whole day on it. And as much as we bitched and complained about it, I think we all took ownership of it. And when we went back to our offices, we could say, this is why. (2006)

EES managers worked through the identification of strategic goals, key business drivers, and corresponding measures of success. The national management team was involved in subsequent refinements, with input from the partners. The majority of corporate education about the Scorecard was developed and delivered internally by members. Thus, EES' Balanced Scorecard can be characterized as based on an imported technology, but reinterpreted by insiders for member consumption.

Q: Did you see any significant differences between the way it's handled or presented between Canada and the U.S.?

M 3: Only that they embrace it more in Canada. It's being embraced, there is a greater emphasis on it in Canada. And they really discuss things in much more detail, each and every item was discussed in great detail, whereas in the U.S. we have not done that. It's been more the development of the Balanced Scorecard is more a responsibility of the management team and less the responsibility of the office managers. Where in Canada I saw the office managers, it was more of their responsibility to develop the balanced scorecard. I'm not saying one is better than the other, but that was the biggest difference. (2002)

Notwithstanding initial misconceptions about the BSC, some advocates suggested that it had now managed to become part of the organization's culture (i.e., institutionalized). Members' understanding of the Scorecard has changed over time, and most now describe it as a strategic communication tool, or how they measure their performance. Informal discussions with staff at a number of levels and in different offices revealed that everyone was familiar with the Scorecard. Prominent display of the BSC in company offices near lunch rooms or coffee areas, and widespread circulation of results, have likely contributed to this, as has the structuring of company communications—office meetings, newsletters, and annual reports—around the BSC's four quadrants.

Several participants noted that the BSC was intended to accentuate “people” issues in response to deficiencies highlighted by the OCI, and de-emphasize purely financial measures. Historically, “chargeability is king” at EES (a sentiment not uncommon in PSFs). This emphasis, however, negatively impacted staff work/life balance and opportunities to acquire new knowledge and skills. As a knowledge-intensive firm, EES members value learning. Recognition of the importance of training and development facilitated acceptance of the company's internal training program (EES U), launched in 1998.

Two implementation strategies have contributed to the Scorecard's ultimate acceptance. The first involved leveraging the firm's cultural styles of competitiveness and achievement to encourage offices to meet Scorecard targets. In 2001, management offered fleece vests to every employee in an office if they met the firm's target for billing and collection (85 days) for three months in a row. Inter-office rivalry and pride took over. The second involved translating the importance of achieving targets to the

individual level. The company newsletter explained that reducing billing and collection time reduced the company's operating loan requirements, increasing profitability and thereby shareholder returns (affecting almost half of the employees).

Interestingly, performance bonuses were not tied to Scorecard results in a prominent fashion as has been attempted by many other companies. While there is a bonus pool of funds available to offices that do well on the Scorecard measures, the rewards are defined as modest (averaging under \$1,000), and shared among all staff (not just managers).

Nevertheless, even with senior management support, gaining legitimacy and building support for the Scorecard took several years:

M 4: I think our people have reacted very well to it. I think they get a clearer idea of what the company is trying to achieve. I think they get a clearer idea of how they can help the company achieve those goals. Whenever I've gone around and talked about the Balanced Scorecard to people in the office—you get a very positive response. Now, has it gone down—is it swallowed everywhere? No. There's still some—even in Office C there are some senior partners who I don't think in their heart of hearts buy into it. I'm sure there are people amongst our employees who don't understand what it is, or what it is we are trying to achieve, but I think for the last—we have got the message over to the vast majority, and we've got the vast majority of that company to buy into this as a group scheme. I don't expect we'll get everybody. (2002)

In summary, the following points regarding their adoption of the BSC are worth noting. First, EES adopted the Scorecard to address organizational deficiencies related to its culture, rather than to enhance management control. Second, EES developed and implemented their Scorecard with limited formal exposure to the technology, or assistance from consultants (in contrast to Malmi, 2001). Interestingly, their version as a strategic communication tool is similar to later official variants (Kaplan & Norton, 2001, 2004). Third, members expressed a wide range of initial reactions, though leaning towards general ambivalence. Several initially misunderstood the Scorecard as an HR

tool (the presidents included), or an accountability tool, though others were quick to see the BSC's potential. As expected with a professional, clan culture, many members did not like the idea of being measured on their performance. Building acceptance required a long and persistent process, even with active senior leadership support. Designing and implementing the Scorecard was further complicated by the need to educate staff about it, most of whom had limited formal business training. Finally, adoption of the Scorecard was initially promoted by their change-mandated president, yet managed to survive his tenure even though it was not yet fully established within the firm. This is perhaps one of the most interesting aspects about EES' experience.

Chapter Summary

This chapter has described the research site, EES Consulting. It has provided background information about the company, both historical and in the present, including a description of its structure, past performance, and strategic orientation, as well as a description of its past culture and organizational identity. Evidence in support of the claim that EES represents a valid site for examining radical organization change was presented, as well as observations regarding their adoption of the Balanced Scorecard and its influence on the change process.

CHAPTER 5:

DATA ANALYSIS AND INTERPRETATION

Chapter 4 provided background information about the research site, key findings, and evidence to support the claim that EES experienced radical change following its adoption of the BSC. Several questions were considered, including: did radical change occur and if so, how; did the Balanced Scorecard influence these changes and if so, how; and finally what does EES' experience tell us about the process of change? This chapter provides an analysis of these changes based on the literature, then seeks to extend the literature based on these findings. The rest of the chapter is ordered as follows.

First, a brief review of the relevant organizational change theories is presented. Next, the timeline of EES' change experience is considered in light of change theory, noting similarities and divergences. Alternative explanations for these changes are discussed through a review of shifts in research focus during the study. Fourth, the interdependency of organizational identity and structuration theory as it relates to the process of change is discussed. An elaboration of structuration theory incorporating the concept of organizational identity is then described. Implications of this proposed theoretical extension conclude the chapter.

Organizational Change Literature

Traditional Conceptualizations of Change

In brief, organizational change implies a difference. Organizations are presumed to shift between equilibrium states in response to changing environmental conditions (contingency theory, population ecology), organizational growth (life-cycle motor), or to improve performance (organizational development). Much of the change literature

focuses on managerial interventions to introduce change through specific remedies such as restructuring, TQM, self-directed work teams, and the Balanced Scorecard.

Interventions are directed by top management to transform the organization into the desired alternative state, and in the process, modify behaviour. This teleological approach implicitly builds upon Newtonian laws of motion of action-reaction and linear causality, to shape organizational trajectory.

Two models summarize much of the field prior to 2000: Lewin's (1951) three-stage model, and Tushman and Romanelli's (1985) punctuated equilibrium model. Lewin's approach involved periodic unfreezing then modification of the organization, prior to establishing a new equilibrium (and refreezing). Tushman and Romanelli suggested long periods of relative stability are interspersed by brief periods of rapid, radical reorientation. Both approaches presume a natural state of relative organizational stability, where change represents a brief, periodic event involving transition between stable states. Other significant approaches examined the process of change (Pettigrew, 1985), including various actions and events, or progression through a series of phases (Kotter, 1996).

Early (pre-1980) change literature was based on a structural, *evolutionary motor* perspective (Van de Ven & Poole, 1995). Change primarily involved proper organizational structural alignment with the environment (contingency theory) and incremental variation (life cycle, evolutionary). Beginning in the 1980s, the field exhibited a shift towards the *teleological motor*. Direct managerial actions employing various technologies (e.g., TQM, re-engineering, training and development, ISO 9001) were enacted seeking rapid, radical change. The key difference between the first and

second periods was the primacy of structure versus agency, and of external versus internal drivers of change.

The field entered a third period in the late 1990s that involved a very different conceptualization of change. Several researchers suggested that change does not follow a smooth, linear trajectory as formerly assumed, but rather involves loops or spirals (Burke, 2008). Two streams of research have emerged: chaos and complexity theory informed change where change is always present (Brown & Eisenhardt, 1997), and practice-based change involving incremental variations in routines (Feldman, 2000; Jarzabkowski & Whittington, 2008). Under chaos and complexity theory, change occurs naturally without managerial direction due to autopoiesis (self-organization). In contrast, practice-based change occurs naturally through non-teleological incremental variations in routines that accumulate in a path-dependent fashion to produce emergent change (Mintzberg, 1978). Rather than occurring as part of a larger strategy, change happens naturally as part of the regular process of organizational “becoming” (Tsoukas & Chia, 2000).

The Process of Change

Pace, sequence, and linearity of change. Amis, Slack, and Hinings (2004) examine the pace, sequence and linearity of change, noting that based on their study, successful change did not follow the typically presumed profile. The speed of change was not a critical factor, nor was linearity exhibited as part of radical change. The sequence of actions, however, was important, involving changing major items first.

The following section presents a case study of the timeline of change at EES, describing the timing and sequence of key actions and events, noting the overall degree of linearity. Participants’ comments combined with archival documents were used to

compile this timeline. Using members' comments to reconstruct the past has the added advantage of identifying events deemed significant by participants as part of change (Gephart, 1993; Isabella, 1990).

This timeline (Appendix C) covers the 12 years between 1994 and 2006; however, the key period is 1996–2004 (8 years). The timeline is divided into three main periods: pre-OCI (pre-1996), search for and adoption of change initiatives (1996–2001), and reproduction and realized change (2002–2006). These periods are further divided as follows:

1. Organizational downward spiral—pre-OCI (1994–1996)
2. Precipitating jolt—OCI study and report (1996)
3. Creative destruction—new international president (1997 and 1998)
4. Translation of change—including BSC (1999–2001)
5. Consolidating gains—Best Company awards (2002–2004)
6. Realization of change—new core values (2005–2006)

This division into specific periods is not intended to suggest that EES went through a linear process nor particular phases as part of undergoing change; it merely serves to locate and describe key events and actions within the overall time frame. It also attempts to align these transition periods with the literature and certain theoretical constructs to help explain how and why change occurred.

Pre-OCI (pre-1996)

During this period, EES was experiencing declining financial performance and increasing employee dissatisfaction. The decline in morale was later attributed to the emergence of a schism between the partners and junior staff. This schism involved a

cultural divide in terms of the organizational reality experienced by members at the two levels. For partners, EES remained as it had always been, a collegial, expert power-dominated and technically superior operation that reflected the Constructive orientation. For the junior staff, however, their reality (Aggressive/Defensive orientation) was diametrically opposed to what was espoused, such that many did not commit and contemplated leaving.

Organizational downward spiral. During the first half of the 1990s, EES' financial performance began to decline in a manner reflective of Hambrick and D'Aveni's (1988) notion of a gradual downward spiral. Although the company was still profitable, it was not performing near historical levels (see Figure 4), leading to the closure of two offices in Canada in 1994. Growth in terms of personnel and offices had also plateaued.

EES' situation was similar to that described by Miller (1994)—the company became a victim of its own success. What had worked for the firm in the past no longer produced similar results, but employees could not modify their behaviour, due to cultural entrenchment (Vaughan, 1996). As suggested by Barr, Stimpert, and Huff (1992), achieving renewed growth required a change in mindset.

EES could be characterized at this juncture as a collection of strong individuals with individual projects and clients who happened to work together under the same banner. Thus, EES resembled the more traditional form of professional service firm (P2) rather than the managed professional bureaucracy (MPB) form (Cooper, Hinings, Greenwood, & Brown, 1996). EES's emphasis was task oriented: to provide superior, technically excellent professional services to individual clients, rather than to build and

maintain strong business relations with corporate clients. This task orientation extended to internal member relations, and the pressure to work long hours (at the expense of personal life).

Retrospectively, several participants remarked about the increasingly negative culture within EES, particularly from a junior employee perspective. One participant described it as the “mean old EES,” while others noted the following:

P 3: *Don talks about the culture of the company in the early days as being the shark tank. They threw people in, and they either swam or they sank or they got eaten. And that was it. (2004)*

P 5: *But Office M. in '91, the culture was still the old style for a lot of engineering or special services companies which wereOffice M. was a very, I don't know what the word is, aggressive or confrontational, almost, in some respects. It was not unusual to have partners of the company standing out in the hallway pretty much screaming at each other, and then walk down the hallway and then have a coffee with each other. (2005)*

By 1994, some partners began to sense that there were substantive problems, and voiced their concerns at a partners' meeting. Senior management, however, was not open to change, while other partners did not see the need for change. Junior employees described the atmosphere as that of an old boy's club, dominated by powerful individuals. Growing unrest was reflected in declining member affective commitment, manifested by an unwillingness to invest financially through share purchases (both junior and senior members).

This inability to attract new investment was particularly problematic for a private, employee-owned company. New investment helps in managing the company's borrowing requirements to finance operations, but is also critical to create a market for senior members to cash out and thereby turn ownership over to the next generation (mandatory sell-off plan as one approaches retirement age). Without sufficient internal investment,

pressure increased to go public (a generally unsuccessful approach for PSFs; Greenwood & Empson, 2003), or consider selling out to a competitor. Notwithstanding these pressures, OCI Consulting was not brought in to conduct an evaluation until 1996. However, rather than seek management advice to address declining profitability or poor business processes (technical focus), EES identified people issues as the key problem area. Given this situation, EES could have responded by following change processes in the organizational development literature (Burke, 2008; Cummings & Worley, 2005), but did not.

In 1995, a new Canadian president was selected, and the EES International president for the past decade finally stepped down in what may be considered more of a coup. An interim international president was appointed in 1995, and the search began for a longer-term replacement. Although there were no immediately obvious successors, a search was conducted internally as EES has a tradition of internal promotion. Given these circumstances, and the literature promoting leadership driven change (Burke, 2008; Demers, 2007; Kotter, 1990), one would expect EES to seek an outside, change oriented President. The benefit of new external leadership is that such leaders are deemed to be “free to act” without the political baggage of insiders, and thus able to introduce new ideas and deal with sacred cows.

Search for and Adoption of Change Initiatives (1996–2001)

Precipitating jolt—OCI study and report (1996). As illustrated in Figure 4, by 1996 the company’s financial results had begun to recover, reversing the decline of the early 1990s. Thus, a traditional impetus for change had been negated. Notwithstanding this, EES senior management asked OCI Consulting to conduct an Organizational

Cultural Inventory given EES' continuing low morale problems. The OCI confirmed the presence of two realities: a positive Constructive orientation for partners, but a negative, Aggressive/Defensive one for junior staff, which was at odds with members' preferred ideal culture.

P 6: *Yeah, it was . . . on October 25th to the 27th of 1996, that's when OCI Consulting reported to the senior shareholders . . . so OCI Consulting presented their report to the senior shareholders . . . and JT is president of OCI Consulting, or was in those days. He's a very credible guy, he has an undergraduate degree in engineering, his PhD was in psychology, probably. He spoke well, he's articulate, and he can really defend himself, you can imagine the subset of EES folk who are very technical . . . where they're going to question everything . . . but it was generally consensus. We believed what they told us, the senior shareholders . . . I think to a person believed it, and came away with a commitment to change . . . because it was, there were three things that stand out in my mind anyway that OCI Consulting told us. One was, the senior people in this company are completely out of touch . . . we had developed some bad habits . . . and the third thing he told us, actually they prefaced it. They said, some of what we're going to tell you is our opinion, and we'll tell you if it's our opinion, you can take it or leave it. Some is fact! It's a fact that if you don't change, you're going to die! And that caught people's attention. (2006)*

The OCI study provided a serious wake-up call. OCI Consulting stated that unless EES significantly changed its culture within 18 months, it would likely fail. EES had developed an Aggressive/Defensive culture that was strong on the Perfectionistic and Oppositional styles, reflecting its emphasis on tasks and technical excellence. Although hard work and long hours are not unexpected within the consulting industry, the growing desire amongst junior staff for greater work/life balance suggests that EES failed to adjust with the times. As a result, many junior staff voiced concerns about their stress levels and expectations to meet client deadlines.

The OCI results were shared with all members, thereby providing a touchstone and shared vision for the type of organization members collectively wanted (and of the sizable gap from where they were). The shock expressed by many partners as to the

nature and extent of cultural divide suggests that the OCI revealed tensions that directly touched upon the “deep structure” or identity of the firm. Central to EES’s identity is the notion of being an employee-owned firm, where ownership means being part of a collegial and egalitarian community of professionals with respect for its members. The OCI clearly showed that this was not the case for junior staff, and revealed how far the partners had allowed the firm to deviate from this ideal. To achieve the desired state would require more people-friendly practices that enabled work/life balance, combined with opportunities for personal development and achievement.

One traditionally significant organizational action EES implemented involved the appointment of a new international president, Harry, in late 1996. Harry was given a mandate by the board to introduce change, including creating a more people-friendly organization. Consistent with past practice, the company did not hire an outsider, though Harry was described as a relative newcomer since he’d only been with the firm about five years. Of the available candidates, he had the greatest “outsider” status.

Thus, several key elements typically associated with successful change were in place. First was a significant precipitating jolt (Greenwood, Suddaby, & Hinings, 2002) in the form of the OCI study. Associated with this was OCI Consulting’s pronouncement of impending doom, providing a sense of crisis and urgency (Kotter, 1996). In addition, there was the appointment of an “external” change agent, one without political baggage. Finally, the company had a vision for change (Kotter, 1990, 1996) as members agreed that they wanted a Constructive culture.

However, even with their imminent demise pronounced, radical change came slowly. Change, though necessary and desired, would not be easily achieved. EES lacked

a road map or plan to effect change. From a theoretical perspective, EES might have benefited from Organizational Development practices such as T-groups and training workshops, consistent with their use of the OCI. While EES did introduce more people-friendly practices, members suggested that the key initiative was their adoption of the Balanced Scorecard in late 1998. This makes their reliance upon an accounting management control system as the key driver of change all the more curious. While EES recognized the need for change, possible actions and programs to effect change were not immediately obvious.

Creative destruction—New international president (1997 and 1998). EES' initial efforts to effect change involved the introduction of more people-friendly policies and practices, combined with increases in pay, though these were deemed less important in the larger scheme of things. Change did not involve major new initiatives, such as organizational restructuring, a new core values statement, or workshops and retreats. Members did not explicitly name any specific major changes or significant initiatives dating from this period. At best, EES' change experience during this period could be characterized as an unresolved excursion without a clear path forward or significant progress. What participants did mention were Harry's attempts to institute "creative destruction" (Biggart, 1977) type changes involving the company's name, logo, and slogan.

Even though Harry was appointed with a mandate for change, his idea of changing the company's name, logo, and slogan threatened certain "sacred cows" that were infused with much deeper significance. EES had many strong-willed, individualistic senior partners with deep attachments to these artifacts:

P 6: *Oh, there were some ideas for moving the company, but you know, for most of us they weren't credible. Or if they were credible—it was such a bummed-out story—that we might as well leave and go and find work someplace else. 'Cause we're consultants, we're dirt merchants, it's what we do, some of us, for 30 years. And we thought we were having a good, successful company; we were proud of what we were doing, and this was just terrible!*

Q: *So really, all that effectively came out of that meeting partners' conference—April 1997 was just a sense of gloom, and of, what are we going to do next?*

P 6: *Yeah, but it didn't last too long. Once we came away and kind of sobered up . . . we realized it's bullshit! We're better than that, and there's something not right, and we're not going to just roll over. So that started the comeback. . . . I think he was put in as a hired gun to change the company, and he did, but in all likelihood nobody could've survived that transition. If you really do stuff . . . (2006)*

Q: *If he was successful, he would've moved on afterwards, anyways? He would just be like the transition guy type of thing at best?*

P 6: *I don't think that was the intention going in, but when he started messing with the sacred cows . . .*

Q: *What would be some of the sacred cows?*

P 6: *He wanted to change our name, and the logo! Stuff like that. Really fundamental stuff! This guy, it's not business as usual anymore.*

Q: *But obviously, that didn't go over too well.*

P 6: *No, not with everyone, certainly not with the majority of people . . . it wasn't drastic change. We were going to go by EES, not EES Partnership (for illustration only). We weren't going to change it to Premier Consulting. But you know, it's like tinkering with the flag, right? Yes, it was tinkering I suppose, in fact, Harry probably thought it was tinkering, and so he didn't understand the shit storm that he created, and because he didn't understand it, he kind of dug in, when he shouldn't have, and it just marginalized him even more. Like he had no conception at the gut level, at how visceral the notion, we're EES Partnership! So he just didn't have that old boy feeling where you know, if he had friends in high places, they would've told him, don't go there Harry, don't go there! (2006)*

Notwithstanding Harry's mandate from the board, senior members were not prepared to accept the proposed changes and began to push back. Resistance from the

partners was more direct than the “neglect” strategy described by Hinings, Brown, and Greenwood (1991).

P 3: *Yeah, and again this is purely a personal reflection. Harry joined us through the merger with Company Z. Really bright guy, you know, identified the fact that we needed to change . . . And Harry jumped right in and forced, started to force change on the company, which the company actually needed. But what I believe was that Harry was a little bit politically naive and really couldn't understand or appreciate that to effect change in EES you do not do it through the typical authoritarian type leader that sends out edicts. You know I talked earlier about all the politicking and it's an idea and then once you know that you've got all the most powerful and influential partners behind you, then it becomes a decision. I don't think Harry understood or appreciated that. So he tried to implement many of these changes through a rather autocratic management or leadership style by saying this is the way it's going to be. So you then got all these powerful partners who were used to consensus decision making. So they basically closed ranks and said that's not the way we do things around here. So, you know, if you continue to go on the way you're going, you're going to have to go. (2004)*

Despite their shared understanding of the implications of failure, the partners resisted these proposals as going “too far.” Too far represented threats to core tenets of the firm's identity. Changing the name would lose the community aspect of the firm. The proposed slogan, while clever from a marketing perspective, was deemed too pretentious, notwithstanding their pride in the company and their technical excellence. Finally, these changes were announced by the President without seeking support and building consensus as part of a collegial organization.

By the spring of 1999, resistance amongst the partners prompted Harry's resignation, promotion of the Canadian president to the international level, and the selection of a new Canadian President in the fall of 1999. Both new presidents were long-term senior partners, and sufficiently politically attuned. Yet, despite the fact that the partners rejected Harry's program of change, many of his ideas were subsequently enacted by his successors. This is peculiar given the degree and price of resistance to change. Subsequent receptivity to these change initiatives should have been low.

It was within this context that the technology deemed by members to be key to the company's eventual successful change was introduced:

Q: *And what's your overall impression of the Scorecard?*

P 3: *I like it. I'm absolutely convinced that it's been one of the reasons why we've been able to transform this company over the last five or six years. (2004)*

According to participants, the Scorecard was first identified and advocated by Harry in 1997, but was not formally adopted until late 1998, and then only to a lukewarm reception. Initial understanding of the Scorecard was limited, some viewing it as a Human Resource tool, and others seeking to develop individual Scorecards rather than a corporate level one.

Q: *Now in terms of EES initially adopting the Scorecard, do you recall who was the person who initially brought forward the idea of this as a trial balloon, well maybe we should do this?*

P 3: *Oh yeah, it was Harry, our short-lived president.*

Q: *And do you recall what some of his rationale was, why he had brought this up or suggested it?*

P 3: *Well, Harry was a very interesting guy in that he recognized that we needed to change on many fronts and a lot of the changes that this company has undergone in the last five or six years can be attributed to him. And I believe that Harry basically latched on to the Balanced Scorecard as the tool that we could use to help us implement the various changes that he felt we needed to undertake. (2004)*

P6: *. . . it would've been the spring of 1998. And Ron Canadian president asked if I would implement the Balanced Scorecard in EES, the Canadian company. And I said "sure," but I had never heard of the Balanced Scorecard. I didn't know what it was at all. First time I'd heard the name. So when I asked him, he was somewhat dismissive. He said, "Oh, it's mandated by the board," the EES International board. The directors thought that we should do it. And his interpretation was, "It's some HR thing," and that was pretty much a direct quote. . . . (2006)*

M 4: *Yeah, but we very much picked it up and ran with it as a local initiative. You know, Harry brought it to us and encouraged us to use it, but I don't know whether we were formally a guinea pig or whether we just went with it. I think we*

just picked it up, and you know, in true EES fashion said this looks good, we'll have a go at it, we'll do what we can. . . . (2002)

Translation of change—BSC (1999–2001). Despite Harry's rejection as EES International president, several of his change initiatives—including the Balanced Scorecard—survived. This is unusual, as most new initiatives fail to survive their champion unless they have attained sufficient theorization or institutionalization (Greenwood et al., 2002; Kotter, 1996). As the Scorecard had been officially adopted only a few months prior to his departure, it is unlikely that institutionalization had occurred (see Tolbert & Zucker, 1996). Moreover, initial reactions to the Scorecard within EES were divided:

P 6: So, the first presentations were, I did a presentation in office V, and Ted did a presentation in office M, and they were complete disasters . . . in late '98 or early '99 . . . More California bullshit . . . and it was just the look on people's faces and you know how you can tell when you're doing it. I'm losing them, you know. In fact, one of the quotes from one of the senior people in the company, that glazed look, he said, "If this thing's still around in a couple of years, I might pay attention." Flavour of the day! Fad! But not everybody. Like some people listened, even though it wasn't, the presentations weren't well done. But smart people will kind of overlook that. Hey, there's something here. Some did, but a lot of people just said, "I'm busy, I'm going to go back to work." (2006)

Reger, Gustafson, DeMarie, and Mullane (1994) suggest that a certain change acceptance zone exists for planned interventions (see Figure 13). To be accepted, interventions need to be simultaneously similar yet different. Initiatives that fall outside of this zone will be summarily dismissed as either unworkable or unattainable. Based on member comments, this appeared to be the case for the BSC.

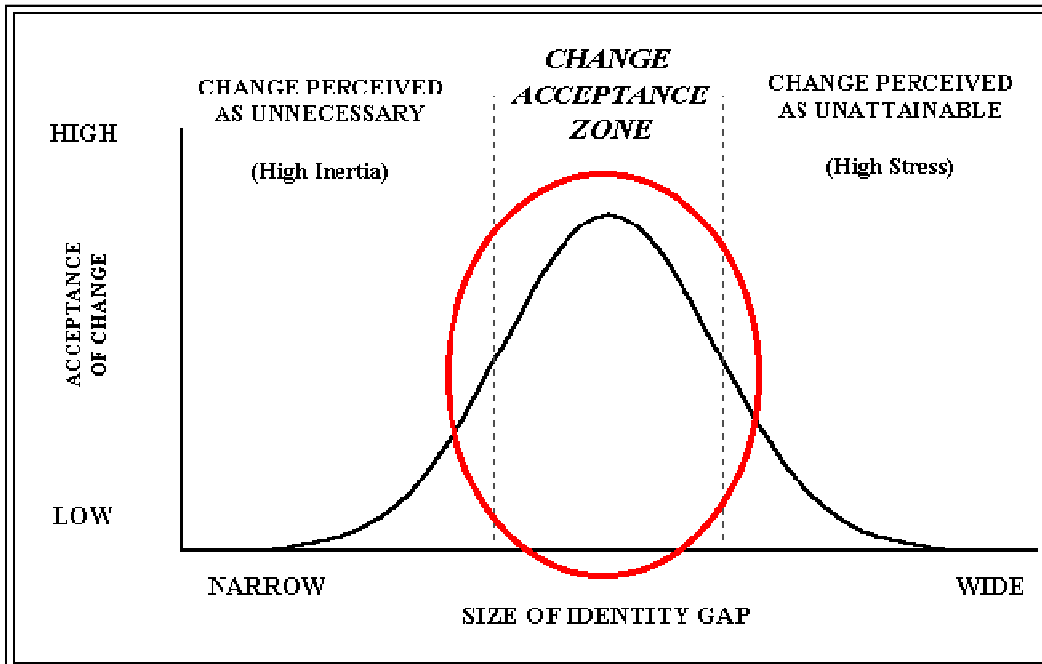


Figure 13. Change acceptance zone

Notwithstanding initial “passage” of the Scorecard as falling within the zone, broader support and acceptance was required for it to succeed in EES. The challenge was building such acceptance amongst members as a valid technology for change. In the Scorecard's favour would be passing the scrutiny of two senior EES partners with expert power, combined with its intuitive appeal:

P 6: *Yeah, kind of, and the people selected were people that Ron, they were more hand picked than they were going through any process. Well Jeff from the west was one of the selections . . . Jeff is a, I think a brilliant individual, very good technically. He's been involved in a lot of senior decision making stuff with EES over the years . . . but Jeff picks up every shiny thing he sees, and out of 100 things he'll pick up, or talk about, or get excited about, maybe one of them has potential . . . He's always at the front-end . . . but in a role like that, you need a bit of an antidote to Jeff. And Jim I thought would be perfect. Jim is a senior fellow like Jeff, but another long-term EES guy . . . finding reasons why things wouldn't work. You come with a million ideas, and Jim would systematically tell you why none of them would work . . . So between Jeff and Jim, you could be sure that there were lively debates . . . and in between, maybe something would come up. So they were, I think they were the two key guys in that group . . . like if this notion of the Balanced Scorecard didn't get by Jim and Jeff, we would've put it in the trash can at lunchtime, and that would've been the end of it. (2006)*

SM 1: *Yep. And at the time, I don't think, we didn't understand the BSC very well at all, at the time, but it was attractive because it had measures that were non-financial in it. So it made sense from that point of view . . . I guess my first impressions were quite positive, because, it made, it made intuitive sense to me. (2002)*

This is not to suggest that the Scorecard was quickly embraced or readily accepted. On the contrary, building understanding of and acceptance for the Scorecard required a long, persistent process of active senior leadership endorsement combined with ongoing member education. Participants suggested that five years was necessary to build a critical mass of support and thereby gain traction for any new initiative within EES, even with its early legitimation. If the BSC truly was the engine of change within EES, change did not follow the brief, rapid profile suggested under punctuated equilibrium. Rather, change represented a medium to long term organizational program (five to 10 years).

The first corporate Scorecard was released for 1999, as a December 1998 memorandum to office managers. The Scorecard was described as helping to manage strategy by communicating it in simple terms. The focus was not on management control and accountability, but rather building vision towards the achievement of particular goals:

SM 2: *What we've done in the last two-and-a-half years is to take it and delve into it and try to make it real for our people. So what we realized is that as the original developers talk about the Balanced Scorecard is that it should tell the story about their strategy. So we worked on telling the story of the strategy and then actually included it on the Balanced Scorecard in writing. And worked over the last couple of years to develop and ground what the vision for the company was, and put that right on it too. So when somebody says, you know, have you got a vision and strategy, and you say, yeah, here it is right here. I give him one piece of paper. They say Wow, you can do it on one piece of paper? Yeah, you know, it's that simple. And the beauty about it is that it—because we've simplified it down into a few things, people can remember it. (2003)*

EES developed their Scorecard internally as a strategic communication tool, with the office managers collectively working through the identification of strategic goals, key

business drivers, and corresponding measures of success, rather than adopting it as a fully formed technology. As such, members wrestled with the logic, connections between, and implications of the various components, and whether these effectively represented how EES' business operated and what was critical to their success:

M 7: There was a period where we beat it to death. We would spend a whole day, and then some, at the managers' meeting coming to terms with what our, what message we were trying to get into. . . . So I remember all the beginning of this stuff, and, I didn't understand it, didn't value it, and then I thought it was a very good tool to get our messaging, and explain strategy. . . . I'm guessing, probably around 2001 in Vancouver, we probably spent a whole day where, we, as a team, we broke up, we discussed each quadrant, we discussed the pros and cons, what our big picture issues were with the company, and how we could actually identify real, measurable goals that would be beneficial to people. And we spent a whole day on it, and as much as we bitched and complained about it, I think we all took ownership of it, and when we went back to our offices, we could say, This is why. (2006)

In other words, consistent with Westphal, Gulati, and Shortell (1997), customized interventions are more likely to be actively rather than mimetically adopted, and thereby produce tangible benefits for the organization. Participant observation at the 2003 national managers' meeting supported this observation: that the office managers had taken ownership of the Scorecard, and were cognizant of how proposed changes might affect their message and strategy. Further indication of the importance placed on the Scorecard is the amount of agenda time dedicated to discussing it during the national managers' meeting, as shown in Table 18.

Table 18

Office Manager Meetings Agenda Allocation

Date	Type	Meeting Time	BSC Time	BSC % of Meeting
Feb 2000	National	17.3	2.0	11.6
Apr 2000	Eastern	7.5	0.5	6.7
Sept 2000	Eastern	8.0	0.5	6.3
Sept 2000	Western	7.3	1.7	22.8
Feb 2001	National	16.8	6.3	37.5
May 2001	Eastern	7.4	1.7	22.5
Sept 2001	Eastern	7.4	0	0.0
Feb 2002	National	19.0	6.0	31.6
May 2002	Western	16.5	4.5	27.3
Dec 2002	National	13.5	3.9	28.9
May 2003	Western	11.3	4.5	40.0
Sept 2003	Western	14.3	4.8	33.3
Sept 2003	Eastern	14.0	3.4	24.4
Dec 2003	National	15.8	2.5	15.8

Note. Based upon agenda time allocations, not actual meeting time.

However, the Balanced Scorecard was not the only initiative to effect change. A key recommendation from OCI Consulting was the need to shift away working as a collection of individual consultants to more of a team-based approach, in which corporate clients are served by project teams. Also, people-friendly policies were introduced to promote the Constructive cultural styles (Achievement, Self-Actualizing, Humanistic/Encouraging, and Affiliative). EES started a series of internal training and development programs (EES U), plus a bursary program to support formal training (Self-Actualizing), greater international opportunities within EES, and policies to support improved work/life balance (Humanistic/Encouraging).

The EES U internal training program, initiated in late 1998, was designed to educate staff about a variety of topics including project management, leadership training, and health and safety practices. EES U includes an Introduction to EES Consulting

workshop, presenting the firm's history to new employees, along with a primer on how the consulting business operates. This workshop also features an introduction to the Balanced Scorecard. While such courses provide valuable information, they also help satisfy individual self-development and learning interests. Uptake of these courses has been strong, and the variety of courses has been expanded.

The first employee newsletter was released in February 2000 as the fourth-quarter report for 1999. While EES International produces annual reports for shareholders, and periodically issues a newsletter from the international board, this was new to EES Canada, and served to fill the communication void between senior management and junior staff. Initially the newsletter focused on the company's financial performance and business operations, like an annual report. This changed over time, as increasing attention was given to staff and client issues, describing where the company wanted to go in strategic terms, and why.

Beginning with the 2000 second-quarter report, the format changed to follow their Balanced Scorecard quadrant approach (people, business processes, client, financial), reinforcing its importance. Similarly, meeting agendas also adopted the Scorecard format, with issues grouped under each of the four quadrants. In 2001, a summary of progress towards Balanced Scorecard targets was presented on the newsletter's front page, reinforcing its importance. Business issues such as client feedback, project descriptions, and briefings on how EES operates were also included. One briefing educated members on the importance of timely billing and collection by connecting the dots for them as shareholders. Timely collections improve cash flow, reducing corporate borrowings to

finance receivables, which in turn improve the company's profitability and, thus, shareholder dividends and returns.

Senior management began an internal consultation exercise in 2000, conducting office-by-office employee satisfaction surveys and feedback sessions to determine key staff issues and corresponding areas for improvement. The top issues identified by staff were pay, recognition, challenging work, and career development opportunities. These consultations were supplemented by town hall meetings with the president, forging greater communication with senior management. Subsequent actions by management intended to redress the issues raised and boost morale included: increasing pay, enhancing mentoring opportunities, supporting formal training, and expanding international opportunities. Perhaps more importantly, these sessions provided a forum for dialogue about the state of the firm and where it was headed.

National office managers' meeting agendas expanded beyond the financials to include discussion of people issues and strategic direction, and the communication of direction to all staff. This dialogue not only reconfirmed member commitment to their espoused identity (collegial and technically excellent), it also allowed the integration of new yet consistent elements (work/life balance).

Not all of the company's changes have been people-focused, such as faster billing and quicker collection of receivables, or tracking non-project-related time spent with key clients to foster improved business relations. EES has also revised its project risk-management practices to reduce its exposure to professional liability claims (a significant cost in 1999). Client satisfaction interviews have also been instituted to obtain feedback from clients.

All of these changes had begun to bear fruit financially by the end of 2000. The company had its best year in a decade, with increased revenue, profit, and profitability. With renewed profitability came growth in staff—doubling in size from 1995. Thus, from a business perspective, EES was beginning to show signs of renewed health. From an employee and cultural perspective, demand for company shares exceeded the available supply in 2001 for the first time in many years. By late 2001, the company appeared to have turned the corner. EES received awards as one of the 50 Best Employers in Canada (for 2002), and had requalified as one of the 50 Best-Managed Companies in Canada by the business press. On an international basis, the company was receiving similar best employer awards from the business and industry press. This improvement in the company's situation was reflected by a new sense of optimism for the future in the president's message in EES's 2001's third-quarter newsletter, issued prior to announcement of the Best Employer award:

This report is purposefully focused “beyond the horizon,” on the opportunities we see in the market place (client) and the growth of our technical resources (people), two leading indicators of our strategy. These leading indicators provide insights into 2002 and beyond . . . While it would be imprudent to ignore the difficulties that some of our clients are facing these days post 9/11, we have reason to be optimistic and excited about next year and beyond. EES is a strong company, our people are focused, our strategy is working, and our future is bright! (2001)

EES' experience with change during this phase challenges several aspects of the change literature. First, leadership-based change did not occur, and was in fact detrimental to change. Members resisted the proposed changes, even though they had accepted the need for change, and agreed that Harry's job was to institute change. The backlash against change, however, stemmed from the style (authoritarian) rather than substance (people policies, Balanced Scorecard) of change, as evidenced by the survival of several of his ideas.

Second, change was neither temporary nor rapid. During the first year after the OCI study, the only significant change noted by participants was the appointment of Harry as the new international president. Significant evidence of change did not begin to appear until 2001. Change was also non-linear. No master plan or vision for change was announced. EES experienced change in fits and starts, with delayed implementation (BSC adopted in 1998), reversal (Harry's resignation), then forward progress (office-by-office dialogue sessions).

Third, change was enhanced by customization of the BSC, rather than driven by the technology. While the BSC may have been a useful tool to frame their thinking and communicate their strategy, adopting it as a management control system (in its initial form), would likely have engendered resistance among the professional members (Aidemark, 2001; Leicht & Fennell, 2001; Watson & Meiksins, 1991). Acceptance of the Scorecard developed as members become more familiar with it, and its implications.

Customization of the Scorecard also suggests that adoption of the Scorecard and organizational change were less a matter of diffusion processes, and more akin to the process of translation (Latour, 1996). Translation is indicated by member comments regarding how consensus for major organizational actions is built gradually over time between members, rather than imposed from above.

Perhaps most important, however, is the collective production and reproduction of supporting social structures (Berger & Luckmann, 1967; Giddens, 1984). Dialogue sessions between members through the office feedback sessions, town hall meetings, regular interpersonal communications, and national managers' meeting sessions

developing the Scorecard, all contributed to defining the structures that would support their desired identity, and the “bad habits” they needed to cease reproducing.

Reproduction and Realized Change (2002 On)

EES’ financial performance was approaching historic levels, and the company continued to be recognized with best employer and best managed company awards. Judging by the tenor of newsletter and verbal comments, members seemed increasingly confident about EES’ health and future prospects. There was strong growth in staffing, and shareholding exceeded 50 percent. There was renewed growth through mergers and acquisitions, and the quality of business processes, and client relations was enhanced. Nevertheless, reproduction of the desired ideal culture was not assured, particularly given their prior identity drift.

During 2004 and 2005, several significant events occurred that both threatened and consolidated the changes achieved to that point. First was the changed role of two senior partners closely associated with creating change, combined with the appointment of a new generation of office managers. While the two senior champions of change were still with the firm, they were not actively engaged in promoting change as before. Although many of the new managers were younger and more receptive to the Balanced Scorecard, they did not have experience with its development and underlying rationale for the specific goals, measures, and targets. Going through the early BSC workshop development helped create a deep-seated understanding of and appreciation for how and why the Scorecard fits with EES’ business model, and ownership of the final product. Although the Canadian president remained the same, the dynamics may have shifted.

Second was the development during 2004 of a new core values statement intended to reflect changes that had occurred in the company. Among these changes were greater diversity of staff, and increased recognition of the importance of work/life balance. Structural change was also enacted in 2005 with the creation of a new layer of senior management (National Leadership Team), suggesting that EES had achieved a measure of discernable change. Both these actions, however, were more a response to change, rather than precursors of change.

Finally, despite overall renewed corporate health, weakness in the company's employee satisfaction ratings began to be reflected in the surveys around 2005. An increasing number of employees noted higher stress levels, greater pressure to meet chargeability targets and project deadlines, difficulty maintaining a healthy work/life balance, and lack of recognition, conditions inconsistent with a Constructive orientation and reflective of reversion towards a task oriented culture. To the extent that such shifts in culture represent leading indicators, this would not immediately translate into negative financial performance (lagging indicator according to the Scorecard).

Consolidating gains—Best Company awards (2002–2004). By 2002, the company was experiencing record revenue and profits. EES had adopted a strategy of expanding the percentage of business accounted for by key clients. These strengthened business relations reduced the cost and effort associated with seeking and securing new business, adding a measure of predictability. Internally, the company also appeared to be doing well, with increased shareholding, a more optimistic tenor in the newsletters, and the expansion of business opportunities (including the environmental services field).

Results from the Best Employer survey indicated that the company once again had a positive, collegial atmosphere, and management efforts to implement more people-friendly policies and practices were acknowledged by staff (see Table 19). The quantitative ratings were high, and the additional employee comments were highly positive. Based on my coding of employees' additional comments using a Likert scale, almost all the comments from the 2001 survey were either positive or very positive in tone, with limited dissension.

Table 19

HA Consulting Survey Additional Comments (2002)

	Coding	Number	Percent of Responses
5	Very Positive	35	22.0
4	Positive	107	67.3
3	Positive and Negative	10	6.3
2	Negative	6	3.8
1	Very Negative	1	0.6

Survey results in subsequent years indicated that the initial award was not a fluke. Positive employee engagement scores were accompanied by generally positive closing comments, although both have moderated over time. The company has now been recognized for six consecutive years as a Best Employer, and as a Best-Managed Company by the business press. Interestingly, one of the factors identified as key for the latter award was its use of the Balanced Scorecard.

While current support for the Scorecard within EES is generally strong, this was not always the case. Notwithstanding endorsement and active promotion of the Scorecard by senior management, acceptance came slowly, almost grudgingly. A mid-2001 internal

assessment of the company's progress in adopting the Scorecard revealed that some offices were early adopters, while others remained sceptical and exhibited limited progress on key Scorecard measures:

SM 1: Well we've had, we've had two company presidents for the Canadian company since we started, and they were both strong supporters of it. And became stronger supporters. You know, they were passive supporters I would say to start with, but became stronger supporters as they came to understand it better. And several of our office managers were early adopters and we wanted to get into it. And some weren't. So within our, our overall management group if you like, had roughly twenty people in it, and there was a, you know, group of early keen adopters at the front end, and a bunch of people, quite a large number of, sitting as wait and see. And the guys at the back that like to throw darts at things.

Q: Okay, how would you describe current acceptance within the company?

SM 1: I think current acceptance is very high. It's, you know, we've been into it for four years. It's taken, one of the things we came across early on was, somebody told us that it's three to five years to get to a pretty high level of adoption, in embracing the BSC, so that it's a tool that's well used. And I think we're right on track with that. That it's, you know, we're in year four, I think right now. People talk the BSC now when we have meetings to talk about business strategy, they're, they're prepared to talk about behavioural issues that we're measuring in the BSC. Two years ago, there's no way we could get managers to talk about measuring behaviour. They just wanted to measure outcomes, and those things. (2002)

While some participants initially professed scepticism and resistance to the Scorecard, others suggested that their criticisms enhanced the final version and overall understanding of the Scorecard by questioning underlying assumptions about the Scorecard and their business. Notwithstanding this healthy scepticism, the Scorecard did appear to have encouraged change within EES:

P 3: The great thing, I think, with the Balanced Scorecard was it's a great tool to moving organizations to action. What had happened with this company, the way I'd seen this company for years, a number of times that we got groups of people together with great ideas and wonderful visions of where we wanted to go and what we wanted to do, neat ideas were never implemented, the visions were never realized, because we failed to move from talk to action. And I believe what the scorecard has done is given us a tool that has very effectively moved us from talk to action on many, many fronts. Why has it moved us to action? Because it's

given us a system of measurement and performance monitoring and brings us back to that old maxim, you know, what gets measured gets done. (2004)

M 4: I think our people have reacted very well to it. I think they get a clearer idea of what the company is trying to achieve. I think they get a clearer idea of how they can help the company achieve those goals. Whenever I've gone around and talked about the Balanced Scorecard to people in the office—you get a very positive response. Now, has it gone down—is it swallowed everywhere? No. there's still some—even in Office C there are some senior partners who I don't think in their heart of hearts buy into it. I'm sure there are people amongst our employees who don't understand what it is, or what it is we are trying to achieve, but I think for the last—we have got the message over to the vast majority, and we've got the vast majority of that company to buy into this as a group scheme. I don't expect we'll get everybody. (2002)

Although EES regards itself as an innovative firm, great ideas do not always translate into action or results. This may be due to organizational constraints including lack of resources, general resistance to new ideas, or political considerations. However, participants also noted the importance of buy-in and support from influential senior partners. Such support was twofold. First was gaining acceptance and building support for new initiatives such as the Scorecard, following the notion of a change acceptance zone (Reger, Gustafson, DeMarie, & Mullane, 1994). Second was the need to curtail Aggressive/Defensive behaviours, and shift mindsets away from the P2 PSF model. Reproduction of the desired new structures without abandonment of the former would merely have reinforced the cultural divide created by the presence of two realities. As noted by one partner:

P 3: But we're so much further ahead now in terms of understanding the value of investing in our people and what our people will give back to us. There's been a dramatic shift. And we've moved much more towards trying to function effectively as a team of people. This company started really as groups of sole practitioners that had their own personal practices in local areas and now we're moving much more towards being an integrated team-based company, which is quite a mind shift, shift in mindset for a lot of the older guys. (2004)

Although studies of hybrid identity organizations suggest that these can exist and function successfully (e.g., research/teaching universities; Albert & Whetten, 1985), where such internal contradictions exist (e.g., image vs. identity; Dutton & Dukerich, 1991), dominance of one will likely occur eventually, unless members agree to the paradoxical tension (Golden-Biddle & Rao, 1997). In the case of EES, this cultural schism and clash of identities could not persist as it would disavow their egalitarian sense of community. Given the partners' reactions to the OCI study, this revelation produced cognitive dissonance as it was inconsistent with their vision of what the company should be like. This dissonance provided the key impetus to change (Elsbach & Kramer, 1996).

Several indicators of successful change were as follows. First, EES International began to experience double-digit growth in sales, net revenue, and staffing. Shareholding also increased, hovering around the 50 percent mark since 2003, even with the addition of about two thousand people. EES began to add organizational capacity through new mergers and acquisitions. Strengthening of key client relationships began to account for a greater percentage of gross revenues. Client feedback reflected improved working relationships and satisfaction with EES services. New information systems were being developed to facilitate existing operations (e.g., a comprehensive database of past projects), and management turned its attention to improving the quality of business processes (e.g., project management, health and safety). Although the initial outlook for 2003 was uncertain, and performance lagged the budget for the first part of the year, by the end of the year, the company was back on track and predicted a positive outlook for 2004.

Beginning in 2004, it appeared that EES management began to regard organization change as having been accomplished. This perspective was reflected by the employee newsletter, where articles discussed how to do better implementing their current strategy, rather than promoting new ways of thinking. This is akin to the shift from product innovation to process improvements described in the first mover advantage literature. In traditional change literature terms, a new equilibrium appeared to have been achieved such that refreezing and evolutionary change were at hand.

Based on the company's financial performance in recent years, the perception of having arrived was not unwarranted. Profitability for the international company was in the historic 8 percent of revenue range, the company had been growing through both internal growth and acquisitions, more than doubling in size since 1996, while revenues were approaching the \$US500 million level. Optimism for the company's prospects also seemed high, with demand for shares continuing to exceed supply.

The other significant event during 2004 was the sense that the company's core values—its sense of self or organizational identity—had changed. In 2004, senior management began the process of revising the company's core values statement, as the existing statement, adopted prior to 1996, was no longer deemed reflective of the company's current state. The new statement was drafted and discussed during 2004, and officially adopted in 2005 (see Appendix D).

Realization of change—New core values and management structure (2005 to present). Isabella (1990) describes the final aftermath phase of organizational change as taking place when people begin to evaluate an event, and there is realization of change. It is at this point that individuals are able to analyze and evaluate what and how change

transpired, and the extent to which the organization has changed. Although some members began to enter this phase in 2003, actions beginning in 2004 and into 2005 helped bring closure to this process.

The first act of closure involved redefinition of the firm's core values statement. Interestingly, this re-visioning did not precede change, but rather helped finalize it. This is in contrast to many change initiatives that involve pre-definition of the destination, and subsequent teleological journey towards that state.

Second was the creation of a new level of senior management known as the National Leadership Team (NLT) in 2005. The NLT was intended to support the president and help develop and implement corporate strategies, policies, and initiatives. This structural change also redefined the roles and responsibilities of office managers, who became more locally focused. Rather than being full partners in the development of national policies as before, the office managers became one step removed, functioning more as implementers than creators of policy:

M 7: . . . but in the last couple of years, when Don and Dan stepped away from those roles, the people that were passionately, really understood it, left! I mean that whole feeling kind of went away. I'm the only one that's still here, as an office manager from 1999, we've turned over our management team, across Canada, so there's nobody, I'm the longest serving office manager, Aaron as the regional manager, and Matt's a regional manager, but I've been around the longest. So I remember all the beginning of this stuff, and I didn't understand it, didn't value it, and then I thought it was a very good tool to get our message across and explain strategy. But the people that are in charge these days, and I don't believe the office managers are in charge as much as they used to, any more. Or it's contributing, 'cause there's another . . . level of management that Bill has added, Marty, all those guys. Some of it's good, some of it's not so good. But the people that put the Balanced Scorecard together, this year, got very little input from us. . . . My personal opinion is that we've lost the sense of what this is for in the last 12 to 18 months (2005–2006). (2006)

The tenor of the company newsletters also shifted, away from describing the business and how to work as a company more effectively, to what the company, groups,

offices, and individuals had done. Rather than helping define the business, describing why particular strategies exist (e.g., faster bill collection), more statistics such as the number of audits conducted or compliance rates are reported. This backward-looking perspective is more consistent with the current Scorecard's increasingly formulaic approach:

P 6: Well I guess the key thing to avoid is not to get focused. It's to remember what the objective is and not to get focused overly on the measure. Like ticking boxes. If you get down to ticking boxes, some people fear it'll become a stupid anti-productive exercise. People will be doing things to get a tick in a box, rather than if it was the right thing to do It's become a to-do list, it's not a shiny new thing. People that are doing it . . . if we have administrative people doing it, it's dead. Or if we're measuring stupid stuff, like I say, why are we measuring that, people get rewarded for doing things, and take their eye off why we're doing this. My sense is that it needs a good kick in the arse. (2006)

Moreover, the company's employee satisfaction ratings have begun to slip in recent years, although this trend is afflicting the 50 Best group as a whole (according to HA Consulting). To determine whether this was indicative of backsliding by EES, management commissioned an expanded survey in 2006 (for the 2007 rankings) to identify potential regional or demographic differences that might explain the nature of growing employee dissatisfaction. The additional comments seem to suggest the following points of contention: maintaining adequate work/life balance, recognition, pay and benefits, lack of career opportunities, and—interestingly—the beginning of a sense of separation between the junior and senior ranks. Several of these areas reflect concerns noted by staff during their 2000-01 internal feedback sessions. One key difference is that the company is continuing to perform well, and any significant morale or employee satisfaction concerns have not yet translated into negative financial results:

M 7: Those people probably aren't frustrated with this, because they just know one's going to appear every year . . . and don't know . . . what level of care we used to put into them . . . and I'm sure the guys that put this together thought they

were putting a level of care . . . but those are four different agendas attached together on a piece of paper . . . that's not a strategy spread out and thought about it and combined . . . so . . . so it really comes down to Bill and his management team . . . the national team needs to . . . I believe . . . go back to the basics on this thing . . . and think . . . either we've completely lost it . . . and we throw the tool away . . . or we go back and look at it . . . and say, OK . . . back to basics . . . what were we trying to set out and do with this thing? . . . What have been our impacts . . . what have been our successes and failures? . . . and how do we use this to keep moving forward? . . . we tried, I think, two years ago . . . 2004 . . . they changed what it looked like . . . 'cause it looked the same for five years . . . and they were going to completely redo it . . . and they did make it look a little bit better . . . so it was fresh on the wall . . . and that . . . they can get stale . . . because people just ignore it, if you're not doing something about it . . . but I think we need to sort of rethink what use is it . . . because I think some people are taking it for granted . . . and that is not going to lead anybody anywhere . . . that is . . . you know . . . we want more client contact hours . . . we want financial success . . . we've known forever that we need to have so many hours of people training . . . that thing hasn't changed in six years . . . and goal setting sessions . . . that's great . . . we're doing all that stuff now . . . people are afraid to take things off because that's a bad signal . . . but I think, maybe, it's time to look at . . . what do we want to get out . . .

Q: What do you want to do with it, from here on? . . .

M 7: Yeah, 'cause we can get . . . if you keep doing it like this . . . I think it's going to lose all of its impact . . . and it's just going to be another thing that you post stuff on the wall and nobody looks at . . . (2006)

Nevertheless, one participant also noted the following.

P 6: I think we're heading for another change point. Like we're within a few years of another kind of interesting change in the company. (2006)

Whether this change will be for the better or worse, remains to be seen. From a financial and business perspective, EES seems healthy and well positioned for the future. From a cultural perspective though, the 2007 survey results could represent the canary in the coal mine.

Discussion of Findings

Based on traditional measures, EES changed in a number of ways between 1996 and 2006. Its revenue and profits increased significantly, and its profitability recovered to historic levels. Shareholding increased from about 40 percent to over 50 percent of employees, and demand for shares was strong. The number of staff more than doubled, and EES expanded internationally into new countries and markets, while opening additional offices. Employee satisfaction and morale improved, and the overall outlook for the company was generally positive. The firm successfully enhanced its relations with key clients, and was generating an increasing percentage of its revenue from them. By these accounts, EES appeared healthy, and in remission from the cancer that threatened to kill it in the mid-1990s.

Divergence from Change Literature

Among the questions to be addressed concerning EES' change experience compared to the literature are the following. How did the OCI study prompt change well after its initial shock value? Why was EES successful despite rejection of its president and early attempts at change? How important are structural changes? Is change more effective top-down or bottom-up? How important was the Scorecard to eventual change?

Several significant aspects of EES' change experience do not fit with the traditional profile of change, either in terms of pace, sequence, or linearity (Amis, Slack, & Hinings, 2004). The theoretical extension of structuration theory proposed in this study was developed because traditional approaches to change did not seem to address EES' situation adequately. The discrepancies between traditional approaches and EES' experience are as follows.

First, as with many organizations attempting change, EES experienced a precipitating jolt and crisis situation that created a sense of urgency and demand for dramatic action. OCI Consulting prescribed a radical cultural reorientation (from Aggressive/Defensive to Constructive), or EES was likely to fail. Radical transformations are typically enacted quickly due to the crisis context, and to prevent internal resistance from mobilizing (Ford, Ford, & D'Amelio, 2008). Allowing strong internal opposition to develop is likely to dilute the effect of key interventions, resulting in unresolved or aborted excursions (Greenwood & Hinings, 1988).

Although EES experienced a significant precipitating jolt through the 1996 OCI study, solutions were slow to develop. Various ad hoc initiatives were introduced during the first two years (1997–1998) rather than a comprehensive plan for change. These initiatives failed to produce any substantive progress towards the Constructive orientation, or even small wins to build momentum (Kotter, 1996; Weick, 1984). Even the Scorecard, which members credited as key to successful change, was not formally introduced until 1999 (and would not produce immediate results). This suggests that other factors helped sustain EES in the interim (given OCI Consulting's life expectancy prediction).

One possible explanation was the appointment of a change-oriented international president, Harry. Significantly, his agenda for change included changes in the company name, slogan, and logo, provoking rebellion rather than support from the senior partners. This represents the most significant departure from traditional models, namely, that change could proceed despite strong and active member resistance. It also calls into question the importance of top leadership in achieving successful change. Thus, it is

difficult to attribute EES' survival during this period to Harry's steadying influence.

Nevertheless, EES did appear to stabilize during this period, arresting its downward spiral by dissipating negative inertia (in Newtonian terms).

The pace of change at EES also did not reflect the urgency associated with a crisis situation. Rather than a smooth progression, change at EES exhibited fits and starts with varying degrees of success. Evidence of change was slow to come, based on results from the internal (2000) and external (2001) employee satisfaction survey results. While the internal survey results provided a "passing" grade, they were not indicative of a best employer ranking. Employee morale did not improve until 2001, some five years after the precipitating jolt, and three years after the Scorecard had been adopted. This seems to suggest that actions taken during 2000 were critical to eventual change. These actions included adoption of the employee newsletter (in the spring of 2000), and a series of office feedback and town hall sessions. It is the latter action that I suggest was critical to successful change. These sessions, together with the Balanced Scorecard, provided the medium and vocabulary for internal dialogue to define and reproduce the necessary elements of identity. However, full realization of change, by codifying the shift in core values, occurred nine years after the precipitating jolt, suggesting that the process of change may take much longer than firms typically allow for.

Second, the sequence for change has traditionally involved formal, structural modifications up front (e.g., matrix), with consequential organizational realignment thereafter. Typically, such plans would be introduced shortly after a crisis or precipitating jolt, but in EES' case were not. "Structure" would include the formal organizational structure or archetype, key technologies, business processes, and/or policies and

procedures. For example, EES top management could have announced their adoption of the MPB form (Hinings et al., 1991), to be subsequently enacted by middle managers (Balogun & Johnson, 2004). However, EES' organizational structure was not revised until 2005. If anything, EES' situation could be characterized as an initial lack of response in organizational terms.

The organizational design changes that were introduced (group orientation with corporate clients), were not reflected by structural changes, yet did serve to redefine the relationship between partners and junior staff and strengthen collegiality. One relational change that was introduced was a formal mentoring program. However, according to some senior members, mentoring was something the firm had always done.

Formalization merely reaffirmed its importance, and the need to renew partner commitment to its reproduction in the future.

Third, and associated with the previous point, is the concept of change linearity. Typically, firms progress through a series of stages as part of undergoing change (Kotter, 1996). Change towards the desired state would be tracked through certain indicators of progress. Once the organization had changed, it would settle into a new, stable state. Under punctuated equilibrium, change would occur rapidly in radical ways, then gradually subside over time, whereas under Lewin's three-stage approach, active refreezing would be required. In either case, change would be a short-lived, temporary phase, completed relatively soon after the initial crisis and announced intention to change.

However, EES did not begin to show signs of significant change until five years after the OCI, and did not conclude the process until nine years after. Moreover, EES'

experience reflects the scenario described by Barr et al. (1992), in which once change has begun, the organization remains unfrozen and continues to change. Thus change did not punctuate relative stability, but rather became part of an extended pattern. The firm continued to introduce changes to its business processes, systems, marketing approach, and client relations, even after initial indications of success.

Fourth, the success of change programs typically hinge on their successful management, following a top-down approach and the exercise of power (diffusion approach) or offering of incentives (management bonuses). Leadership involves creating a sense of vision about the organization's future (Kotter, 1990), and outlining the steps to get there (teleological).

In EES' case, their vision of the future evolved incrementally, separate from visionary leadership. Moreover, significant bonuses were not offered at EES; just the knowledge that EES would remain a going concern. EES' experience suggests greater attention be given to the iterative interplay between levels (Balogun & Johnson, 2004; Johnson, Smith, & Codling, 2000), where translation (in the form of member enactment) is necessary to effect change (Latour, 1986). This adjustment process is not just between management and employees, but also between guiding organizational structures and individual actions (i.e., as under structuration).

Fifth, change is often attributed to certain invoked technologies, such as TQM, re-engineering, or the Balanced Scorecard, where successful change rests upon the technical merits of the technology. However, the technical merits of the Balanced Scorecard as a mechanism for change are still open to question (Norreklit, 2000, 2003). It is uncertain

whether the Balanced Scorecard would have been as effective without additional internal customization (Aidemark, 2001; Westphal et al., 1997).

Barr et al. (1992) highlight the importance of shifting mental models, while Bartunek (1984) highlights dialogue between members. Labianca, Gray, and Brass (2000) determined that employee resistance stemmed from established, ingrained schemata, where new schemata need to be enacted if change is to be accepted (Reger et al., 1994). Management actions and technological interventions on their own may not be sufficient to effect change, requiring supplemental collectively constructed agreement on the nature and terms of change.

Finally, there is the difference between continuous and discontinuous change. Traditional approaches favour discontinuous, episodic change, such as that depicted under the three-stage and punctuated equilibrium models. However, EES' experience appeared to follow the continuous profile indicated by Barr et al. (1992), once change began in earnest. Some researchers have suggested that we should study change as a continuous, social process, (Beer, Eisenstat & Spector, 1990), where shared meaning is built between members (Beer & Walton, 1987). More recent change research has advocated a continuous orientation (Weick & Quinn, 1999), in particular that informed by chaos and complexity theory (Brown & Eisenhardt, 1997).

In summary, the following key observations regarding the process of change are made based on the experience of EES. First, the pace, sequence and linearity of change had more in common with that found by Amis et al. (2004); in other words, divergent from that promoted within the traditional change literature. Second, that structural reform, top-down management, visionary leadership, or new management technologies

may not be effective drivers of change. Third, that successful change requires associated changes in interpretive schema and the macro social structures that guide/govern organizational life.

Existing schemata may form cognitive barriers that constrain understanding, requiring revision if change is to occur (role of precipitating jolt). Shared schemata such as organizational identity are critical as they help shape individuals' interpretation and understanding of events (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Isabella, 1990). Members develop new schemata through dialectical analysis and synthesis of elements (Gersick, 1991; Isabella, 1990), following a process of dialogue and negotiation between members (Balogun & Johnson, 2004; Bartunek, 1984; Labianca et al., 2000). This in turn enables the social construction of new structures. Revised frameworks that build upon and retain prior experience by grafting new knowledge onto existing schemata are more likely to be successful (Bartunek, 1984; Feldman, 2000; Fox-Wolfgramm, Boal, & Hunt, 1998; Greenwood et al., 2002; Pettigrew, 1985; Reger et al., 1994). Thus, revising identity enables shifts in socially constructed organizational reality (Barker, 1993; Balogun & Johnson, 2004), and thereby the structures that govern members' actions (Giddens, 1984). Based on these findings, a re-conceptualization of structuration theory is proposed below. Prior to this, a discussion of possible alternative explanations for what transpired will be considered through a review of shifts in research focus over the course of this study.

Shifts in Research Focus

This study underwent several shifts in research focus as a result of ongoing analysis of the data. Initially, the intent was to examine the role and use of the BSC

within EES, and in particular its organizational effects as discussed in the management control literature. This focus was constant throughout the study, though reinterpreted over time.

EES' adoption of the BSC was originally viewed as involving the appropriation of a new management technology, one that provided greater management control through the use of a performance measurement system (Anthony, 1965; Ittner & Larcker, 1998a, 1998b; Otley & Berry, 1980). Although the literature suggests that EES management may have been "deceived" by a management fad (Abrahamson, 1991, 1996; Carmona & Gutierrez, 2003) and its creators' persuasive rhetoric (Norreklit, 2000, 2003), or were acting mimetically to portray themselves as good managers (Staw & Epstein, 2000), this did not appear to be the case. Many EES members expressed their initial scepticism of the Scorecard, though others spoke positively about it, including its intuitive appeal. Member scepticism combined with active customization (Westphal et al., 1997), appeared to be key to making the BSC a useful management tool for EES. Thus, the focus shifted to determining why they found the Scorecard useful.

Attention shifted towards whether certain design aspects made the Scorecard more amenable to EES members in terms of organizational fit given its quantitative orientation (Gordon & Miller, 1976; Ogata, 2003). Given that EES has a high percentage of engineers and related professionals, the professions literature (Abbott, 1988; Leicht & Fennell, 2001) was examined. According to this literature, professionals are likely to reject rather than embrace new management systems (Meiksins & Watson, 1989; Watson & Meiksins, 1991), as they are likely to clash with the principle of professional autonomy. Instead, professionals prefer to be guided by professional practice norms,

principles, and ethics, and more tacit, clan-based cultural controls (Ouchi, 1980).

Nevertheless, many EES members did not express such concerns, and some seemed to welcome the use of more professional management tools.

Participants also stated that the Scorecard had been critical in effecting organizational change. This observation was unexpected, and differed from the Scorecard's official positioning at that time (Kaplan & Norton, 1992, 1996). This shifted the focus towards consideration of why the BSC might have been effective as a planned change intervention, and how the firm had changed as a result. It was at this point that the severity of EES' earlier problems was discovered, and became the ultimate focus of the study.

The organizational change literature was examined to identify possible explanations, focusing on planned change utilizing particular interventions, and in particular how members and organizations respond to change initiatives (Beer et al., 1990; Ford et al., 2008; Kotter, 1996; Strebel, 1996). Reger et al.'s (1994) notion of a change acceptance zone that depended upon an intervention's dissonance or consonance with the organization's identity, prompted investigation of the organizational identity literature, and subsequently the cognitive stream of organizational change research (Demers, 2007). However, introducing the concept of organizational identity complicates matters, as it is typically associated with the enduring qualities of stability and persistence, rather than change. Understanding how identity may influence change required further extension. This also prompted reconsideration of the Scorecard—as a new technology which prompted members to respond by adopting new routines (Barley, 1986; Orlikowski, 1992, 1996, 2000; Orlikowski, Yates, Okamura, & Fujimoto, 1995).

Orlikowski's work in particular suggested that how organizations and their members react to and use new technologies may overshadow the technical merits of the intervention. These studies employed Giddens' structuration theory, noting how interactions between macro-level social structures and micro-level actions can combine to produce substantive, incremental change. This then became the theoretical focus of the study.

Proposed Theoretical Extension

The macro theory guiding this study is structuration theory, which describes the interaction of structure and agency as a duality. The construct of organizational identity is introduced to clarify the mechanics associated with the production and reproduction of structures, which is underspecified within structuration theory. Organizational identity and structuration are socially constructed, and therefore deemed to be ontologically similar, operating under a similar process of production and reproduction.

Structuration theory accommodates both top-down, planned intervention-based change, as well as bottom-up, emergent change. In the case of EES, what emerged was the confluence of a top-down intervention (Balanced Scorecard) and bottom-up emergent change (reproduced actions). Emergent or incremental change is driven by slippages in institutional templates or routines that open the door to variation and change through the imperfect reproduction of structures over time. The cumulative effect of emergent change will be the revision of macro governing structures, involving a dialectical synthesis of old and new elements. Although this study examined the impact of the Balanced Scorecard on EES, the Scorecard is not regarded as the primary mechanism of change. Rather it prompted reshaping of the existing social processes/dynamics at work (Orlikowski,

1992). Change in this case involved the negotiated social construction of a new organizational reality (Berger & Luckmann, 1967) between members of the organization. The BSC technology served as an enabler by prompting reconsideration of and facilitating dialogue about the organization's governing structures (Barley, 1986; Orlikowski, 2000; Orlikowski et al., 1995), and how these would be enacted and reproduced in the future.

Renegotiation of these foundational social structures revised members' experienced reality, but first required modification of the modalities owing to the interdependence between levels. Organizational identity facilitates the process of structural change by acting as a key interpretive schema, particularly during periods of crisis or change. As a central organizational sensemaking and interpretive device, identity serves as a primary vehicle for collectively engaging in dialogue about what the organization is, and what governance structures (domination dimension) members will agree to invoke to guide their behaviour (Barker, 1993). Without changes in members' shared interpretive schemata, organizational changes cannot be sustained owing to cognitive discontinuity, as replacement structures will be interpreted through pre-existing schemata (Elsbach & Kramer, 1996; Isabella, 1990). Thus, successful change will require the revision of organizational identity (Fox-Wolfgramm et al., 1998; Gioia & Thomas, 1996).

Change will occur iteratively over time, as schemata are modified through negotiation between members, as well as reinforced reproduction of new schemata (Isabella, 1990). As noted by Barley (1986), the interplay between structure and action (i.e., the process of structuring) reaffirms or modifies the institutional structure, driven by

individuals' interpretation of events, access to resources (power), and the moral frameworks that legitimate the social order (constraints). Thus, this proposed extension involves a holistic perspective of change, predicated on the interdependence between levels, and between structure and action.

Theorized Dynamics of Change

In summary, change involves a dialectical process where members learn to employ alternative interpretive frames (Barr et al., 1992; Bartunek, 1984). Key to the process is initial sensemaking of new schemata using pre-existing schemata (Isabella, 1990), highlighting the importance of continuity to bridge between schemes (Reger et al., 1994). Shifting to new schemata does not follow a Kuhnian paradigm shift of abrupt replacement, but rather requires the delegitimation (Dent, 1991; Oliver, 1992) and creative destruction (Biggart, 1977) of former structures, combined with gradual, continual reinforcement (reproduction; Giddens, 1984) of replacement structures until they become established (institutionalized; Tolbert & Zucker, 1996). In the case of EES, delegitimation of the firm's Aggressive/Defensive orientation and dual culture through the OCI study provided the impetus for change, but did not shape the contours of change.

Successful change cannot supplant enduring elements of identity, or artifacts infused with deep-seated cultural significance (such as EES' name, logo, and slogan). Building upon Bartunek (1984) and Gersick (1991), synthesis of a "new" identity will be necessary, as long as sufficient prior elements are preserved to provide continuity (notion of similar yet different as suggested by Reger et al.'s, 1994, change acceptance zone).

Customization of new technologies such as the Balanced Scorecard (Westphal et al., 1997) will prompt questioning and reconsideration of the existing organizational

system (Simons, 1995; Tuomela, 2005). Customization, however, represents a collective effort (Beer et al., 1990), requiring negotiation and agreement by members (Barker, 1993). In the case of EES, this could not occur without individuals deeply attuned to organizational dynamics, and therefore not under the guidance of a relative outsider.

Members also need to be mobilized in support of change (Balogun & Johnson, 2005). Thus, how change is managed may be more important than the specifics of what is adopted (i.e., intervention technology). Organizations and individuals need time to consider, synthesize, and integrate shifts in interpretive schema (Balogun & Johnson, 2004, 2005; Isabella, 1990), which may explain both the delay and extended period of adjustment required by EES. As shifts in schemata occur, revisions to formal organizational structures will correspondingly be made explicit (Bartunek, 1984; Ranson, Hinings, & Greenwood, 1980). For EES, this phase occurred in 2005, with the adoption of a new set of core values, and the creation of a new layer of senior management.

Structuration-Based Change

Theoretical Framework

Organizational change is presented in this study as an interactive process involving macro and micro levels (Johnson et al., 2000), with structuration providing the overarching theoretical frame, and organizational identity providing mid-range theoretical guidance. Two elements of structuration theory are emphasized: the duality of structure as both medium and outcome, and the modalities that link the institutional, macro realm to the micro realm of action.

Theoretically, the suggested change process builds upon Bartunek's (1984) case study of organizational change within a Roman Catholic religious order. Vatican II had

served to destabilize the church, by legitimating the conceptualization of alternative lifestyles such as social justice ministries (or *pre-institutionalization*, as per Greenwood et al., 2002) without defining what this entailed (it was not top-down driven). Experimentation with alternative lifestyles prompted debate between members of the order (*theorization*, see Greenwood et al., 2002) as to whether these changes were philosophically congruent with the past and therefore worthy of formal adoption. Change was emergent, influenced by micro-level innovation and incremental adjustment (Feldman, 2000; Orlikowski et al., 1995), and more reflective of translation (Actor-Network Theory; Latour, 1986) than diffusion. This resulted in a protracted period of sensemaking, communication, and negotiation of the implications of change by members, allowing time for dialectical synthesis to emerge. Ultimately, members of the religious order chose to accept a modification of their prior mission and structures (Bartunek, 1984), merging the old with the new. Key to the process was pressure to resolve discontinuities between meanings, power, structure, and context (Ranson et al., 1980).

Five key points summarize this process of structuration-based change:

1. Precipitating change is some form of legitimating or delegitimizing event that calls existing structures into question.
2. Structures are revised indirectly through modalities involving experimentation. This includes the revision of interpretive schemata.
3. Members socially construct change through dialogue and negotiation.
4. Resulting change occurs through consequential adjustments to restore overall structural congruency (holistic).
5. The change process is finalized through formal revisions to structures.

Precipitating Change

Structuration has been used in several other studies to explain change in response to the introduction of new technologies. Understanding organizational change within the context of structuration requires examination of the structuring process. According to Giddens (1984), social structures are both the medium and the outcome of action, not purely constraining or overridden by individual agency.

Structures both enable and constrain. As enablers, certain actions are supported (often without need for justification) if they have been pre-legitimated. As constraints, structures limit human action to the extent that they are invoked as the basis for action, consciously or unconsciously; in turn, this process reproduces only certain patterns of actions. The continuing and binding influence of social structures is due to their stability and continued reproduction through enactment. Actions that do not have corresponding legitimating structures may be rejected or challenged. Illegitimate actions may represent an exception to established convention, or the beginning of a new pattern of routines, but only if accepted and replicated.

As social structures have institutional qualities that are taken for granted and generally unquestioned, they have a tendency to persist and resist modification. They may even be deemed inviolate. Breaking such a cycle of reproduction requires the introduction of alternative structures, combined with their subsequent legitimation and reproduction.

For example, new technologies present actors with the need to make decisions, either to maintain historical interaction patterns or to adapt by revising routines. New technologies carry certain structures embedded within them from their designers which

need to be recognized by users if they are to be modified (Orlikowski, 1992). Examples of such structures include rules of thumb, standard operating procedures and principles, and certain values and beliefs. Users must choose whether to accept the social structures implicit within the imported technologies, or infuse them with organizationally consistent ones. Choosing the latter will require undertaking appropriate customization actions through collective negotiation (Orlikowski et al., 1995).

Institutional qualities make macro social structures difficult to surface, constraining members' attempts to reflect upon and engage in discourse about their continuing relevance. Modalities represent more accessible constructs, which members can cognitively apprehend, thereby facilitating discourse about structures. In the EES case study, the concept of organizational identity was identified as a construct that could provide insight into how the interpretive schemes modality functions.

Interpretive Schemes and Change

Like structuration, organizational identity is linked to stability by definition: it endures. As the central character of an organization, identity provides a relatively consistent set of values, norms, and beliefs that informs members' sensemaking, and provides them with a sense of continuity and order. Identity enters as a bridge between the unconscious and preconscious, between guiding principles and underlying tacit assumptions and beliefs, allowing for member discourse about governing social structures. Changing the core tenets of the organization redefines the relationships between members, their understandings of what the organization is and stands for, and how members should act.

Isabella (1990) states that interpretive schemes are critical to the process of change. New schemata enable proper sensemaking and new understandings, thereby supporting changes in macro social structures and corresponding changes in behaviour. Organizational identity represents the key interpretive scheme to be changed, because it represents the central, defining qualities of an organization. However, as identity represents a shared schema, revising it requires a collective effort to reconstruct reality. Thus, members enact change by renegotiating the contours that define and govern the organization—that is, by socially constructing change. This process involves the delegitimation and creative destruction of outdated elements, theorization and legitimation of selected alternatives, and negotiation and agreement on these revisions. As shifts in schemata occur, post hoc revisions to formal organizational structures are made and codified to restore continuity.

Social Construction of Change

As defined thus far, change ultimately represents a collective achievement between members, one that must be sustained over time. While any number of new social structures may be proposed and enacted, their legitimation and ongoing reproduction will depend upon shared understandings as to their correct application and terms for enactment. For example, the social structure of patriotism took on new meaning in the United States after 9/11. Patriotism was invoked and enacted in ways that would previously not have been accepted, such as by censoring freedom of speech. This new version has been reproduced and sustained, but will replace the former only as long as society continues to enact and reproduce this new theorization. However, if a sufficient

number of people reasserted the former, or the new variant were to lose legitimacy, the previous version might regain dominance.

At an organizational level, the social construction of change involves revising the dominant shared mental models guiding members' actions. If dominant mental models are fractured, such that two realities form (ideographic), conflict and inconsistencies in actions may develop. However, if members share a holographic notion of identity, variation in how or which structures are enacted will be reduced, translating into a relatively consistent pattern of behaviour. In EES' case, the problem became that structures were enacted one way by the partners, but not in the same way by junior members.

Several events contributed to connecting the experiences of EES to socially constructed change, beginning with EES management's decision to address culture when it asked OCI Consulting for assistance. However, culture represents a collective phenomenon, one that cannot be created or changed individually, or through management edict. Next were members' comments concerning a partners' conference in 1997, which represented an organizational low point; there was an absence of vision, ideas, or collective sense concerning how to move forward. This may partially explain some of the appeal of using the Scorecard as a communication tool to address the lack of shared vision and collective direction. Next the quarterly employee newsletter served as a medium to define and develop where the firm was headed, and how to get there. While these documents communicated information on a variety of topics, they also provided a vehicle that reinforced the firm's existing identity, while promoting the grafting of new elements consistent with the Constructive orientation. The series of company-wide,

office-by-office meetings between senior management and staff to discuss organizational issues provided managers with a sense of what was and was not right in the eyes of staff, and contributed to a shared sense of what staff wanted, in much the same way that the OCI helped define their ideal culture. Based on the internal employee survey results (2000–2001), improvements in morale and satisfaction did not occur until after these negotiation sessions. Finally, a few participants noted the importance of building support and consensus for new ideas. Despite the lengthy process required, participants noted that it was necessary for matters of relative importance to gain traction.

Professional norms and values have potential influence on organizational functioning. PSFs are likely to be clan-controlled organizations, in which professional and organizational norms, values, and beliefs provide key coordination mechanisms. Given the semi-autonomous nature of professional work, and difficulty prescribing all-encompassing guidelines and rules for behaviour, members are expected to follow broader social structures, and become relatively skilled at this. Members become attentive to and cognizant of the influence of these structures, and so likely to recognize when these structures are inconsistently or inappropriately applied. When deviations are condoned, members are likely to adapt, resulting in gradual divergence from stated core values and identity. This is likely what transpired as part of EES' downward spiral during the early 1990s. These downward spiral deviations need subsequently to be delegitimated and curtailed as part of enacting (or re-enacting) desired structures.

In summary, organizational change as a socially constructed project is a collective accomplishment between members, requiring tacit acceptance by those in dominant positions. In the case of EES, this meant the senior partners.

Modalities and Change

Structuration theory involves structures as both the medium and outcome of change. Over time, patterns of reproduced actions become structures that unconsciously inform and legitimate future actions. Such structures may be revised, either through modifying their enactment, or by introducing alternative structures. In an emergent process, variations in routines, a result of the interplay between structure and action, may over time result in entirely new patterns. Introducing alternative patterns accelerates this process, though acceptance or replication is not ensured.

Interpretive schemes and mental models shape action through their influence on members' understanding and the acceptance of proposed changes (or lack thereof). However, these modalities do not operate unidirectionally, but rather interactively, seeking to maintain system congruency between levels and dimensions. Under this conceptualization, changes to structures and actions will occur by modifying the modality first, as it is very difficult to modify structures directly.

Modalities do not appear to function as direct conduits between structure and action, but rather as imperfect translators and mediators of this relationship. Thus, formal changes to identity and core values will not automatically translate into changed behaviour in a predictable manner. Modifying modalities will disrupt established patterns and prompt compensating actions, either as entirely new patterns, or modifications to existing ones. If members do not collectively choose to maintain pre-existing structures (i.e., the status quo), or accept the modification of new structures, what may transpire is emergent identity drift through incremental variation (slippage in the reproduction of existing structures).

The implications of enacting revised structures develop over time as members adjust (Orlikowski, 2000). Accepting modifications allows for new possibilities and alternative courses of action, thereby prompting consequential adjustments (e.g., “I didn’t know this program could do that”). Modifications that gain legitimacy and continuing reproduction will reconfigure the social order and promote new structuring patterns. This will also prompt the consequential revision of the norm and resource modalities under the legitimation and domination dimensions, respectively, due to interdependencies.

Structuration-Based Change in EES

Although this study examines the impact of a particular intervention (the Scorecard) that EES members claimed was responsible for change, this claim may be overstated. Rather, changes in technology triggered social dynamics that revised routines, where the Scorecard served as a vehicle enabling dialogue. This process was facilitated by the relative lack of formal business knowledge and training amongst EES members. Customization of and education about the Scorecard prompted discussions about the type of company members wanted (Constructive culture), and how to structure both the BSC and resulting actions to achieve this desired reality. This process surfaced taken-for-granted assumptions about the firm, while introducing alternative conceptualizations of what EES should be. As illustrated by Dent (1991), the gradual introduction of and shift to a business-based language and rationale for actions slowly supplanted the dominant engineering-based interpretive scheme in a way members failed to appreciate (until too late).

Complicating such negotiation processes, however, is the inherent difficulty of engaging in discourse about an organization’s identity, and the implications of revising it.

EES may have benefited from being a clan-controlled PSF—members were already accomplished at employing tacit norms and values to make decisions and guide their behaviour. Thus, they were likely to be cognitively aware of alignments and discontinuities between social structures and corresponding member and organizational actions (the illegitimacy of espousing an egalitarian community while condoning partner privileges). Given member recognition of the negative climate within EES prior to the OCI study, and satisfaction survey comments, members were attuned to conflicts between actual and ideal culture, and between professed and actual actions and beliefs.

However, dialogue and negotiation concerning the type of organization members wanted was not enough. Cognitive awareness on its own is insufficient to translate into revised behaviours. Change also requires the adoption of appropriate interpretive frames (signification) and norms (legitimation) to modify and support alternative social structures that will inform and constrain future actions. The difficulty in achieving this change is that acceptance of new schema does not follow a Kuhnian process of paradigm shift. Rather, as suggested by Reger et al. (1994), new ideas need to bridge the novel and the tried and true. This can be facilitated by a synthesis of old and new elements (Gersick, 1991), providing both continuity and change as members socially create and learn to employ alternative interpretive frames.

Whether change is sustained depends upon whether these new structures continue to be enacted and reproduced until they become routine. Based on the EES case, automatic reproduction of new structures may take much longer than is typically allowed by most change programs.

Realignment of the organizational system through the revision of interpretive schemes and signification structures will trigger consequential adjustments to the modalities and structures under the domination and legitimation dimensions (see Figure 14). Part of EES' transition from the former P2-based structure towards an MPB form required partners to accept viewing clients as corporate rather than individual clients. It also required power to be shared with junior employees, recognizing them as equal colleagues, and also as those to whom the mantle of power would be passed over time. This process also entailed acknowledging and reasserting the firm's core values, modified to reflect the new realities of business and professional life (e.g., work/life balance).

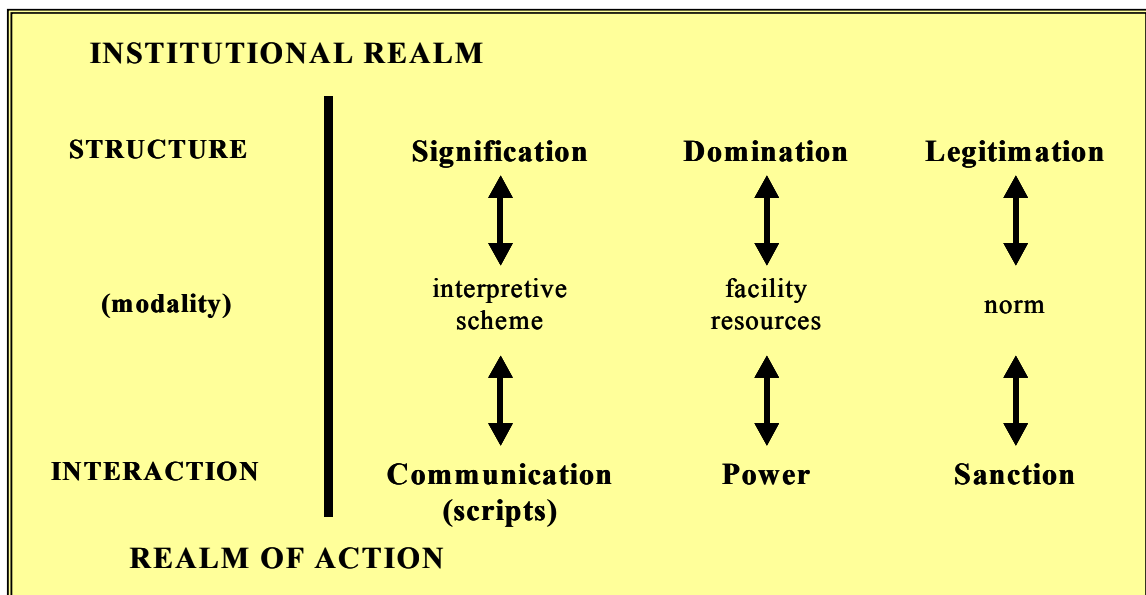


Figure 14. Model of structuration (modified from Giddens, 1984, p. 29, and Tolbert, 1997, p. 97)

Finally, this emergent quality may produce change that is only recognized after the fact. For example, Bartunek (1984) noted that formal organizational structural reform represented codification of what members had already agreed to and understood, but had not yet enunciated. More importantly, these studies portrayed members exhibiting agency

to make sense of change, and enacting corresponding shifts in structure to support or confirm these changes. In brief, codification of shifts in structure is deemed to represent the conclusion of change, as an acknowledgement that the organization is no longer operating under the former set of structures. Once enshrined, these structures represent the new basis for legitimate action.

Summary

This study has examined radical organizational change within EES Consulting following its adoption of the Balanced Scorecard. A timeline of change was presented, together with theoretically based discussion of the meaning and implications of these events. Examining EES' experience using traditional change models yielded more discrepancies than suitable explanations, particularly given the relatively slow pace of change, the reverse sequencing of structural revisions, and the non-linearity of change, even particularly after the resignation of their change-mandated international president. Combined with this was the relatively late introduction and application of the Balanced Scorecard, a management tool that is not typically used to effect cultural change. These discrepancies, together with shifts in the organizational change literature, were combined to produce a structuration-based model of change. This model theorizes that socially constructed change requires changing governing social structures through the modification of modalities. The key modality examined in this case was that of interpretive schemes, as represented by the concept of organizational identity.

CHAPTER 6:

CONCLUSIONS

This chapter briefly restates the key conclusions from this study, and in light of the findings defines potential implications for the change theory literature. Limitations of this study and potential avenues for future research are also discussed.

Purpose of Study

The purpose of this study was to examine how the process of change unfolded within EES. Participants stated that the Scorecard had been instrumental in changing the company and its culture. Although Kaplan & Norton (1992, 1996, 2001) suggest that the Scorecard can improve organizational performance, it is generally not characterized as a mechanism for cultural change. Rather, the BSC is typically associated with enhancing management control as a diagnostic management control lever (Simons, 1995). Thus, it was curious that members credited the BSC with enabling radical cultural change.

Rather than characterize the Scorecard as the driver of change, it is argued that this technology was secondary to the social processes and dynamics triggered by its adoption and use. Barley (1986) and Orlikowski (1992) both note that how members react to new technologies and choose to enact them is critical to their application, but may also affect the interactions between people and correspondingly the structures governing the organization. The Scorecard facilitated change by promoting dialogue between members, thereby enabling the negotiation of a new, socially constructed organizational reality. This process included renegotiation of the macro social structures that govern and inform member behaviour (structuration theory), and the shared interpretive schemes that mediate the influence of these structures (organizational

identity). The focus of this study is therefore on the process of radical change and the associated mechanisms (Pettigrew, 1985).

Change is examined through a cognitive lens, where members' shared organizational schemata was modified through active negotiation. Revision of shared schemata (including organizational identity) prompts metastructuring processes (Orlikowski, 2000) that correspondingly alter the production and reproduction of macro social structures. As such, key to this study was ascertaining how members interpreted and understood certain actions and events, including the purpose and use of the Scorecard, and how and why change occurred.

Structuration theory and organizational identity together provide the primary theoretical lens for this study, a synthesis that has not previously been specified within the literature. Combining these two literatures facilitated exploration of the interaction between macro social structures and micro-level agency (Johnson, Smith, & Codling, 2000), and how this interaction can produce modifications at both levels.

Methodology

This study employed a single case study (Yin, 2003) of an organization undergoing radical change. Data collection for this case combined retrospective and concurrent methods, in which a variety of sources and types of data (such as surveys, interviews, archival documents, and participant observation) were used. A mixed-methods (Tashakkori & Teddlie, 1998), multiple-data-source approach was employed as all of the information necessary to confirm and understand the process of change could not be obtained through a single method or source. Although EES' experience may represent a somewhat unique case of organizational change (Siggelkow, 2007), for that

reason it may correspondingly offer particular insights into the process of change (through inductive theory development; Eisenhardt & Graebner, 2007; Langley, 1999).

Change Literature

Various models of change, involving different key variables and approaches, have been proposed over time. These include Lewin's three-stage model; punctuated equilibrium; contingency theory; population ecology; top-down, manager-driven change; technology-driven change; organizational development methods; Kotter's eight-step approach; evolutionary, life-cycle, and dialectical motor-driven change; and chaos and complexity theory. While each has provided certain insights, much remains to be learned about the process of change (Pettigrew et al., 2001).

Much of the change literature focuses upon the act of introducing change employing a teleological motor (Van de Ven & Poole, 1995). Managers attempt to change the organization through top-down introduction of new rules, policies, processes, structures, and/or technologies, in the belief that such actions will modify individual behaviour and thereby alter organizational outcomes. However, this perspective privileges planned managerial intervention, and characterizes change as a temporary, episodic, linear transition between equilibrium states (Demers, 2007). From this perspective, successful change depends upon the quality and effectiveness of the intervening technology, combined with the foresight and leadership abilities of top management. However, the effectiveness of this approach has been uneven (Burke, 2008).

In contrast to many traditional approaches, this study examined change from a cognitive perspective. It built upon the insights afforded by several prior case studies of

successful change. Labianca et al. (2000) determined that employee resistance stemmed from established, ingrained schemata. Barr et al. (1992) highlighted the importance of shifting mental models, through negotiations among members (Bartunek, 1984). Creative destruction of former structures (Biggart, 1977) combined with the enactment of new replacement structures was seen to help avoid abortive excursions (Greenwood & Hinings, 1988, 1993). However, new schema must be consistent with pre-existing schemata if they are to be accepted (Reger et al., 1994), and gradual, continual reinforcement of new schemata is critical to their later legitimation (Labianca et al., 2000). This process is facilitated through synthesis of old and new elements (Gersick, 1991).

Conclusions

This study examined radical organizational change within EES Consulting following its adoption of the Balanced Scorecard. Examining EES' experience using traditional change models yielded more discrepancies than suitable explanations, particularly given the relatively slow pace of change, the reverse sequencing of structural revisions, and the non-linearity of change (Amis et al., 2004). Combined with this was the relatively late introduction of the Balanced Scorecard, a management control tool not typically used to effect cultural change. Conceptual shifts in the organizational change literature promoting incremental change through cumulative variations in routines (or practice) led to the consideration of structuration-based change.

However, structuration theory as a macro social theory does not provide detailed guidance with respect to how change processes may function within an individual organizational context. Thus, while structuration provided a suitable frame describing the

interdependencies between micro level actions and macro structures, additional theoretical guidance was required to explain EES' experience.

A synthesis of organizational identity and structuration theory was developed to explain the interaction between levels, and the processes occurring at each level. This synthesis reflects current conceptualizations of organizational change, where change is continuous, emergent, and non-linear. It also reflects the potential for variation in organizational identity advanced by Gioia & Thomas (1996), Fox-Wolfgramm, Boal, and Hunt (1998), and Ravasi and Schultz (2006). Overarching this is a holistic perspective, where interaction and congruency between levels and dimensions determines whether and how change will occur.

Five key points summarize this process of structuration-based change:

1. Change is precipitated by some form of legitimizing or delegitimizing event which calls into question existing organizational social structures (OCI study). This prompts the search for potential change solutions (e.g., Balanced Scorecard).
2. Structures are revised indirectly through the modalities involving experimentation. This includes the revision of interpretive schemata and elements of identity (Constructive orientation, work/life balance) that have slipped over time, through imperfect reproduction (routines).
3. Members construct change socially, through dialogue and negotiation (Balanced Scorecard development, office feedback sessions). This customization process builds shared understanding between members as to the

meaning and implications of proposed changes. It also involves the production of replacement social structures (new or modified).

4. Resultant change occurs through consequential adjustments to restore overall structural congruency (Balanced Scorecard, mentoring), as well as sustained reproduction of the replacement structures. These changes are required due to the interdependence between levels and dimensions.
5. The change process is finalized through formal revisions to social and organizational structures (new core values, new layer of management). This sequence reflects the codification of bottom-up change.

However, institutional structures are generally taken for granted and function at the unconscious level. Actors unthinkingly undertake actions based on these structures, building on prior legitimacy (e.g., “this is the way we’ve always done it”). Precipitating events such as jolts (OCI study results) or the introduction of new technologies call into question the legitimacy of existing dominant structures governing the organization.

In the case in question, the implication of continuing to operate under existing structures (e.g., Aggressive/Defensive orientation) was likely to result in the company’s demise. Unfortunately, how to modify these structures was not immediately obvious. Members were uncertain as to how to proceed, though they attempted a variety of initiatives. One failed set of initiatives was introduced by the former international president, who sought to change the company’s name, logo, and slogan. While this may be regarded as a failure to introduce creative destruction (Biggart, 1977), it also served to clarify for partners what they held dear about the firm’s identity, and did not want to see changed. Thus, this may have been a necessary diversion to reconfirm the core. Given the

only moderately positive results from the internal employee surveys in 2000, additional actions were required to achieve the final desired effects.

This situation would change by mid-2001, when the initial HA Consulting employee satisfaction survey was conducted. It indicated strong employee engagement, and included strongly positive comments from employees about their work environment and the company. Although part of this change could be attributed to the Balanced Scorecard—and certainly some of this was warranted as the BSC promoted objectives consistent with a Constructive orientation—additional factors were involved.

EES was attempting organization-wide cultural change, seeking to restore the Constructive cultural elements consistent with its desired identity that it had failed to reproduce during the first part of the 1990s, which had resulted in identity drift. Key to realizing change would be collective agreement and reaffirmation of the type of organization members wanted, and collective acceptance of what was required to become that organization. Members needed to re-define and re-construct the type of organizational identity they wanted, just as they had done when the firm was initially created. However, this is much easier to do in a smaller organization, though, or one just starting out. Fortunately, EES members already knew what they wanted—the OCI study helped them realize that, as did the abortive attempt at creative destruction. But members still needed to engage in dialogue to negotiate and clarify what they desired. The series of office meetings between senior management and staff during 2000 and 2001 served to identify these desired aspects of organizational identity and governing social structures. The employee newsletter facilitated this communication process, while providing members insight into management's perspective and change initiatives.

These set the stage for the opportunity for change to occur, although that was not assured, given their prior aborted excursion. Once modifications were made, successful change occurred through consequential interactive adjustments between organizational structural elements. Effective functioning of the organizational system required congruency between elements. As alignment between organizational elements developed, inconsistencies between actions and legitimating structures declined. Moreover, reproduction of desired and consistent structures could occur, thereby supporting change.

As alignment and congruency between elements increased, members experienced organizational change. As change built momentum, additional discrepancies between prior, formally stated structures (e.g., core value statements) and the current organizational reality became apparent to members, promoting actions to revise formal structures. EES undertook such a revision process in 2004, formally updating and expanding its core values statement in 2005. The firm also introduced a new management structure, its National Leadership Team, reflecting a shift towards a more formalized professional management approach (MPB form). In this sense, creative destruction did occur at EES, but it represented the culmination of rather than precursor to change.

Extension of Structuration Theory

The macro theory guiding this study is structuration theory, which describes the interaction of structure and agency as a duality. The construct of organizational identity is used to clarify the mechanics associated with the production and reproduction of structures. Emergent or incremental change is driven by slippages in institutional templates or routines (through the imperfect reproduction of structures) that open the door to variation and change.

Change also involves the negotiated social construction of a new organizational reality (Berger & Luckmann, 1967) by members of the organization. Technology serves as an enabler by prompting reconsideration of and facilitating dialogue about the structures that guide the organization (Barley, 1986; Orlikowski, 2000). Organizational identity facilitates the process of structural change by acting as a key interpretive schema, particularly during periods of crisis or change. As a central organizational sensemaking and interpretive device, identity serves as a primary vehicle for collectively engaging in dialogue about what the organization is, and what governance structures members agree to invoke to guide their behaviour (Barker, 1993). Change occurs iteratively over time, as schema modification requires negotiation between members as well as reinforced reproduction of new schemata prior to broader organizational acceptance (Isabella, 1990). Without changes in members' shared interpretive schemata, organizational changes cannot be sustained owing to cognitive dissonance and discontinuity (Elsbach & Kramer, 1996; Isabella, 1990). As noted by Barley (1986), the interplay between structure and action (i.e., the process of structuring) reaffirms or modifies the institutional structure, driven by individuals' interpretation of events, access to resources (power), and the moral frameworks that legitimate the social order (constraints; see Figure 15).

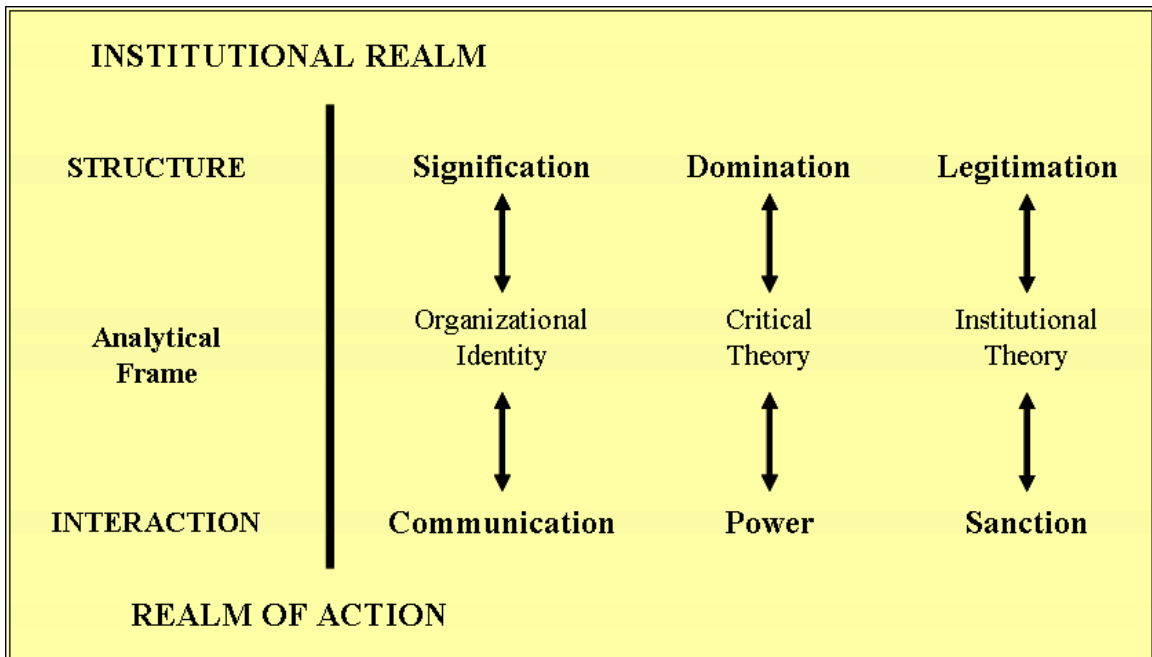


Figure 15. Theoretical framework

Implications for the Change Literature

The conclusions from this study support the following observations regarding change identified by previous studies: Shared schemata, such as organizational identity, help shape individuals' interpretation and understanding of events (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Isabella, 1990). Members develop new schemata through dialectical analysis and synthesis of elements (Gersick, 1991; Isabella, 1990), following a process of discussion and negotiation between members (Balogun & Johnson, 2004, 2005; Bartunek, 1984; Labianca et al., 2000). New structures are socially constructed and revised through member sensemaking (Barker, 1993; Gioia & Thomas, 1996; Kuhn & Corman, 2003). Revised frameworks that build on and retain prior experience by grafting new knowledge onto existing schemata are more likely to be successful (Bartunek, 1984; Feldman, 2000; Fox-Wolfgramm et al., 1998; Greenwood et al., 2002; Pettigrew, 1985). Schemata revision will promote and enable shifts in socially constructed organizational

reality (Balogun & Johnson, 2004, 2005; Barker, 1993) and, consequently, member actions (Giddens, 1984). Finally, gradual, incremental change (Feldman, 2000) driven at the middle-manager level (Balogun & Johnson, 2004) may be better at producing fundamental organizational change (Dent, 1991) than radical transformations driven from the top down (Amis et al., 2004).

In summary, for the purposes of this study, change involves a dialectical process through which members learn how to employ alternative interpretive frames (Barr et al., 1992; Bartunek, 1984). Key to the process is initial sensemaking of new schemata using pre-existing schemata (Isabella, 1990), highlighting the importance of continuity to bridge schemes (Reger et al., 1994). Shifting to new schemata does not follow a Kuhnian paradigm shift of abrupt replacement, but rather requires the delegitimation (Dent, 1991; Oliver, 1992) and creative destruction (Biggart, 1977) of former structures, combined with gradual, continual reinforcement (i.e., reproduction; Giddens, 1984) of replacement structures until they become established (i.e., institutionalized; Tolbert & Zucker, 1996). Building on Bartunek's observation of the need to synthesize alternative perspectives, and Gersick's (1991) notion of combining old and new elements, synthesis of a "new" identity is necessary and possible, as long as sufficient prior elements remain (providing continuity).

Customization of new technologies, such as the Balanced Scorecard (Westphal et al., 1997), will prompt reconsideration of the existing organizational system, particularly where the intent is to use the Scorecard as an interactive control system (Simons, 1995; Tuomela, 2005). Customization, however, requires a collective effort (Beer et al., 1990); that is, negotiation and agreement on revisions by members (Barker, 1993). These

negotiations will be enhanced by the translation of proposed interventions by intermediaries (internal or external) who are conversant with the organization's identity and are therefore able to bridge the schematic divide (Reger et al., 1994).

Members also need to be mobilized in support of change (Balogun & Johnson, 2005), rather than directed to execute plans dictated by senior management. How change is managed then may be more important than the specifics of what is adopted (i.e., intervention technology). Organizations and individuals need time to consider, synthesize, and integrate shifts in interpretive schema (Balogun & Johnston, 2004, 2005; Isabella, 1990). As shifts in schemata occur, revisions to formal organizational structures will correspondingly be made explicit (Bartunek, 1984; Ranson et al., 1980).

Limitations

There are several potential limitations to this study's findings and conclusions. Theoretically, the study focused on the interpretive-schemes modality under the signification dimension of Giddens' structuration theory. While it is recognized that all the dimensions, levels, and modalities operate interactively under structuration, addressing the whole was deemed beyond the scope of this study, in terms of the availability of appropriate data and the ability to manage such a multiparadigmatic program.

For example, as the domination dimension involves issues of power and the use of rules and resources, a critical theory perspective would likely provide greater theoretical guidance as to the processes underlying interactions along this dimension. For the legitimation dimension, although the modality is defined as involved norms, due to its association with issues of legitimacy and sanctions, an institutional theory-based analysis

involving consideration of legitimacy, illegitimacy, institutionalization, deinstitutionalization, and delegitimation is likely to yield additional insights. Addressing the implications of change for the other dimensions under structuration theory as suggested by EES' experience, however, is left to future studies.

In addition, as stated previously, this study represents a single case study of one firm undergoing radical organizational change. Although it is possible to inductively develop significant theoretical insights (Eisenhardt & Graebner, 2007; Langley, 1999) from unique single case examples (Siggelkow, 2007), the generalizability of such findings and conclusions may be questioned. Among the peculiarities of this case that may constrain its extension to other situations are its private ownership by employees, its clan control culture, and the fact that it is a professional service firm. The model of change derived from this study may be better suited to organizations that have strong cultures that exhibit clan control, rather than organizations with strong bureaucratic cultures and correspondingly strong control systems and structures.

Future studies could address these potentially limiting factors by examining similar firms and/or situations using the structuration-based model of change discussed here. Such future studies could then determine whether the results of this study could then be generalized. One possible company that could provide an appropriate counterpoint to the EES experience would be WestJet, a western Canada-based, primarily domestic airline that was founded upon the Southwest Airlines model. WestJet is a publicly traded company that features a high level of employee ownership (as highlighted in its overall marketing campaign); it operates in the service industry, with a limited number of professionals (e.g., pilots, mechanics); and it also features a clan-

controlled culture. These similarities and differences should provide additional insight into whether any of these variables might influence the applicability of the model, prior to attempting to extend its application to more dissimilar situations and firms.

Further Research

This study represents an initial attempt at explicating how structuration theory can help explain the process of organizational change. When combined with other case studies of change involving structuration, greater understanding may develop of the interaction between levels and dimensions, as well as of how micro processes may influence macro structures.

While this study attempts to explain the role and functioning of modalities within organizational systems, emphasis has been placed upon interpretive schemes under the signification dimension. However, structuration theory was developed as a whole, and the role and functioning of the other modalities affect and are affected by what happens under the signification dimension. This study has focused on interpretive schemes as the organizational identity literature provided ready theoretical guidance. Similar theoretical guidance was less easily identifiable for the other modalities, though the following are suggested as avenues for future research.

First, exploring the functioning of the domination dimension would likely best be accomplished employing a critical theory perspective, given efforts (by Foucault, among others) to address issues of power. With respect to the resources modality, and based on my suggestion that change approximates a translation rather than a diffusion process, Actor-Network Theory (Latour, 1986) should provide an appropriate theoretical base.

ANT would thereby emphasize the collective mobilization process involved in structuring processes.

Second, the norms modality under the legitimation dimension could be explored using an institutional theory framework, where the focus is on processes related to the legitimation and delegitimation of governing social structures. This may include the loss of legitimacy and efforts or attempts to regain and rebuild legitimacy, as addressed by Suchman (1995). It may also include the notion of institutional work (Lawrence & Suddaby, 2006), and how actors may seek to modify institutions. Alternatively, there is the persistence of delegitimated, but not deinstitutionalized structures, which have lost the force of power over actions, yet continue to be reproduced (Ogata, 2006). Efforts to explicate more fully the functioning of these other modalities may provide additional insights into the structuring process.

There also remains limited understanding of change as a continuous, emergent process. Given the nature of the indeterminate timing and trajectory of change under this conceptualization, it is difficult to predict the outcome of change efforts. Moreover, although this perspective offers the potential for new insights into change processes, whether it affords a better understanding of change remains to be seen.

Further investigation is also required of change as a meso phenomenon. To date, most studies have examined change at either the macro or micro level. Limited study has occurred of the interactive effects between levels, much less how changes to the system as a whole will occur. Studying change through a meso approach would require further detailed longitudinal studies. However, if change is a continuous and emergent process, it may be easier to identify suitable sites that entail such change after the fact.

Finally, this study suggests that there are limits to managerial action and intervention within the process of change. Notwithstanding laudable managerial intentions to effect change, there may be limits to what managers can indeed achieve. Based on the EES experience, managers may be able to create conditions suitable for change to occur, but remain subject to the initiative of members to undertake change, given its socially constructed nature. While this may point to the importance of leadership as part of change, leadership may involve less the traditional notions of intellectual horsepower and persuasive rhetoric, and more the ability to build vision, facilitate sensemaking, and support bottom-up efforts to change. This however, may be contrary to existing social structures of what managing entails and what good managers do. In that event, change theory will need to revise the social structures that govern it.

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APPENDIX A

EES CORE VALUES

From EES Employee Handbook, January 2002

Reliable, innovative, cost-effective **solutions**.

Professional, cultural and business **diversity**.

Supportive of personal growth, learning and risk taking.

Responsible **participation** in business success and ownership.

Sustainability of financial return to staff and owners.

Integrity in our relationships, commitments and service.

APPENDIX B

Organizational Cultural Inventory (OCI)

The Organizational Cultural Inventory (Cooke & Rousseau, 1988; Cooke & Szumal, 1993, 2000; Xenikou & Furnham, 1996) utilizes a self-administered paper questionnaire containing 96 items with a 5-point Likert scale (1 = not at all, 5 = to a very great extent) to measure the company's culture according to 12 sets of behavioural norms (the latest version has been expanded to 108 items). These 12 styles describe how members are expected to work and interact with others. The styles are divided along two dimensions representing concern for people versus tasks (left/right), and fulfilling satisfaction versus security needs (top/bottom). The 12 styles are divided into three colour-coded, main groups based upon principal components analysis, and reflect particular orientations or modes of thinking, behaving, and interacting. The three orientations and their respective associated styles are:

- *Constructive*. Achievement, self-actualizing, humanistic-encouraging, affiliative.
- *Aggressive/Defensive*. Oppositional, power, competitive, perfectionist.
- *Passive/Defensive*. Approval, conventional, dependent, avoidant.

Members were asked to complete two questionnaires, one indicating what they perceived to be the firm's actual current culture, the other their preferred ideal culture. Scores were plotted for each style (see Figure 2), with the highest score representing the organization's primary or dominant cultural style, and the second highest the secondary style. Scoring radiates out from the centre, with the highest scores extending the furthest towards the edge.

The Constructive orientation (blue/top) reflects a healthy balance of people- and task-related concerns, including helping people meet their higher order needs (e.g., self-actualization). Thus, people development is important, in addition to making decisions through consensus and shared power. These cultures value quality and creativity, and believe cooperation is important. This orientation represents the preferred culture, according to OCI Consulting.

The Passive/Defensive orientation (green/right) reflects a strong people orientation which includes the need for security and low risk. People avoid interpersonal conflict and follow rules and orders without question. These organizations often experience low satisfaction and motivation, in addition to unresolved conflict and turnover, resulting in personal stress. Although these organizations represent predictable and stable environments, the trade-off is organizational stagnation and lack of adaptability.

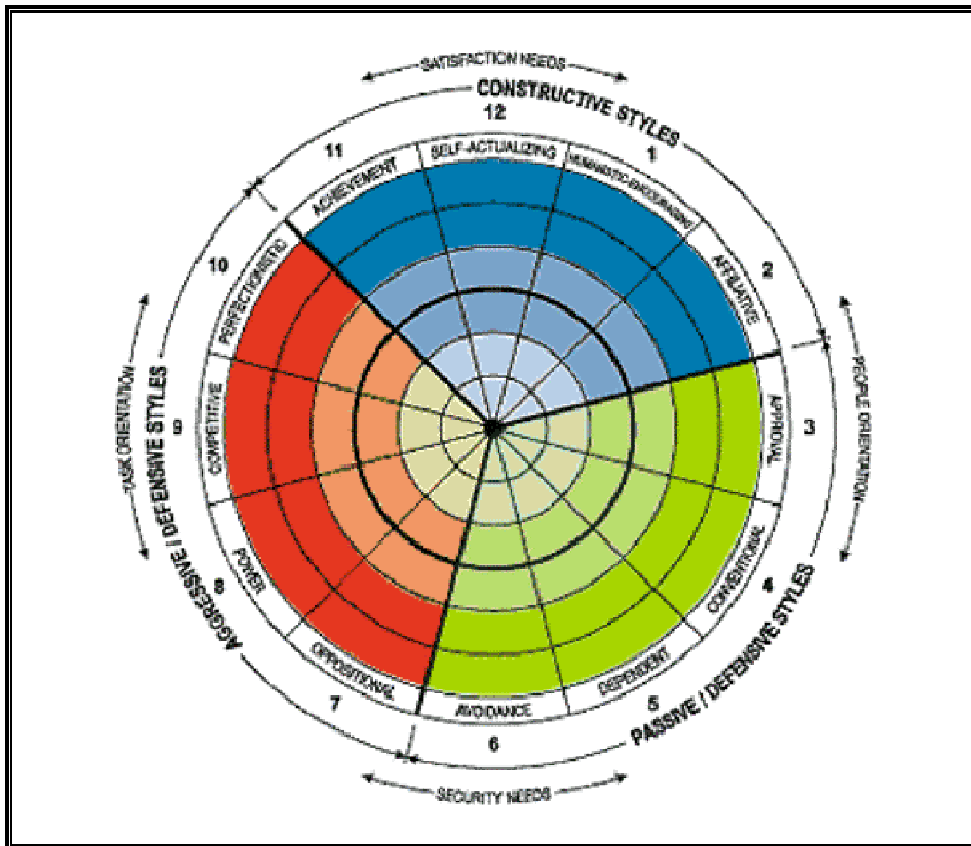


Figure 16. OCI styles and orientations (Cooke & Szumal, 2000)

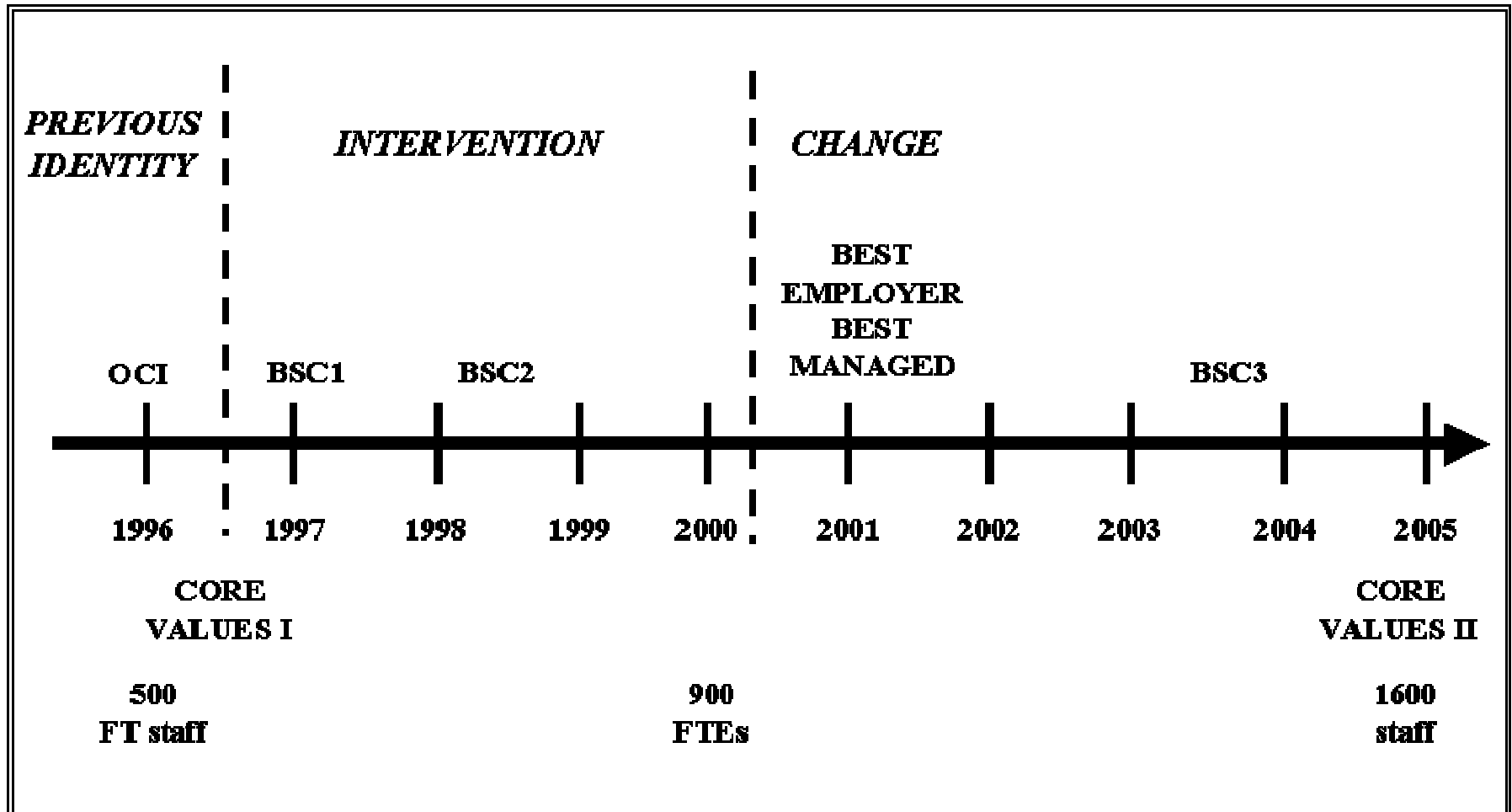
The Aggressive/Defensive orientation (red/left) represents a task-oriented culture that focuses upon individual rather than group needs. Decisions tend to be based upon status rather than expertise, and exhibit conflict rather than collaboration. People are encouraged to appear competent and superior, and avoid asking for help. Top management appears effective, but this culture inhibits adapting to changes in the environment, resulting in declining financial performance. These organizations tend to mirror their external qualities of aggressiveness and competition internally, particularly in the case of fast-paced organizations.

In terms of individual level effects, Constructive cultures are positively related with motivation, satisfaction and performance, in addition to affective commitment by employees (Allen & Meyer, 1990; Meyer & Allen, 1991). Defensive cultures are positively related to continuance commitment (i.e., it would cost too much to leave) and increased turnover. At the group level, Constructive norms are positively related with teamwork and quality, while at the organizational outcome level, Constructive norms are positively related to quality customer service (but inversely related for Passive/Defensive norms).

Organizational Cultural Inventory Style Descriptions

	Description	OCI Style	Description of OCI Style
CONSTRUCTIVE	Healthy balance of task and people orientations. Seek to develop people and aid in attainment of higher order needs. Value and reward quality. Teamwork and quality service to clients.	Achievement	Pursuit of excellence
			Set high goals and seek to achieve
			Enthusiastic about work
		Self-actualizing	Seek self-growth opportunities
			Enjoy their work
			Always try to do their best
		Humanistic-encouraging	Show concern for others
			Encourage work/life balance
			Concern and support for health and safety
		Affiliative	Value teamwork and cooperation
			Friendly and pleasant
			Treat each other fairly and with respect
PASSIVE/DEFENSIVE	People emphasis. Seek to avoid conflict and follow the rules. Low employee satisfaction and motivation. Low environmental responsiveness and fit. Status quo organization. Low competition.	Approval	Try to gain the approval of others
			Go along with others
			Seek agreement and avoid conflict
		Conventional	Seek conformity
			Expect people to follow the rules
			Comfortable with the status quo
		Dependent	Expect people to follow orders
			Check decisions with superiors
			Always consult others before deciding
		Avoidance	Management avoids tough decisions
			Avoid risks
			Avoid mistakes/blame
AGGRESSIVE/DEFENSIVE	Task focus. Individuals dominate. Focus upon power, security, and status. Confrontation and criticism. Perfectionist. Management interests first.	Oppositional	Critical of others
			Oppose new ideas
			Avoid change
		Power	Seek to control subordinates, everything
			Demand loyalty from employees
			Engage in political behaviour
		Competitive	Try to outperform peers
			Competitive
			Always try to be right
		Perfectionistic	Mistakes unacceptable
			Expected to know all the details
			Focus upon work first

APPENDIX C
Timeline of Changes in EES Consulting



APPENDIX D

New Core Values

OUR CORE VALUES

The values that we share at EES Consulting describe who we are, what we believe, what we recognize and how we conduct ourselves. EES Consulting' Core Values are **Solutions, Diversity, Supportive, Participation, Sustainability and Integrity**. These values are the “glue” that will hold us together as one company as we continue to grow. They are reviewed by the company from time to time to reflect changes in society and our growing global footprint. Our Code of Conduct gives meaning to our Core Values and describes our desired behaviours. We should guard these values passionately.

This is intended to be a living document which builds on our Core Values and Code of Conduct and provides a description of how we will live these core values in EES Canada. We should all share these values and behaviours and use them to guide our day to day actions. By doing so, we will all be contributing to building a company that has a unique and enviable culture – one that we can all take great pride in.

SOLUTIONS

Client Services

We strive to serve our clients in a manner that provides value and consistently meets or exceeds our clients' needs. We desire to build strong relationships and to understand our client's business. This includes keeping promises to clients and colleagues, regular communication, seeking innovative approaches, encouraging active participation by the client and seeking feedback on client satisfaction. EES supports a wide range of client development activities and everyone is encouraged to actively participate.

Quality and Innovation

We take pride in our ability to provide technical quality and innovation at a level suitable to meet the client's needs. We will endeavour to employ the most talented and motivated people and will provide the necessary training, tools and business processes for everyone to excel. We expect everyone to “be your best, do your best” and continuously advance their skills and knowledge throughout their career.

DIVERSITY

Equal Opportunities

We value diversity in our project teams and business units, and will strive to provide equal career opportunities without regard to ethnic background, nation of origin, colour, religious belief, gender, age, disability, marital status, family situation or sexual orientation.

SUPPORTIVE

Health, Safety and Wellness

The health and safety of our people is paramount. No business objective is so important that it will be pursued at the sacrifice of safety; everyone has the right to refuse work that they feel is unsafe. EES will provide a safe and healthy work environment, advise people of the risks they face and provide the time and resources necessary to enable everyone to perform their work in a safe and healthy manner. We expect everyone to take personal responsibility for their health and safety, and to look out for that of their colleagues. Recognizing the realities, responsibilities and pressures associated with our business, EES supports everyone achieving personal wellness by finding their own work-life balance.

Personal Development

EES nurtures a culture that stimulates growth and learning with a dedication to excellence. Everyone is expected to set personal career goals and participate in life-long learning. We value people who take responsibility for mentoring, coaching and teaching others and actively share their knowledge and experiences with their colleagues. We will strive to build our business in ways that provide opportunities for challenging and fulfilling work and advancement.

Appreciation and Recognition

We support an environment of appreciation and recognition. Everyone is encouraged to share appreciation and give feedback to help our colleagues grow. We encourage and recognize behaviours and achievements that are consistent with our values.

PARTICIPATION

Teamwork, Collaboration and Collegiality

We value the multi-disciplinary staff that make EES a great company and encourage the use of both individual office and multiple office teams so that our people can work together to meet the challenging needs of our clients. We support team building and encourage collaboration among colleagues. Everyone is encouraged to share technical, business and client knowledge that helps us succeed beyond what we could achieve on our own.

We value a collegial workplace where everyone looks out for their colleagues and enjoys working together. We encourage groups and offices to have regular social events or extra-curricular teams that allow opportunities for everyone to participate, have fun and strengthen relationships.

Open, Honest and Clear Communication

We encourage open, honest and clear communication within our company. EES actively communicates its objectives and expectations to everyone. Communication is based on trust and when there is uncertainty we give our colleagues “the benefit of the doubt”. EES listens and values feedback, and everyone is encouraged to provide their input. We value hearing dissenting opinions which are respectfully presented for consideration and will not discriminate against those with differing views.

SUSTAINABILITY

Ownership Attitude

The EES culture is strongly linked to our employee-ownership model, which has Partners as the major owners and leaders of the company. We will perpetuate the tradition that many employees can participate in the company's success by providing an opportunity to be shareholders. As owners, we value employees who are self-motivated, take initiative and work hard. Everyone is expected to actively look out for the interests of the company and our clients, with an objective of making a profit and achieving a sustainable financial return to the shareholders.

We will identify and encourage future leaders and support their advancement to positions of responsibility, including as Partners. We value the leadership of our Partners and will seek their involvement in making decisions, where appropriate.

Sustainable Growth

EES is a growth-oriented company and values activities that lead to our sustainable growth and development. We believe that growth is positive and desirable; it creates opportunities for our staff, supports our ownership model and adds value for our clients. Everyone is encouraged to seek opportunities for growth that are aligned with our values and strategy.

Community Involvement & Social Responsibility

EES is committed to improving our local and global communities and their development. We value employees who get involved in community events and programs, and who integrate the principles of sustainability into the way we conduct our business.

INTEGRITY

Honesty, Fairness and Respect

EES is committed to treating our employees with honesty, fairness and respect. We use sound individual and corporate business ethics when dealing with colleagues, clients and suppliers. Everyone is entitled to fair and consistent treatment in the workplace. EES will competitively compensate our people relative to the marketplace according to their responsibility, performance and overall contribution throughout their careers. We will deal with grievances in a fair and diligent manner.

APPENDIX E
Interview Node Coding

Main Tree	Branch	Branch	Sources	References	Words Coded
BALANCED SCORECARD					
	Assessment of the BSC		3	4	722
	Building support for BSC		17	68	14,178
	Current status of BSC		7	27	6,875
		Current Level of Support for BSC	13	37	6,668
	Desired Changes to BSC		5	7	1,698
		Problems and Pitfalls	11	24	6,691
	Fit of BSC with culture		14	20	3,939
	Future of BSC		10	11	2,243
	Personal Impression of BSC		14	34	5,372
BSC Development (pre-2000)					
	Company Adoption of BSC		11	28	6,597
	Development of BSC		10	13	4,114
		BSC Strategy Map	6	12	2,195
		Learning about Scorecard	10	14	2,566
		Selection of Scorecard Measures	9	14	3,182
	First Experience with BSC		16	23	4,915
		Initial Reactions (Indiv and Office)	20	43	6,766
		Initial Understanding of BSC	12	22	3,850
Using the BSC					
	Changes in Application of BSC		3	3	842
	Implementation Problems		5	13	2,974
	Individual Scorecards		12	23	7,142
	Influence of Scorecard		10	12	1,990
		Effect of BSC on Management Style	8	13	2,735
		Key Benefits of Scorecard	16	42	9,703
		Key Scorecard Measures	13	17	3,295
		Linking to Performance	11	16	4,152
		Knowledge gaps about BSC	8	18	4,267
	Other Management Systems		3	4	1,467
	Previous Management Approach		13	25	4,290
	Revising the Scorecard		9	16	2,296
	Strategic Alignment		8	17	3,567
			12	22	4,794
	TOTALS			642	136,085

Main Tree	Branch	Branch	Sources	References	Words Coded
CHANGE			5	12	2,906
	Actions to Change Company		10	33	7,414
	BSC as Driver of Change		9	32	6,129
	Examples of Change		7	15	4,238
	Future of Company		2	3	1,890
	Realization of Change		7	20	3,942
COMPANY HISTORY			0	0	
	A. Pre-OCI		11	25	6,011
	B. HF Study (1996)		9	15	6,817
	C. HF Study to BSC (1997-99)		8	26	7,629
	D. Early BSC to 2002 Survey (1999-2001)		7	19	4,521
	E. 2002 Survey to New Core Values (2002-05)		3	3	787
	F. New Core Values to present (2005-07)		1	1	153
	Growth of Company		6	19	4,354
	X. Company Beginnings		3	6	2,860
	Z. Leadership Transitions		11	32	9,275
COMPANY MANAGEMENT			1	1	7
	Client Relations		6	15	3,038
	Corporate Direction-Strategy		11	35	6,509
	Management Style		13	40	9,069
	Merger		3	8	2,858
	Office Information		10	19	5,171
	Organization Structure		15	36	6,962
	Partnership Structure		4	11	2,760
	Reputation and Image		6	11	1,510
	US Company Management		1	4	1,285
CORPORATE CULTURE			0	0	
	Company Values and Norms		8	21	4,290
	Corporate Culture		18	75	13,348
	Employee Ownership		11	34	6,181
	EES U		8	14	3,922
	OCI Values		5	7	1,089
		Aggressive/Defensive	10	23	2,007
		Constructive	13	32	2,879
		Passive/Defensive	2	2	113
	Organizational Commitment		6	14	2,399
	Political Dynamics		12	41	9,926
COMMUNICATION			9	20	3,377
	BSC as Communication Tool		11	30	4,514
		TOTALS		801	177,411

Newsletter Node Coding

Main	Branch	Sources	References
BSC - Business Processes		7	7
	BSC Business Processes	23	42
	Health and Safety	15	27
	Initiatives and Investments	19	43
	New Systems	1	2
	Project~Quality Management	8	13
	Risk Management	5	5
	Shareholding	2	2
BSC - Clients		7	7
	BSC Client	26	54
	Client Interviews	3	4
	Key Clients	22	58
	Major Projects	9	14
	Market Sectors Results	6	7
	Marketing	5	7
BSC - Financial		7	7
	Billings and Collections	7	7
	BSC Financials and Highlights	28	55
	Company Cash Position	7	8
	Regional performance	7	7
BSC - People and Learning		7	9
	BSC People~Learning	22	40
	EES U	19	39
	HA Consulting Survey	5	5
	Recognition	4	4
	Recruitment	5	7
	Staff Development	4	8

Name		Sources	References
Communications		1	1
	Changes to Newsletter	3	4
	Consultation and Feedback	14	31
	External Communications	4	5
Community Indicators		0	0
	Company Core Values	6	9
	Corporate Social Responsibility	3	4
	Culture	11	31
	Employee satisfaction	13	28
	Mentoring	6	9
	Shareholders	5	5
	Team News	6	6
Company Performance		1	1
	Acknowledgements~Kudos	20	42
	Areas for Improvement	26	96
	Chargeability	2	2
	Company Outlook	21	41
	Company Size	9	12
	External Assessments~Awards	19	40
	Negative Performance	14	41
	Office News~Performance	21	81
	Positive Performance	27	139
Company Structure			
	Leadership Team	7	10
	Market Sector Teams	17	29
	Mergers, Acquisitions, Expansion	10	21
	Partners	13	22
Corporate Strategy		0	0
	Balanced Scorecard	17	47
	Business Strategy	20	41
	Differentiation	9	26
	Key Success Factors	16	52
	Shared Vision	7	8
Development Plan		7	7
	Business strategies	5	7
	New Initiatives	5	6
Intro-Highlights		27	34

HA Consulting Survey Node Coding

Name	2002 Survey	%	2007 Survey	%
Balanced Scorecard	14	2.1%	5	0.3%
Chargeability and Profitability	15	2.3%	27	1.8%
Commitment - Affective	25	3.8%	35	2.4%
Commitment - Continuance	2	0.3%	13	0.9%
Commitment - Normative	1	0.2%	6	0.4%
Comparison to Competitors	14	2.1%	52	3.5%
Compensation Issues	19	2.9%	70	4.8%
Corporate Culture	1	0.2%	60	4.1%
Employee Ownership	46	6.9%	24	1.6%
Flat Management Structure	5	0.8%	3	0.2%
Great Place to Work	34	5.1%	94	6.4%
Growth Issues	4	0.6%	40	2.7%
In-house Training	19	2.9%	9	0.6%
International Company	18	2.7%	4	0.3%
Junior-Senior Divide	9	1.4%	39	2.7%
Long Hours, Workload, Stress	15	2.3%	63	4.3%
Morale, Satisfaction, Recognition	30	4.5%	103	7.0%
OCI - Achievement	74	11.2%	59	4.0%
OCI - Affiliative	58	8.8%	85	5.8%
OCI - Approval	1	0.2%	2	0.1%
OCI - Avoidance	6	0.9%	64	4.4%
OCI - Competitive	3	0.5%	10	0.7%
OCI - Conventional	6	0.9%	51	3.5%
OCI - Dependent	0	0.0%	3	0.2%
OCI - Humanistic-Encouraging	50	7.6%	105	7.2%
OCI - Oppositional	1	0.2%	19	1.3%
OCI - Perfectionistic	11	1.7%	34	2.3%
OCI - Power	5	0.8%	30	2.0%
OCI - Self-Actualizing	72	10.9%	114	7.8%
Open Internal Communications	16	2.4%	27	1.8%
Participatory Decision Making	8	1.2%	14	1.0%
Professionalism	28	4.2%	67	4.6%
Resources	16	2.4%	18	1.2%
Senior Leadership	13	2.0%	60	4.1%
Work-Life Balance	23	3.5%	58	4.0%
Totals	662	100.0%	1,467	100.0%

**HA Consulting Survey
OCI-Based Node Coding**

Node	2002	%	2007	%
OCI - Achievement	74	25.8%	59	10.2%
OCI - Self-Actualizing	72	25.1%	114	19.8%
OCI - Humanistic-Encouraging	50	17.4%	105	18.2%
OCI - Affiliative	58	20.2%	85	14.8%
Constructive	254	88.5%	363	63.0%
OCI - Approval	1	0.3%	2	0.3%
OCI - Conventional	6	2.1%	51	8.9%
OCI - Dependent	0	0.0%	3	0.5%
OCI - Avoidance	6	2.1%	64	11.1%
Passive/Defensive	13	4.5%	120	20.8%
OCI - Oppositional	1	0.3%	19	3.3%
OCI - Power	5	1.7%	30	5.2%
OCI - Competitive	3	1.0%	10	1.7%
OCI - Perfectionistic	11	3.8%	34	5.9%
Aggressive/Defensive	20	7.0%	93	16.1%
Totals	287	100.0%	576	100.0%

APPENDIX F

Research Ethics Board Request for Ethics Approval of Field Research Study School of Business, University of Alberta

August 21, 2001

Title

Implementation and Use of the Balanced Scorecard in a Service Firm

Investigator

Ken Ogata
#314, 11220 – 99 Avenue
Edmonton, Alberta
Home: (780) 488-5386
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Description

This is a request for ethics approval for a field research project studying the adoption and use of the Balanced Scorecard (Kaplan and Norton, 1996), by a privately held, private sector firm. The Balanced Scorecard (BSC) is a management control system intended to provide managers with a quick overview of key factors affecting organizational performance. The ‘balance’ in the BSC derives from its focus on internal and external processes, lagging and leading indicators, and financial and non-financial performance. The key benefit of the BSC is that it creates a linkage between the company’s strategic plan and its performance in achieving specified objectives.

The company under investigation is an international group of companies providing engineering and environmental services. The company has been in existence for about 40 years, and has over 2000 employees in over 80 offices worldwide. This study will employ a qualitative research methodology to investigate the use of the BSC involving interviews of company members and the review of corporate documents. As this is not a publicly traded firm, public documents will be limited, but any such documents or widely distributed internal reports (i.e. to employees) will be reviewed to the extent to which they are made available.

I plan to examine a specific aspect of the use of BSCs within organizations. Kaplan and Norton (2001) note that individual organizational scorecards will likely be derived from specific strategic plans, such that they will include a number of common and unique measures of performance covering various facets of organizational activities. Common measures of performance are expected to relate to organizational objectives, but unique measures are deemed to be important for maintaining divisional or corporate attention on factors critical to success.

Slovic and MacPhillamy (1974) suggest that decision makers will place more weight on common measures (e.g. return on investment) than unique measures. Lipe and Salterio (2000) conducted an experiment using MBA students to determine the extent to which they used unique versus common measures of performance from an organization’s BSC to assess managers’ performance. The results of the study found that only the common measures affected superior’s evaluations,

thus undermining some of the objectives of using the Scorecard. Moreover, common measures are said to represent lagging measures of performance, while unique measures are thought to represent leading indicators; therefore, the measures critical to future performance would then be the ones most likely to be ignored. This would further detract from the objective of the Scorecard in acting as a strategic management tool. This study is intended to provide empirical evidence to test Lipe and Salterio's experimental conclusions.

Ethical Issues and Data Collection Protocol

In terms of specific data collection procedures, signature of an informed consent form will be required of all participants (see Attachment 1). The consent form will cover confidentiality of participant identities, confidential individual and corporate information, the procedure for the interview process, and consultation regarding the use of quotes from participants.

As the interview process will consist of both structured and unstructured questions, only a partial list of questions has been provided (see Attachment 2). The interviews are expected to last between one-half to one hour in duration, and will be taped upon participant consent. Data from the interviews will be stored in a secure location and will be disposed of after five years in a manner respecting the confidential nature of the information (i.e. shredded). Access to the raw data will be limited to myself, though access to the coded transcripts may be made available to my supervisor as necessary.

Obtaining Informed Consent

The informed consent of participants will be obtained before the interviews commence. Consent for access to corporate documents will also be requested on an item by item basis. Participants will be informed regarding the researcher's role, and the nature, purposes and features of the proposed research.

These items will be outlined in a 'research information sheet' that will be provided to participants prior to their signature of the consent form (see Attachment 1). In the event that there are questions or difficulties, the name and telephone number of my supervisor (Dr. David Cooper) will be provided on the information sheet as a contact person. The name and telephone number of an additional member of the Research Ethics Board (Dr. Royston Greenwood) will also be provided.

Completed informed consent forms will be obtained from each participant. A list of informed participants is not possible at this time as a snowball sampling method will be employed due to uncertainty concerning overall organizational access. I am currently in the process of arranging a meeting with a senior manager for the purpose of clarifying the nature of the study and securing broader access. I hope to obtain general approval from the senior manager (e.g. letter of introduction) to approach others within the organization and request their voluntary participation. Identification of potential participants will be conducted with the assistance of company representatives, though the final determination of candidates will be made by the researcher. Participation of organizational members will be on a voluntary basis.

Risks

A modest time burden will be placed upon participants involved in the study. Efforts will be made to minimize intrusion or interference in participants' work or organizational activities. The interviews will be conducted at a time and place of the participant's convenience, with prior

agreement regarding time, place, and approximate duration. Termination of the interview will occur if the subject becomes unwilling to participate further, or is unable to continue due to other obligations.

Additional risks may result due to the ownership structure of the company. As this company is privately held, with many management level employees owning shares in the company, disclosure of confidential information may be damaging to the organization. Efforts will be made to prevent the release of sensitive information that may negatively affect the competitive position of the company by vetting this information through the aforementioned senior manager or other senior managers.

Anonymity and Confidentiality

The actual names of individual participants will not be used in the project write-up or subsequent scholarly submissions, presentations and publications except with the explicit written agreement of participants. Verbal disclosure of participants will also not be done without participant agreement. Furthermore, pseudonyms or similar coding methods (e.g. Respondent 1, Manager X) will be used, to prevent revealing the actual identity of the organization and organizational members unless agreed to by appropriate officials within the organization.



Research Ethics Board
 3-30Q Business Bldg, University of Alberta
 Edmonton, Alberta Canada T6G 2R6
 Researchethicsboard@exchange.bus.ualberta.ca
 Phone: (780) 492 - 8443

For Administrative Use Only		
REB File Number:	Date Received:	Initials:

I. FACULTY APPLICATION FOR ETHICS REVIEW

All information requested on this form must be typewritten in the space provided.
 The REB is not permitted to grant approval to incomplete submissions

1. Principal Investigator / Faculty Advisor Surname: Cooper Given Name(s): David J Academic Rank: Professor Phone Number: 492-5413 Fax Number: 492-3325 E-mail Address: david.cooper@ualberta.ca		2. Is this research being done under a contract from a for-profit sponsor? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. If research is being carried out at any other institution please give details of institution.		
4. Title of Research Proposal: Implementation and Use of the Balanced Scorecard in a Professional Service Firm Proposed Project Period: From: 09/05/01 To: 12/31/06 Is this proposal closely linked to any other proposal previously/simultaneously submitted to the REB? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe relationship of this proposal to this primary study: This application is being submitted pursuant to a memorandum from the Research Ethics Board advising that research projects require a re-evaluation every 3 years. Thus, by way of this application, an extension of the original main research project (OGA-0101 - copy of original application attached) is being requested. Application COO-0401 received approval from the Board on June 8, 2004 as an extension of this primary study (OGA-0101) to allow for the use of additional data collection methods (i.e. survey). REB File Number of primary study: OGA-0101		
5. List all documents submitted with the Application for Ethical Review. Assign a version number or date to attached documents.		
	✓ if applicable	Version number or Date
Application form	<input type="checkbox"/> Yes	August 24, 2004
Advertisement to recruit participants	<input type="checkbox"/> Yes	
Letter of initial contact	<input type="checkbox"/> Yes	
Participant informational consent form	<input type="checkbox"/> Yes	August 24, 2004 (revised)
Other consent forms (specify _____)	<input type="checkbox"/> Yes	
Questionnaires, tests, interview scripts, etc.	<input type="checkbox"/> Yes	August 21, 2001
Cover letter for the questionnaire	<input type="checkbox"/> Yes	
Deception form and written or verbal debriefing	<input type="checkbox"/> Yes	
Agency approval of other institutions	<input type="checkbox"/> Yes	
6. Principal Investigator / Faculty Advisor: Signature _____ Date (y/m/d) _____		7. Provide the name of ONE contact person for ALL correspondence. Name: David J. Cooper Title: Professor Address: Room 2-24A Business Building University of Alberta T6G 2R6 Phone Number: (780) 492-5413 E-mail Address: david.cooper@ualberta.ca

University of Alberta, School of Business, Research Ethics Board
 Version: Draft 2, 12/18/2008

APPLICATION FOR BEHAVIORAL ETHICAL REVIEW

Check the Research Ethics Web page for the current version of the form:
<http://intranet.bus.ualberta.ca/research-support/reb/default.htm>

8. Co-Investigators and Students: Use box 45 if additional space is needed.

8.a. Complete 8.a. if this is research for a graduate degree:

<p>Surname (ALL CAPS): OGATA Given Name(s): Ken UofA Faculty / Department: Business UofA Division (If applicable): SMORG</p> <p>Type of degree program: <input type="checkbox"/> Masters <input type="checkbox"/> Doctorate</p> <p>_____ Signature Date</p> <p>_____ Printed Name</p>	<p>Surname (ALL CAPS): Given Name(s): UofA Faculty / Department: UofA Division (If applicable):</p> <p>Type of degree program: <input type="checkbox"/> Masters <input type="checkbox"/> Doctorate</p> <p>_____ Signature Date</p> <p>_____ Printed Name</p>
---	--

8.b. Other Co-Investigators

<p>Surname (ALL CAPS): Given Name(s): UofA Faculty / Department: UofA Division (If applicable):</p> <p>_____ Signature Date</p> <p>_____ Printed Name</p>	<p>Surname (ALL CAPS): Given Name(s): UofA Faculty / Department: UofA Division (If applicable):</p> <p>_____ Signature Date</p> <p>_____ Printed Name</p>
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9. Give the name of the funding source: → Personal

Classify the type of funding: For-profit sponsor, Grant, Grant-in-aid, UOFA internal, No funding,
 Other _____

Status of funding: Awarded, Pending

10. Has this research proposal received any independent methodological peer review? Yes No

If Yes, provide a copy of the research proposal and the name of the committees or funding agency involved in the review.
Status of peer review process: Ongoing Completed.

11. External approvals:

Provide written proof of agency approval for projects carried out at other institutions. (See Guidance Note #12)

Yes Name of agency: _____ Date of approval: _____
 No
 Request for Approval has been submitted. (Send a copy to the Research Ethics Board Office when approval is obtained.)

12. Summarize the research proposal under the following headings. 1) Purpose, 2) Hypothesis, 3) Justification, 4) Objectives, and 5) Research Method. (The row will adjust to accommodate your information.)

See boxes 13 to 19 to avoid duplicating information.

PURPOSE:

The purpose of this study is to explore the effects of the introduction of the Balanced Scorecard (a multi-dimensional strategic performance management system), upon the Canadian operations of a multi-national, privately-held professional service firm. The study was intended to examine how managers and individuals within the organization understood, reacted to, and acted in response to the introduction of this new management system. Overall, the intent was to seek to understand the extent to which, and how this new system affected individual and organizational behaviour, and whether this new system provided the managerial benefits pronounced by the developers of the system (Kaplan and Norton, 1996, 2001). In addition, the benefits of using unique (to the firm) measures of performance, rather than solely traditional financial measures was to be examined. Slovic and MacPhillamy (1974) and Lipe and Salterio (2000) found that decision makers relied upon common measures of performance (e.g. financial) rather than unique measures, thus discounting somewhat the advantages of a 'balanced' scorecard approach.

The purpose of the study has evolved since the initial conceptualization in response to findings/insights gleaned from the study and alternative theoretical framings. More specifically, the study now seeks to understand how introduction of the Balanced Scorecard (BSC) has engendered radical change within the organization, and the process whereby successful change has occurred. Key to this analysis under the current conceptualization is the role of organizational identity (Albert and Whetten, 1985) representing those aspects that are core, distinctive and enduring about an organization (effectively defining what the organization is to its members), and how identity both shapes member sensemaking (Weick, 1995) of external influences (i.e. BSC) and organizational responses, which in turn is shaped by how the intervention is integrated into the organization (but only in the case of successful change). Thus, organizational change involves both the translation of the intervention into organizationally compatible terms, which in the process prompts a reciprocal influence upon pre-existing organizational structures (re: structuration theory – Giddens, 1984), such that these structures are modified over time. Under this conceptualization, incremental change involves the alteration of only peripheral (non-core) pre-existing structures, whereas radical change involves modification of the organizational core (i.e. identity). Although the modification of identity may only be incremental initially, over time, adjustments between the micro and macro levels, and core and periphery elements will translate into significant change as the implications of these shifts cascade throughout interrelated organizational systems (Perrow, 1984), correspondingly modifying the reproduction of these systems (Giddens, 1984) such that new alternative structures replace existing ones.

HYPOTHESES:

No explicit hypotheses proposed as this project represented an exploratory study initially, rather than testing certain theories. The focus was upon learning how organization members reacted to the introduction of the Scorecard, and how the new non-financial measures of performance were utilized by managers (i.e. unique measures). Also of importance was determining the extent to which utilization of the Scorecard 'unfolded' along the lines suggested by its creators (Kaplan and Norton). In terms of extending the current project, the qualitative study will continue to explore member reactions to the Scorecard and its use by managers by interviewing additional members. Qualitative study will also be used to seek additional information in the event that 'discrepancies' are identified from analysis of the survey results, to explore possible explanations for deviations from expectations.

JUSTIFICATION:

The majority of interviews have already been conducted (as authorized under the original REB approval – OGA-0101); however, not all significant individuals have been available to date (due to timing, logistics, etc.). It is currently planned that between 5-10 additional interviews will be conducted as access to these individuals is negotiated. Among these individuals are one of the founding members of the company, and the current President of the overall international company. Additional interviews may also be conducted to follow up on results from the planned survey to corroborate and clarify findings (in the event that discrepancies are identified).

OBJECTIVES:

The objectives of this research are to obtain deeper insights into the process of radical organizational change that may occur due to the introduction of a significant new management system using a sociologically informed perspective on change processes (i.e. structuration theory). Key to the realization of such change though is the role of organizational identity which captures certain implicit organizational values, norms and beliefs. Modification of these values and beliefs though is deemed necessary to achieving radical change (Weick, and Quinn, 1999; Tsoukas and Chia, 2002); therefore, finding evidence of changes in organizational identity are critical to this conceptualization of radical change.

As identity represents shared, taken-for-granted (i.e. tacit) assumptions about the organization, surfacing of these assumptions lend themselves to the use of qualitative techniques, particularly since individuals may have difficulty precisely defining what identity entails within the organizational context (which would unduly restrict the use of quantitative methods to identify and measure without some preliminary definition).

RESEARCH METHOD:

This phase has involved the use of semi-structured interviews with selected organizational members. Selection of interview participants has been conducted through a combination of identifying key members involved in the development/implementation process (i.e. senior management), and snowball sampling of individuals identified by participants. This method will continue to be employed for future interviews, including some follow-up with previously interviewed members as warranted.

A qualitative approach is deemed necessary to elicit more detailed, descriptive accounts of member reactions to the introduction of the BSC, and its subsequent influence upon the organization over time. The use of semi-structured interviews (revised copy of questions attached) as the key research method correspondingly allows the researcher to probe for additional details/clarification where participant responses indicate/suggest that potentially relevant/significant information may be available (probing provided the impetus for shifts in the focus of the study and specific aspects of research methods and inquiry).

Where possible, interviews have been tape recorded and transcribed for analysis. These texts are analyzed for various responses concerning the adoption and use of the BSC, and certain themes related to how the BSC is understood and made sense of by organizational members. Similarities and differences in responses between members (overall and at various levels) were assessed for consistency and differences in interpretation that may reveal certain insights into the presence or absence of homogeneity in reactions.

Human Participants

13. How many participants will be enrolled in the entire study?

Eighteen individuals have been interviewed to date. Current plans are to interview between 5 - 10 more individuals including two former presidents and a founding member of the company. As noted previously, the number of subsequent interviews may increase though depending upon the results of the organizational survey (COO-0401).

14. Describe who is being selected, and the criteria for their inclusion. **Participants have been selected on the basis of their role in introducing the Scorecard, their current position within the company, and on the basis of snowball sampling (participants asked to suggest other potential candidates based upon certain characteristics including negative reactions to adoption of the Scorecard).**

15. Describe who will be excluded from participation. **No intentional exclusion of participants beyond their particular role in the introduction of the Scorecard.**

16. Describe how, and by whom, the potential participants will be approached. **Attach copies of initial letters of contact and any other recruitment documents.**

Most participants were contacted individually by the principal researcher (by phone and email) and asked for their assistance with this study. Some interviews were arranged with the cooperation of local office managers. As this study has been endorsed by the President of the company, some of the initial contact emails indicated this (or other organizational members with whom they may be familiar), although several of the participants were aware of the study prior to being approached. As participants were contacted via email or phone, copies of initial contact documents have not been retained.

17. Describe the selection and/or recruitment procedures for control participants, if these differ from the above. **Attach copies of initial letters of contact and any other recruitment documents.**

No control participants are involved.

Description of Procedures

18. Which of the following procedures or methodologies are involved in this study? **Check all that apply.**

- | | | |
|--|---|---|
| <input type="checkbox"/> Action Research | <input checked="" type="checkbox"/> Expert Interviews | <input checked="" type="checkbox"/> Secondary Use of Data |
| <input type="checkbox"/> Autobiography | <input type="checkbox"/> Focus Groups | <input type="checkbox"/> Participant pools |
| <input type="checkbox"/> Deception | <input type="checkbox"/> Naturalistic Observation | <input type="checkbox"/> Videotaping |

19. Summary of Procedures: Describe any specific tests, interviews, questionnaires, or experimental procedures.

Interviews were conducted on a semi-structured basis using a list of general questions which were provided in advance to participants (copy attached). However, interview discussions covered a variety of topics depending upon the nature of responses provided, the need to probe for additional information, or additional avenues of investigation based upon responses (i.e. new information triggered additional lines of inquiry). These responses also resulted in the examination of particular corporate documentation to both corroborate and provide additional information concerning the state of the company during the period under study.

20. Where will the project be conducted (i.e. what premises, School, Business, etc)?

Interviews have either been conducted in-person and on-site at company office locations, or over the phone where in-person meetings were not possible. No interviews were conducted at the university. Future interviews will likely involve a similar process (including corporate setting), depending upon the availability of members.

21. How much time (i.e., how many minutes/hours over how many weeks/months) will a participant be asked to dedicate to the project?

Participants are asked for between 45 minutes to an hour for the interview, although some have been longer (approx. 2 hours) or shorter (approx. 35 minutes), depending upon participant time availability or the nature of discussions. Participants have been quite cooperative and forthcoming, with many interviews lasting longer than the suggested 45 minutes. Each interview was conducted in a single session.

22. Describe what is known about any potential risks of the proposed research.

That data identifying individual participants will be inadvertently released either publicly or to company management. No other individual risks are anticipated. Risk to the company may involve inadvertently releasing the name of the company (a pseudonym has been used in all written documentation). Both sets of risks will be mitigated as much as possible by secure storage, anonymity in writing, and integrity of researcher and supervisors. Senior management has not been advised regarding the participants in the study, though particular individuals can be guessed by them as they are known to have participated due to their role in the overall implementation process (senior management suggested talking to certain members). Pseudonyms have been/will be used to avoid identifying either the company or individual participants.

23. Describe any potential benefits to the participant that could arise from his or her participation in the proposed research.

No reimbursements/incentives offered. Participation has been strictly voluntary, relying upon the goodwill of individuals.

24. Describe any reimbursement for expenses or payments/gifts-in-kind (e.g. honoraria, gifts, prizes, credits) to be offered to the participants. Provide full details of the amounts, payment schedules, and value of gifts-in-kind.

As stated above.

Data Analysis and Methods for Safeguarding the Data

25. Methods for Safeguarding the Data: How will the confidentiality of the data be maintained? (For example, study documents must be kept in a locked filing cabinet and computer files, password protected).

Interview materials (tapes and transcripts) are stored in a locked file cabinet. Electronic data is stored on a stand alone computer, with password protection. These materials are located off-site from the university and the company.

26. Who will have access to the data? (E.g. co-investigators, students). How will all of those who have access to data be made aware of their responsibilities concerning privacy and confidentiality issues?

The student investigator and supervisors will be the only ones with access to the data. The student's supervisors are well aware of the University's ethics approval process and policies as former members of the Research Ethics Review Board. All material has been treated with the utmost confidentiality.

27. Will any data that identifies individuals be available to persons or agencies outside of the University? Yes No
If Yes, describe in detail what identifiable information is released, to whom and what safeguards will be used to protect the identity of participants and the privacy of their data.

28. Give details of where and for how long the data or audio/video tapes will be stored.
The data will be stored in a secure location for a period of seven years following its collection.

29. Are there any plans for secondary use of either data or audio/video tapes? Give details.
No plans at present, although data (i.e. transcripts) may be used in presentations or the development of teaching materials. There is no plan to use the original media (i.e. tapes) directly. Participants have been advised of this within the informed consent form.

30. Are there any plans for feedback on the findings or results of the research to the participant? Please describe below.
Yes. There are currently plans to share the results of the overall study with senior management, through a seminar presentation, although the raw data or any information that could identify individual participants will not be shared. A copy of a paper developed thus far based upon the initial interviews (Ogata, 2003 – presented at the EGOS conference on July 3, 2003) has been shared with the President of the company (no concerns expressed). Members of senior management have expressed their interest in the results of the study.

Informed Consent

31. Describe the consent process. Who will ask for consent? Where, and under what circumstances?
Consent to approach individuals within the company regarding the study was obtained from senior management (President of the Canadian company). Consent for individual participants has generally been requested directly by the student investigator from potential participants. In general, most potential candidates have agreed to participate (barring time constraints). Where necessary (non-senior management personnel), candidates have been advised that senior management has approved the study to address potential concerns regarding corporate confidentiality, and have been assured that their responses will not be shared with anyone else, and that they can refuse to contribute to the study at any time, without penalty.

32. How long will the participant have to decide whether or not to participate? If this will be less than twenty-four hours, provide an explanation.
As most of the contacts were made via email, participants had the opportunity to contemplate whether or not to participate prior to responding. Where individuals were contacted via phone, they agreed at that time to participate, although they could have asked for some time to think about whether they wished to participate. Interviews were conducted subsequent to the initial phone contact.

33. Describe any situation in this research in which the renewal of consent might be appropriate, and how this would take place.
Renewal of consent may be required in the event that additional longitudinal study is approved by the company, and extended study is deemed to provide significant potential for further insights into the process of change. Expansion of the study may include studying international divisions of the company (see additional information section #40). Renewal/extension of approval will be sought through a similar process as undertaken for this extension.

34.a. Advertisements and posters

The following checklist includes the **minimum** amount of information that should be included in recruitment advertisements or posters.

- Institutional letterhead (School of Business or Faculty of Business) or a facsimile.
- The title of the project.
- The Identity of the Principal Investigator and the co-investigators, and the name and telephone number of a contact person and Research Ethics Board contact information.
- A brief description of the recruitment criteria and the research procedures.
- A statement of the total amount of time for participating in the research required of a participant.
- Details of payment for expenses and/or any other remuneration to be offered to the participants (if any).
- A version number or date in footer at the bottom of each page.

34.b. Consent for Questionnaires (Completed by Participants)

Questionnaires must include a covering letter that includes the following information. Please check off items in the following list to show that these items have been incorporated into the letter.

- Institutional letterhead (UofA department) or a facsimile.
- The title of the project.
- The Identity of the Principal Investigator and the co-investigators, and the name and telephone number of a contact person.
- An explanation of who is funding or sponsoring the study (if applicable).
- If the project is research for a graduate thesis, a statement indicating this.
- Second-person pronouns (you/your child), when referring to participants. Be consistent throughout all consent forms.
- A clear explanation of why the participant has been invited to participate in the study.
- An offer to answer any inquiries concerning the procedures, to ensure that they are fully understood by the participant.
- A brief but complete description in lay language of the purpose of the study and of all research procedures.
- A statement of the total amount of time for participating in the research required of a participant.
- Assurance that the identity of the participant will be protected, and a description of how this will be accomplished.
- Assurance that the information collected (identifiable data) will be kept confidential, an explanation of how this will be done, and a statement of who will have access to the data.
- Details of payment for expenses and/or any other remuneration to be offered to the participants (if any).
- An unambiguous statement that the participant may decline to enter, or withdraw from, the study at any time without any consequences.
- A statement that if the participant has any concerns about his/her treatment or rights as a research participant, he/she may telephone the School of Business Research Ethics Board (780) 492-8443 or researchethicsboard@exchange.bus.ualberta.ca
- A statement that if the questionnaire is completed it will be assumed that consent has been given.
- Page numbers ("page 1 of 3," "page 2 of 3," etc.).
- A version number or date in footer at the bottom of each page.

34.c Consent Forms

UofA REB policy requires written consent in all cases, with the exception of surveys involving questionnaires that are completed by the participant. All of the following information must be included in the consent form and not fragmented into information sheets. Please check off items in the following list to show that these items have been incorporated into all consent forms

- Institutional letterhead.
- The title of the project.
- The Identity of the Principal Investigator and the co-investigators, and the name and telephone number of a contact person.
- An explanation of who is funding or sponsoring the study (if applicable).
- If the project is research for a graduate thesis, a statement to this effect must be included and must also clearly indicate whether it is part of a thesis (public document) or graduating essay (semi-public document).
- Second-person pronouns (you/your child), when referring to participants. Be consistent throughout all consent forms.
- A clear explanation of why the participant has been invited to participate in the study.
- An offer to answer any inquiries concerning the procedures, to ensure that they are fully understood by the participant.
- A brief but complete description in lay language of the purpose of the study and of all research procedures.
- A statement of the total amount of time for participating in the research required of a participant.
- Assurance that the identity of the participant will be protected, and a description of how this will be accomplished.
- Assurance that the information collected (identifiable data) will be safeguarded, an explanation of how this will be done, and a statement of who will have access to the data. Do not say that the information will be kept confidential, since it will be published.
- Details of payment for expenses and/or any other remuneration to be offered to the participants (if any).
- A statement of any actual or potential conflict of interest on the part of the researchers or sponsor.
- A statement that if the participant has any concerns about his/her treatment or rights as a research participant, he/she may telephone the School of Business Research Ethics Board at the University of Alberta, at 780-492-8443 or email researchethicsboard@exchange.bus.ualberta.ca
- A statement acknowledging receipt of a copy of the consent form, including all attachments.
- A statement that the participant is consenting to participate (by signing).
- The signature and printed name of the participant consenting to participate in the research project, investigation, or study, the date of the signature.
- Page numbers ("page 1 of 3," "page 2 of 3," etc.).
- A version number or date in footer at the bottom of each page.

Potential Conflict of Interest

35. Describe any restrictions regarding the disclosure of information to research participants (during or at the end of the study) that the sponsor has placed on investigators, including those related to the publication of results.

No financial sponsor for study. No restrictions on sharing results.

36. Describe any personal benefits that the investigators and/or their partners/immediate family members will receive, connected to this research study. Include details of all fees and/or honoraria directly related to this study, such as those for participant recruitment, advice on study design, presentation of results, or conference expenses.

Personal benefits will be completion of dissertation and potential publication of papers. No financial remuneration expected/discussed. No reciprocal obligations beyond sharing of overall results with management (and none requested to date).

37. Describe any current or recent (within the last two years) consultancy or other contractual agreements with the sponsor held by the investigators. (Include amounts.)

None to date and none planned.

38. Give details, if any of the investigators and/or their partners/immediate family members has direct financial involvement with the sponsor via ownership of stock, stock options, or membership on a Board.

Spouse of student investigator (Ogata) is an employee of the participating company and owns shares in the company (condition of employment as part of management). Shares are not publicly traded (expected to be held throughout term of employment), and the company is privately owned by employees (restricted turnover of shares).

Any potential conflict of interest will be managed by ensuring that access to data and/or results will not be allowed (except those generally available to all employees). Using respondent codes to identify individual survey responses (and lack of associated personal identifying information) will further reduce the potential for identifying individual respondent remarks.

39. Give details, if any of the investigators and/or their partners/immediate family members holds patent rights or intellectual property rights linked in any way to this study or its sponsor.

Spouse of student investigator (Ogata) is employed by the subject organization, but does not hold any patent or intellectual property rights associated with this study.

Additional Information

40. Use this space to provide information, which you feel, will be helpful to the review committee, or to continue any item for which sufficient space was not available.

At this time, the study has been restricted to the Canadian operations of the subject organization. However, the potential exists for extension of the study to additional locations (e.g. US, Australia, UK). In the event such an extension is both endorsed by the firm, and pursued by the researchers, the potential exists for accessing funding approved by SSHRC (Cooper is principal researcher – SSHRC file 410-2004-0656) to support extension of this study (though not the current phase). Additional authorization would be sought from the REB at that time in the event that this extension is pursued.

This project has been both approved and endorsed by the President of the company. The President is well aware of the study, and has not expressed any concerns with what has transpired to date, either formally/informally, or directly/through other contacts.

APPENDIX G

University of Alberta School of Business Research Information Sheet

My name is Ken Ogata and I am a PhD student in the School of Business at the University of Alberta. I would like to invite you to participate in a research study about the implementation and use of the Balanced Scorecard in your company. This study is being conducted to fulfill part of my program requirements. The purpose of the study will be to examine how the Scorecard has been developed, implemented, and is currently being used within your company to understand better how the Scorecard facilitates management decision making and control.

I would like to request your voluntary participation in this study. You are under no obligation to participate and if you do not wish to take part in this study, please simply indicate this fact to me. Also, you may withdraw from participation and refuse to answer any questions at any point in time and for any reason after signing this form. Your participation will take about one hour of your time answering some questions about the adoption of the Balanced Scorecard by your company, including its implementation and current use. Any information collected from you will remain confidential. I shall not disclose nor reference your name or the name of the company in any written or verbal account of the research unless provided with written permission which allows such disclosure. The only individuals who will have access to the raw data (i.e. interview transcripts) will be my supervisors, Dr. David Cooper and Dr. Royston Greenwood.

I would also like to ask your permission to tape record the interview as this will facilitate later analysis of your comments, and provide a record of both your comments and the context within which they were made, should discrepancies in interpretation arise. This information may subsequently be used as part of a research paper, presentation or teaching materials. If you do not agree to taping of the interview, then extensive notes will be taken. You can request that the tape recorder be turned off at any point in the interview and I will comply. This information will be kept for 5 years in a secure file to which only I will have access.

If you have any questions or concerns about the study, please feel free to contact either myself or my supervisor (see contact information below). Thank you for considering participating in this project.

Researcher:

Ken Ogata
University of Alberta
(780) 488-5386
kogata@ualberta.ca

Supervisor:

Dr. David Cooper
University of Alberta
(780) 492-5413
david.cooper@ualberta.ca

Research Ethics Board

Dr. Jim Gaa
University of Alberta
(780) 492-5388
James.Gaa@ualberta.ca

To be completed by research participant.

This study was explained to me by: Ken Ogata.

I have read and understood the Research Information Sheet. I agree to participate in this study and understand that I can withdraw at any time.

Printed Name

Signature of Participant

Date

APPENDIX H

PEOPLE (Learning and growth)

Get involved; be committed

1999 Measures	2000 Measures	2001 Measures	2002 Measures	2003 Measures	2004 Measures	2005 Measures	2006 Measures
Staff feedback through course evaluations	Employee feedback sessions	Employee feedback sessions					
Training hours through EES U.	# of hours in EES U. plus external technical training	# of hours in EES U. plus external technical training	# of training hours	# of training hours	Number of training hours	Number of targeted training hours	Number of targeted EES U hours
	# of individual goal setting sessions	# of individual goal setting sessions	% of individuals receiving goal setting sessions	% of individuals receiving performance reviews and goal setting sessions	Record of performance reviews /goal setting sessions	Performance reviews /goal setting sessions	Completion of Performance Review and Goal Setting Session (PR-GSS)
					Implementation of innovative ideas	Implementation of innovative ideas	
							Bi-monthly survey of individuals whose PR-GSS was completed in the past two months to determine value of the process to them and our business

BUSINESS PROCESSES

Continuous improvement measures

1999	2000	2001	2002	2003	2004	2005	2006
On time delivery							
Time to issue invoice	Time to invoice	Time to invoice					
# of complaints							
# new claims							
	Installation of priority Lists A and B				Add project budget measurement to project management A-List	Add project budget measurement to project management A-List	
		Compliance audit all offices	Compliance audit in all offices	Compliance audit in all offices	Internal and external project management audits	Internal and external project management audits	Internal and external project management audits
	# of staff working in other EES offices	# of hrs working on each others' projects	# of hrs working on each others' projects	# of hours working on each others' projects			
	Program in each office to meet provincial requirements						
						Site inspections (office and field) to be conducted by the senior staff members	Site inspections (office and field) to be conducted by the senior staff members

CLIENTS

Measures taken to improve client service

1999	2000	2001	2002	2003	2004	2005	2006
Client feedback questionnaire	Client feedback from questionnaires & meetings	Client satisfaction meetings	Reports on feedback meetings w/ existing & potential key clients.	Reports on feedback meetings w/ existing & potential key clients.	Feedback reports from identified clients National + Regional key clients	Feedback reports from identified clients National + Regional key clients	Client satisfaction interviews
Contact hrs. w/ existing good clients to pursue more business							
Contact hours with potential new clients							
	# of services provided to key clients	Key client contact hrs	Key client contact hrs	Key client contact hrs	IP1-1000 client contact hrs	IP1-1000 client contact hrs	Key client contact hrs (IP1-1000)
	Competitive proposals using "go/no go" decision checklist						
		Quarterly net revenue from key national clients					
					Hrs coded to CSTs as approved by CST leader (IP#)	Total hrs chged to Mkt. Sectors, CSTs, discipline networks	Cross-selling client contact hrs (IP1-1001)

FINANCIAL

Superior performance

1999 Measures	2000 Measures	2001 Measures	2002 Measures	2003 Measures	2004 Measures	2005 Measures	2006 Measures
Net revenue	Profit index = \$ chargeability x net multiplier	Profit index = \$ chargeability x net multiplier					Office profit performance compared to Operating Principle #1
			Labour Yield = \$ chargeability x net multiplier	Office chargeability	Office chargeability and net multiplier	Office hourly chargeability and net multiplier	Office hourly chargeability and net multiplier
Days outstanding	Quarterly net revenue from key national clients						
Work in progress	Accounts receivable + work in progress A/R + WIP	A/R + WIP	A/R + WIP	A/R + WIP	Work in progress + accounts receivable WIP + A/R	WIP + A/R	WIP + A/R (days)
Revenue/employee average							Net revenue growth (% growth over 2005)
Write-offs							

EES 1999 Balanced Scorecard

	Goals	Objectives	Measures	Targets
People	Learn the business	Require personal accountability	Staff feedback through course evaluations	Score >7 on content, presentation and format (9 = excellent). Overall meet or exceed expectations
		Invest in people through EES.U.	Training hours through EES.U.	6400 hours (avg. of 8 hours/person/year)
		Build capability and confidence through teamwork		
		Teach the business, foster ownership mentality		
Business Processes	Fix something	Improve project management	On time delivery	80% (based on original date promised assuming no change in scope)
		Improve invoicing procedures	Time to issue invoice	Within 10 working days of month end. Intercompany 20 working days
		Improve email for road warriors	# of complaints	<300 complaints (i.e. less than 20% of time assuming 1500 road trips)
		Enhance technical review on projects		
		Establish PID in all offices	# new claims	less than 2 new claims
Client	Win Clients	Concentrate on core business (what we understand we're good at)	Client feedback questionnaire	800 questionnaires
		Focus on markets and service packages	Contact hours with existing good clients in pursuit of new/more business	22,000 hours (avg. of 1 hr/week/professional)
		Identify and leverage existing clients	Contact hours with potential new clients	11,000 hours (avg. of 0.5 hrs /week /professional)
		Listen to clients and respond to their needs (not whatever we think they need)		
		Prospect for new clients		
Financial	Revenue up Write-offs down	Focus senior staff on revenue generation	Net revenue	\$67 million
		Manage to budget top line	Days outstanding	85 days
		Minimize WIP	Work in progress	10 days
		Reduce write-offs	Revenue/employee average	\$85,000 avg/employee (FTE)
			Write-offs	Less than 3% of fees on average with no big ones

EES 2000 Balanced Scorecard

	Goals	Objectives	Measures	Targets
People	Support personal development to foster involvement and commitment	Enhance employee satisfaction	Employee feedback sessions	Complete for all offices by July
		Develop technical and mgmt leaders at all levels	# of individual goal setting sessions	75% of all staff by year-end
	Invest in employee skills development training	Invest in people	# of hours in EES U. plus external technical training	31,000 hours
Business Processes	Improve project delivery and maintain quality standards	Install project mgmt protocol (Quality Procedure #1)	Installation of priority List A and List B	90% Priority List A and 75% Priority List B
		Improve invoicing procedures	Time to invoice	Within 10 days of month-end
		Establish consistent H&S program	Program in each office to meet provincial requirements	All offices by August
	Leverage technical resources across EES through interoffice cooperation and teamwork	Improve interoffice cooperation and teamwork	# of staff working in other EES offices	20% of staff
Client	Extend services and exceed expectations of existing key clients	Build relationships and extend services to key clients	# of services provided to key clients	Increase # of services by 25% of key clients
		Better understand our clients' needs	Client feedback from questionnaires and meetings	4 out of 5 questionnaire score and complete satisfaction interviews for all key clients
	Focused client development	Be selective in developing new clients	Competitive proposals using 'go/no go' decision checklist	60% of proposals
Financial	Sustainable growth and improved profitability	Improve profit index	Profit index = \$ chargeability x net multiplier	1.74
		Increase revenue from key national clients	Quarterly net revenue from key national clients	20% increase over 1999
		Reduce loan requirement by 20%	A/R + WIP	93 days

EES 2001 Balanced Scorecard

	Goals	Objectives	Measures	Targets
People	Support personal development to foster involvement and commitment	Enhance employee satisfaction	Employee feedback sessions	Twice annually
		Develop technical and mgmt leaders at all levels	# of individual goal setting sessions	100% of all staff by year-end
	Invest in employee skills development training	Invest in people	# of hours in EES.U. plus external technical training	34,000 hours total including 6,800 EES.U. hours
Business Processes	Improve project delivery and maintain quality standards	Implement project mgmt protocol	Compliance audit all offices	90% overall with 100% on H&S
		Improve invoicing speed	Time to invoice	90% value within 10 days
		Improve interoffice cooperation and teamwork	# of hours working on each others projects	35% of project hours
	Leverage technical resources across EES through interoffice cooperation and teamwork			
Client	Extend services and exceed expectations of existing key clients	Build key client relationships and expand services	Key client contact hours	2000 hours
		Increase revenue from key national clients	Quarterly net revenue from key national clients	20% increase over 2000
	Focused client development	Better understand our clients' needs	Client satisfaction meetings	100% satisfaction interviews with key clients
Financial	Sustainable growth and improved profitability	Improve profit index	Profit index = \$ chargeability x net multiplier	1.74
		Reduce loan requirement by 10%	A/R + WIP	87 days

EES 2002 Balanced Scorecard

	Goals	Objectives	Measures	Targets
People	Support personal development to foster involvement and commitment	Foster individual development at all levels	% of individuals receiving goal setting sessions	100% of all staff by year end.
	Invest in employee skills and development training	Invest in people	# of training hours	Total 40,000 hours. 10,000 EES.U. 30,000 other training
Business Processes	Improve project delivery and maintain quality standards	Entrench project/quality mgmt protocol	Compliance audit in all offices	90% overall
	Leverage technical resources across EES through interoffice cooperation and teamwork	Improve interoffice cooperation and teamwork	# of hours working on each others projects	35% of project hours
Client	Exceed expectations of key clients	Build and maintain key client relationships	Key client contact hours	2500 hours
	Focused client development	Better understand our clients' needs and extend services	Reports on feedback meetings with existing and potential key clients	Meet with 100% of our key clients and 100 potential new key clients/stakeholders
Financial	Sustainable growth in profit and revenue	Improve Labour Yield	Labour Yield = \$chargeability x net multiplier	Labour Yield = 1.76 (Profit = 12%)
		Collect our money	A/R + WIP	85 days

EES 2003 Balanced Scorecard

	Goals	Objectives	Measures	Targets
People	Support personal development to foster involvement and commitment	Foster individual development at all levels	% of individuals receiving performance reviews and goal setting sessions	100% by year end.
	Invest in employee skills and development training	Invest in people	# of training hours	Total 50,000 hours. 12,500 EES.U. 37,500 other training
Business Processes	Improve project delivery and maintain quality standards	Entrench project/quality mgmt protocol	Compliance audit in all offices	90% overall. 100% on H&S 100% senior reviews
	Leverage technical resources across EES through interoffice cooperation and teamwork	Improve interoffice cooperation and teamwork	# of hours working on each others projects	30% of project hours
Client	Exceed expectations of key clients	Build and maintain key client relationships	Key client contact hours	10,000 hours (including key and potential)
	Focused client development	Better understand our clients' needs and extend services	Reports on feedback meetings with existing and potential key clients	Meet with 100% of our key clients and 100 potential new key clients/stakeholders
Financial	Sustainable growth in profit and revenue	Meet target chargeability goals for teams and maintain net multiplier	Office chargeability	Overall: 63% office hourly chargeability
		Collect our money	A/R + WIP	80 days

EES 2004 Balanced Scorecard

	Strategic Goals	Objectives	Measures	Targets
People	Engaged and committed people	Entrench career development at all levels	Record of performance reviews /goal setting sessions	100% of employees completing performance reviews/annual goal setting sessions
		Be the 'Best' in all that we do	Number of training hours	37.5 hours total per FTE, 9 on EES U/systems training
	Workplace we look forward to everyday	Our people contribute to a positive and exciting workplace	Implementation of innovative ideas	Recognize, reward and implement innovative ideas at an office or group level
Business Processes	Excellence in project and quality management	Recognize/reinforce excellence in project and quality management	Internal and external project management audits	90% overall project mgmt compliance including 90% quality management through senior review and 100% health and safety
	Improve business planning and forecasting	Establish and monitor a meaningful measure of work backlog	Add project budget measurement to project management A-List	90% of all projects having accurate up-to-date budget information
Client	Understand our client needs and exceed their expectations	Maintain and build client relationships	IP1-1000 client contact hours	12,000 hours
			Feedback reports from identified clients [National + Regional key clients]	52 reports [National & Regional key clients]
	Entrench Market Sector approach to business development	Promote Market Sector cooperation and teamwork	Hours coded to CSTs as approved by CST leader (IP#)	EES reporting monthly
Financial	Consistently meet financial targets and obligations	Meet chargeability targets and maintain net multipliers	Office chargeability and net multiplier	Targeted monthly to achieve annual financial goals
		Timely billing and collection of our money	Work in progress + accounts receivable [WIP + A/R]	85 days WIP/AR

EES 2005 Balanced Scorecard

	Strategic Goals	Objectives	Measures	Targets
People	Engaged and committed people	Entrench career development at all levels	Performance reviews /goal setting sessions	100% of employees completing performance reviews/annual goal setting sessions
		Be the 'Best' in all that we do	Number of targeted training hours	9 hrs. total per FTE on EES U with a minimum of 5 hrs. for H&S, PM, C&L, and PM24 EES U courses
	Workplace we look forward to everyday	Our people contribute to a positive and exciting workplace	Implementation of innovative ideas	Recognize, reward and implement innovative ideas at an office or group level
Business Processes	Excellence in project and quality management	Recognize/reinforce excellence in project and quality management	Internal and external project management audits	90% overall project mgmt compliance including 90% quality management through senior review and 100% health and safety
	Improve business planning and forecasting	Establish and monitor a meaningful measure of work backlog	Add project budget measurement to project management A-List	90% of all projects having accurate up-to-date budget information
	Ingrain Health and Safety as part of our culture and values	Support the regional H&S initiatives	Site inspections (office and field) to be conducted by the senior staff members	One office inspection plus one field inspection per \$1 million in net revenue
Client	Understand our client needs and exceed their expectations	Maintain and build client relationships with existing and potential key clients	IP1-1000 client contact hours	12,000 hours
			Feedback reports from identified clients [National + Regional key clients]	52 feedback reports
	Facilitate inter-office cooperation to build client relationships	Establish and promote viable Market Sector, CSTs and discipline networks	Total hours charged to Market Sectors, CSTs, and discipline networks	One hour per month for each Level 5 and above for each office
Financial	Consistently meet financial targets and obligations	Meet chargeability targets and maintain net multipliers	Office hourly chargeability and net multiplier	Targeted monthly as per the office budget
		Timely billing and collection of our money	WIP + A/R	85 days WIP/AR and/or 10% improvement over 2004 average

EES 2006 Balanced Scorecard

	Strategic Goals	Objectives	Measures	Targets
People	Attract, develop and retain the best people	Set and achieve individual career goals that balance business and personal needs	Completion of Performance Review and Goal Setting Session (PR-GSS)	100% of employees complete Performance Review and Goal Setting Sessions
			Bi-monthly survey of individuals whose PR-GSS was completed in the past two months to determine value of the process to them and our business	80% satisfaction rating
	Provide long-term career opportunities	Our people are committed to learning and mentoring	Number of targeted EES U hours	Average of 8.5 hours total annually per existing employees (prioritizing PM24, H&S, Performance Review Training, BST and Systems course); 15 hours per full-time new hire (EES 1001 and H&S Module 1) within the first 4 months)
Business Processes	World class health and safety systems	Support the regional H&S initiatives	Site inspections (office and field) to be conducted by the senior staff members	Two office inspections per year and one field inspection per \$500,000 in net revenue
	Manage risks	Recognize/reinforce excellence in project and quality management	Internal and external project management audits	100% overall compliance with the Project Management A list
	Control quality			
	Leverage our knowledge and			
Client	Focus on clients and markets which align with our vision and goals	Maintain and build client relationships with existing and potential key clients	Key client contact hours (IP1-1000)	75% (16,500 hours) by consultants Levels 6 and above; 25% (5,550 hours) Levels 1-5 and A-E
		Achieve outstanding client satisfaction	Client satisfaction interviews	Complete target number of key client interviews
	Build strong client relationships and generate client loyalty	Invest in cross-selling with key clients	Cross-selling client contact hours (IP1-1001)	5,500 hours
Financial	Consistent and sustainable growth, profitability and cash management	Meet goals for team chargeability, net revenue and maintain net multiplier	Office hourly chargeability and net multiplier	Targeted monthly as per the office/subsidiary budget
		Timely billing and collection of our money	Office profit performance compared to Operating Principle #1	Office profit is based on region having our target of 12% of net revenue
		Sustainable net revenue growth	WIP + A/R (days)	Meet office/subsidiary specific goals for annual improvements
			Net revenue growth (% growth over 2005)	Regional revenue growth rate as per budget with strong backlog