

Nature, Antecedents, and Consequences  
of Managerial Configuration-Making Preference

by

Ramon Gabriel Baltazar

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Approved: Dr. John Chamard  
Chief Advisor

Approved: Dr. Kevin Kelloway  
Examiner

Approved: Dr. Harold McGee  
Examiner

Approved: Dr. David Wicks  
Examiner

Approved: Dr. Roger Wehrell  
External Examiner

Date: March 28, 2007



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## ABSTRACT

### Nature, Antecedents, and Consequences of Managerial Configuration-Making Preference

By Ramon Gabriel Baltazar

**Abstract:** The purpose of this thesis is to explain the nature, antecedents, and consequences of managerial configuration-making preference. Based on a definition of configuration as the nature of the alignment between organisation strategy and structure, the study was focussed on the manager's views about strategy-structure fit, strategy-structure sequence, and organisational decision-making mode. The study targeted managers because they are more likely than other employees to be sensitized to the study variables. As configuration making had not previously been studied at the individual level of analysis, the research was exploratory and designed to contribute to theory. The study was conducted in a case research design with the individual manager as the unit of analysis. Study participants were selected to maximise the variability of characteristics that might influence the perception of the study variables. Sixteen middle to top level managers from four organisations in different businesses participated in the study. The participants took part in conversational interviews guided by questions around sensitising concepts developed from the literature. To ensure that theory developed was grounded in field data, the interview transcripts were subjected to utterance-based coding and analyses that moved the study from the particular to the general in a systematic manner. A within-transcript analysis was undertaken to reveal the respondent preferences and views about the study variables. This analysis led to the development of individual case narratives. To expose patterns and themes across the cases, a subsequent analysis was undertaken from a symbolic interactionist perspective. This analysis revealed the underlying meanings of the respondents' configuration making preferences, the joint and individual meaning antecedents, and the direct and indirect action consequences of the preferences. The results of the analysis enabled the development of a managerial configuration-making framework and specific propositions that address the study's purpose. The framework and propositions contribute to the development of configuration-making theory from the perspective of the individual manager. Study limitations, practice implications, and suggestions for future research are discussed.

March 28, 2007

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Finally, I take full responsibility for any weaknesses this study may contain.

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## CHAPTER 1 – RESEARCH PURPOSE, LITERATURE, AND PROBLEM

The purpose of this dissertation is to investigate the nature, antecedents, and consequences of managerial configuration-making preference. I define configuration-making preference as the person's consciously held choice of one configuration-making practice over other practices; organisation configuration as the nature of the alignment in the characteristics of an organisation's strategy and structure (Ketchen et al., 1997; Ketchen, Thomas, & Snow, 1993; Miller, 1986, 1996; Mintzberg, 1979, 1989); strategy as the pattern that integrates the organisation's product-market and competitive decisions and actions into a cohesive whole (Miles & Snow, 1978; Mintzberg, 1987; Porter, 1980; Quinn, 1980); and structure as the organisation's administrative arrangements, including hierarchical reporting relationships, operating procedures, and information and control systems (Burns & Stalker, 1961; Daft, 1998; Mintzberg, 1984). I single out managers because they are more likely than non-managerial employees to be involved in organisational configuration-making activities

The research focusses on three variables, namely: strategy-structure fit, strategy-structure sequence, and organisational decision-making mode. I define strategy-structure fit as the extent to which the characteristics of the organisation's strategy and structure are consistent by virtue of their common connection to a theme (Donaldson, 1987; Miller, 1996; Porter, 1996); strategy-structure sequence as the order in which organisation strategy and structure are considered in relation to one another; and organisational decision-making mode as the pattern in the way strategy-structure decisions are normally handled by the organisation.

I focus on these variables because of their influence on configuration-making. Fit is a quality (Miller, 1996) that represents at least an outcome, if not a goal, of configuration-making activities. Sequence and decision-making mode are of interest because they influence and partially constitute the organisational processes that determine the type and extent of fit that is created.

In the next section, I review the relevant literature on fit, sequence, and mode. Following that, I identify the gaps in the literature and within the gaps, the research problem to be addressed.

## Literature Review

### *Operating Environment, Structure, and Strategy*<sup>1</sup>

Configuration theory emanates from literature in the fields of organisation theory and strategic management. In organisation theory, a common starting point of organisational analysis is the firm's external environment. The environment consists of many sectors external to the organisation, including the industry, raw materials, human resources, financial resources, market, technology, economic conditions, government, socio-cultural, and international sectors (Daft, 2004; Jones, 2005). Of particular relevance is the organisation's operating or task environment. A subset of the organisation's external environment, the operating environment includes the sectors that have a direct impact on the firm's ability to achieve its goals (Dess & Beard, 1984).

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<sup>1</sup> From "Port Governance, Devolution and the Matching Framework: A Configuration Theory Approach," by R. Baltazar and M. R. Brooks, in *Devolution, Port Governance, and Port Performance* (pp. 381-384) by M. R. Brooks and K. Cullinane (Eds.), 2007, Amsterdam: Elsevier Ltd. Copyright 2007 by Elsevier Ltd. Adapted with permission from Elsevier.

A commonly used variable for describing operating environment is degree of environmental uncertainty, which refers to the extent to which information about the organisation's environment is perceived to be absent (Galbraith, 1973). The sources of this uncertainty include environmental complexity and environmental dynamism (Dess & Beard, 1984; Duncan, 1972). Complexity refers to the number of dissimilar elements in the environment that have to be dealt with by the organisation. Dynamism characterizes the extent to which the relevant environmental elements are changing. The more complex and dynamic an environment is perceived to be, the greater the environmental uncertainty.

Organisation theorists tend to view environmental uncertainty as a contingency that should be managed by way of the organisation's structure (Daft, 2004; Jones, 1995). As stated earlier, structure comprises the organisation's administrative arrangements, including hierarchical reporting relationships, operating procedures, and information and control systems (Burns & Stalker, 1961; Daft, 1998; Mintzberg, 1984). According to the theory, successful organisations have structures appropriate to the level and source of environmental uncertainty facing them. For example, Lawrence and Lorsch (1967) found that successful organisations facing highly complex and dynamic environments were less formalized (i.e., had less documented routines), were more decentralized, and relied more on mutual adjustments between members of the firm than the average organisation. Conversely, they found that firms whose environments were more certain performed better when they adopted more centralized, formalized, and standardised structures. Similarly, Burns and Stalker's (1961) research showed the

need for organic structures in dealing with uncertain environments and for mechanistic structures in dealing with stable environments.<sup>2</sup>

Although organisation theorists tend to consider the environment and its characteristics as givens, strategic management researchers do not. Instead, they assume that, within limits imposed by environmental characteristics, the organisation may choose to operate within one of several alternative operating environmental domains. The choice is made through organisation strategy (Child, 1972), defined as the pattern that integrates an organisation's decisions and actions into a cohesive whole (Mintzberg, 1987; Quinn, 1980).

The dimensions of strategy include product and market scope and competitive emphasis (Miles & Snow, 1978; Porter, 1980, 1996). The choices the firm makes in these strategy dimensions have implications on the level of uncertainty in the firm's

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<sup>2</sup> The terms 'mechanistic' and 'organic' as used by organisation theorists to contrast types of organisation structure should not be confused with the terms 'mechanical' and 'organic' as used by the sociologist Emile Durkheim to contrast primitive and modern societies. According to Bryant (1995), Charon (1996), and Stebbins (1990), Durkheim views primitive societies as characterized by mechanical solidarity, where division of labor is simple and members are essentially the same due to a collective conscience. In contrast, modern society is characterized by organic solidarity, where division of labor is relatively complex, and where members are allowed to develop different individual personalities. Between the two types, mechanical solidarity communities are more adaptable to environmental change due to the relatively small number of societal specializations and relationships between specializations that must adjust to the change. In contrast, organic solidarity communities are less adaptable due to the relatively large number of specializations and relationships that must adjust. Unlike Durkheim, Burns and Stalker (1961) and other organisation theorists use the terms 'mechanistic' and 'organic' to distinguish between organisation structures that differ essentially in degrees of job specialization and standardization of procedures, as opposed to structural complexity. In mechanistic structures, the degrees of specialization and standardization are high; in organic structures, the degrees of specialization and standardization are low. Because environmental shifts tend to require changes in the organisation's mix of specializations and standard operating procedures, adaptation is more difficult for mechanistic structures than for organic structures. The entrepreneurial organisation may be used to illustrate areas in which the classification schemes are similar or different. Both schemes are similar in considering the entrepreneurial organisation as being relatively adaptable to environmental change. However, the schemes differ in that the organisation is considered mechanical by Durkheim's classification due to structural simplicity, while it is organic for organisation theorists due to low specialization and standardization.

operating environment. Product and market scope refers to the range of specific products and services an organisation offers and the markets to whom the offerings are made. Every product or service offering has a unique environment comprising factors that require monitoring, such as government regulations, customer expectations, and competitor orientations. The wider the product-market scope, the greater the complexity of the operating environment and the higher the potential for dynamism.

Competitive emphasis refers to the firm's unique focus in delivering products and services. As an example, Porter (1980) contends that in any given industry, firms have the option of adopting either a cost leadership emphasis or a differentiation emphasis. In cost leadership, the organisation focuses on the efficient delivery of the basic product or service at lower costs and, often, at lower prices. In differentiation, the focus is on the effective delivery of augmented product and service characteristics that go beyond the basics and for which the market is willing to pay a premium. Similarly, Miles and Snow (1978) contend that organisations may choose between prospector emphases that are innovation-focussed, and defender emphases that are efficiency-focussed.

The choice of competitive emphasis has implications on the level of uncertainty in the firm's operating environment. As an example, the environment of a differentiator tends to be more uncertain than that of a cost leader. The former environment is more complex because the differentiator provides product or service features that the cost leader does not. Moreover, because the potential for change exists within the specific

environment of every product or service feature carried, the differentiator's operating environment tends to be more dynamic than the cost leader's environment.

### *Strategy-Structure Fit*

Organisation theory and strategic management gave rise to a joint research stream. Known as configuration theory, this stream sought matching strategy-structure relationships. The basic theoretical principle of configuration is that organisation performance hinges significantly upon matching the characteristics of the organisation's strategy and structure in a way that reflects, creates, and maintains desirable characteristics in the firm's external operating environment (Geiger, Ritchie & Marlin, 2006; Ketchen et al., 1997; Miller, 1986; Miller & Friesen, 1984). As a general guideline, efficiency-oriented strategies and mechanistic structures are considered compatible, while innovation oriented strategies and organic structures are considered to fit. Table 1 is a conceptual framework that illustrates the matching characteristics of the organisation's operating environment, strategy, and structure in two alternative configurations.

Chandler (1962) is widely considered to have initiated configuration research (see Geiger, Ritchie & Marlin, 2006; Harris & Ruefli, 2000; Miller, 1986). In a longitudinal archival study, he showed that the national product-market diversification activities of four large U.S. enterprises led to performance improvements only after the companies decentralized operations through divisionalisation. Apparently, the decentralized structures were better able to accommodate the greater uncertainty

associated with diversification than the previously centralized structures. Chandler's research was subsequently replicated and supported by Channon (1973), Thanhiser (1972), and Pooley-Dias (1972) in the U.K., Germany, and France, respectively. Fouraker and Stopford (1968) extended the research to companies that diversified internationally and found similar results. Rumelt's (1974) quantitative study of 239 *Fortune 500* firms also supported the hypothesized fit to performance link. Thus, focussing on the diversification and divisionalisation dimensions of strategy and structure, respectively, early configuration research concluded that strategy-structure fit influenced organisation performance.

Miller (1986) argued for expanding the research to include multiple dimensions and strategy and structure. By the mid 1980s, a variety of studies (e.g. Dess & Davis, 1984; Hambrick, 1983; Miles and Snow, 1978; Miller & Droge, 1986; Miller & Friesen, 1984; Mintzberg, 1979; Porter 1979, 1980; Pugh, Hickson, & Hinings, 1969) had exposed multiple dimensions of strategy and structure. Drawing on these works, Miller (1986) identified five strategy-structure archetypes ('niche marketers,' 'innovators', 'marketers', 'cost leaders,' and 'conglomerates') based on the characteristics of 16 dimensions of strategy, environment, and structure. He also proposed that the configurations, though different, would all succeed due to internal consistency.

TABLE 1  
Alternative Strategy-Structure Configurations

	Efficiency-oriented Configuration	Effectiveness-oriented Configuration
Operating Environment	Low uncertainty (Low complexity and dynamism)	High uncertainty (High complexity and dynamism)
Organisation Strategy	Narrow product-market scope Cost leadership approach (Focus on delivery of the basic product or service)	Broad product-market scope Differentiation approach (Focus on delivery of augmented products and services)
Organisation Structure	Mechanistic (Centralized decision-making characterized by higher standardization and lower customization)	Organic (Decentralized decision-making characterized by higher customization and lower standardization)

*Note.* From "Port Governance, Devolution and the Matching Framework: A Configuration Theory Approach," by R. Baltazar and M. R. Brooks, in *Devolution, Port Governance, and Port Performance* (p. 392) by M. R. Brooks and K. Cullinane (Eds.), 2007, Amsterdam: Elsevier Ltd. Copyright 2007 by Elsevier Ltd. Adapted with permission from Elsevier.

A steady stream of configuration research as partially documented by Ketchen, Thomas and Snow (1993) and Ketchen et al. (1997) followed. Early qualitative reviews of the research characterized the literature's findings as inconclusive (Barney & Hoskisson, 1990; Thomas & Venkatraman, 1988). The reviews were based on a voting perspective that weighed each study equally, regardless of sample size and other study characteristics. Recognizing the weakness in this approach, Ketchen et al. (1997) performed a meta-analysis on the body of configuration theory research. In aggregating

results across studies, meta-analysis accounts for sampling and other comparison errors that may hinder attempts to synthesize the results (Hunter & Schmidt, 1990).

The outcome of Ketchen et al.'s (1997) study was to “remove any equivocality surrounding configurations' ability to predict performance. On the basis of the estimate of overall performance effects attributable to configurations, 27.6 percent of the utility available from prediction of performance differences across firms is predicted by configuration membership in this sample”<sup>3</sup> (p. 233). This strong result confirmed the relevance of research on strategy-structure fit.

Configuration research since Ketchen et al.'s work has developed in two directions: research on configuration as a quality (i.e. attribute or characteristic), and research that encompasses unit-level functions and activities (such as marketing, production, and business government relations). As Miller (1996) noted, the prevailing configuration research was based on either conceptually derived typologies or empirically derived taxonomies. In conducting subsequent research, Miller proposed considering configuration as a quality that may vary between organisations, or within one organisation over time. Miller's work on 'strategic simplicity' as a configuration quality (Miller, 1993; Miller & Chen, 1996; Miller, Lant, Miliken, & Korn 1996; Miller & Toulouse, 1998) exemplifies this approach. 'Degree of strategy-structure fit' as indicated by the number and range of strategy and structure elements that the organisation attempts to make internally consistent, is another configuration quality that

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<sup>3</sup> From “Organizational Configurations and Performance: A Meta-Analysis,” by D. Ketchen, J. combs, C. Russell, C. Shook, M. Dean, J. Runge, F. Lohrke, S. Naumann, D. Haptonstahl, R. Baker, B. Beckstein, C. Handler, H. Honig, and S. Lamoureux, 1997, *Academy of Management Journal*, 40, p. 233. Copyright 1997 by The Academy of Management Journal. Cited with permission from The Academy of Management..

has been considered, for example by Ciborra (1996), Miller (1996), Venkatraman & Henderson (1998), and Wright & Snell (1998). Although this research is underdeveloped, it suggests the existence of a range within the fit continuum where performance is positively affected, but outside of which performance falls sharply. As an example, Miller (1993) and Miller and Chen (1996) suggest that to a point, strategic simplicity may correlate with performance; however, an obsessive compulsion to oversimplify by aligning all organisation elements around the strategy can cause rigidities that may inhibit the organisation's ability to adapt to changing external conditions.

Prior to Ketchen et al.'s work, configuration studies were predominantly conducted at the organisation level of analysis. Subsequent research has broadened to include unit-level functions and activities. A sampling of this literature includes the following. A survey of 228 marketing managers led Olson, Slater, and Hult (2005) to the finding that marketing performance was influenced by the fit in organisation-level strategy, marketing unit structure, and marketing emphasis. In a multi-method study of questionnaire results from 206 international marketing managers, Xu, Cavusgil, and White (2006) found the fit between global marketing strategy and structure to be a determinant of international marketing performance. A survey study of 87 production units led Parthasarthy and Sethi (1993) to the conclusion that flexible automation technology performed best when accompanied by quality or flexibility based organisation-level strategy and skills diversity and teamwork within the manufacturing structure. In a longitudinal study of 6,000 franchise and company owned stores in a

pizza chain, Yin and Zajac (2004) concluded that the fit between organisation strategy and governance structure influenced store performance. Finally, Meznar and Johnson (1995) found through survey research from 110 organisations that the fit between organisational strategy and structure in business government relations affected the activity's performance.

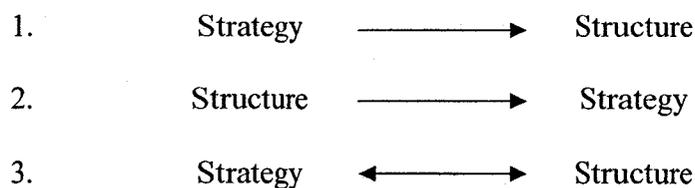
In summary, research on strategy-structure fit supports the hypothesis that fit matters to organisation performance. The research has evolved from early investigations of a limited number of strategy-structure dimensions to research entailing multiple dimensions. In addition, the research has moved from the question of whether or not organisation-level fit matters to performance, to the question of what types and degrees of fit are important. Finally, the research has expanded from investigating organisation-level factors exclusively to including unit-level functions and activities.

### *Strategy-Structure Sequence*

The belief that strategy-structure fit is performance enhancing raises the question of how strategy-structure configurations are created. An area of configuration-making that has occupied theoretical and research attention is the issue of temporal sequence between the two variables. The literature examines the questions of whether strategy or structure precedes the other in configuration activities, and whether or not the sequence is related to organisation performance. In both cases, the answers remain unclear.

Figure 1 depicts three views of strategy-structure sequence as discussed in the literature. The strategy-structure sequence literature is an offshoot of the strategy-structure fit literature. Chandler's (1962) study described a temporal sequence in which a change of strategy was followed by a change of structure. The replications and extensions by Channon (1973), Thanhiser (1972), Pooley-Dias (1972), and Fouraker and Stopford (1968) described the same temporal sequence in the organisations studied. Focussing on the issue of sequence, other scholars including Donaldson (1987) and Amburgey and Dacin (1994) supported the notion that strategy determines structure. Amburgey and Dacin examined the activities of 262 large firms over 28 years; their application of dynamic quantitative analyses led to the conclusion that diversifying strategy changes more often than not led to decentralizing structural changes rather than the other way around.

FIGURE 1  
Three Views of Strategy-Structure Sequence



However, Bower (1970) and Rumelt (1974) concluded otherwise. Bower's (1970) research depicted the organisation's internal structure as a mechanism manipulated by top managers for both defining and implementing their strategy preferences at lower organisation levels. The mechanisms included defining the jobs of

lower level managers, the way performance is measured and rewarded, and what information was released. Rumelt (1974) found the multidivisional structure associated with superior financial performance particularly when coupled with diversification strategies. Theoretical expositions by Hall and Saias (1980), Williamson (1975), and Frederickson (1986) supported this position by arguing within the notion that structure provides the framework through which strategy is formulated.

Some scholars suggest that the link between strategy and structure is most likely reciprocal (Engdahl, Keating, & Aupperle, 2000; Giddens, 1984; Mintzberg, 1990) or iterative (Quinn, 1980). These views imply that research findings indicating causality may be an artefact of the temporal points of departure and ending of the investigations. Other scholars believe that strategy and structure are intertwined to such an extent that the question of which comes first is irrelevant (Jones & Hill, 1988).

Research on the question of the impact of sequence on performance is scant and inconclusive. Leading strategy scholars, including Andrews (1971), Ansoff (1965), and Porter (1980), have supported the view that strategy should precede structure. However, Yin and Zajac (2004) conclude from their study that governance structure (franchising or company owned) should determine strategy (simple or complex). A study of Chandler's (1962) original research sample by Acar, Keating, Aupperle, Hall and Engdahl (1998) was inconclusive. So was a study using Rumelt's (1974) original sample by Harris and Ruefli (2000). Interestingly, Harris and Ruefli did find superior performance associated with changes in structure without accompanying changes in strategy.

In summary, the research on strategy-structure sequence is scant compared to the research on fit. Moreover, the research that is available is inconclusive in both the issue of whether strategy or structure determines the other variable, and whether or not sequence matters to organisation performance. In addition, unlike the research on fit, research on sequence has neither broadened to encompass more than the diversification and divisionalisation dimensions of strategy and structure, respectively, nor research other than organisation-level work.

#### *Organisational Decision-Making Mode*

In addition to the issue of appropriate strategy-structure sequence, the interpretation that strategy-structure fit enhances performance also raises the issue of whether or not there is an appropriate decision-making mode for creating fit. As discussed earlier, decision-making mode refers to the pattern in the way configuration-making decisions are normally handled by the organisation. Because mode provides the framework that guides the piecemeal organisational actions that ultimately determine fit, the right or wrong mode can facilitate or hinder fit.

The literature reviewed here pertains to non-routine decisions that strategy and structure decisions tend to be. This literature is voluminous and so I constructed Table 2 based on the literature to organize the discussion. As illustrated in Table 2 and discussed below, decision-making mode may be viewed as a function of underlying organisational assumptions regarding the commonality of goals among organisation members, and the scarcity of resources in the organisation's external environment. A 2

x 2 classification of assumption characteristics leads to four decision-mode categories that are labelled ‘rational’, ‘entrepreneurial’, ‘political’, and ‘collaborative’.

TABLE 2  
Organisational Decision-Making Assumptions and Modes

	Low Resource Scarcity	High Resource Scarcity
High Goal Commonality	Rational Mode	Entrepreneurial Mode
Low Goal Commonality	Political Mode	Collaborative Mode

*Goal Commonality*

The assumption of goal commonality ranges from considering organisation members as having common goals to having multiple, potentially conflicting goals. The assumption of common goals essentially turns the organisation into a monolithic entity or unitary actor (Schoemaker, 1993). Not having to deal with conflicting goals means that the organisation can focus on being analytically objective (Floyd & Wooldridge, 2000).

On the other hand, the assumption that the organisation comprises members with multiple, potentially conflicting goals gives rise to decision processes that are essentially social. In a social view, decision-making is undertaken within a context characterised by subjective analyses based on preferences, the push and pull of interests,

and the need for bargaining and interplay (Daft, 1998; Jones, 1995; Pettigrew, 1973; Quinn, 1980).

### *Resource Scarcity*

The specific decision-making mode associated with the unitary and social actor premises varies depending on the assumption made about resource scarcity in the organisation's environment. Resources are assets, skills, and capabilities that the organisation can draw on in the decision process (Collis & Montgomery, 1997).

Resource scarcity has implications on the firm's ability to obtain and process information (Schoemaker, 1993). Specifically, resource scarcity affects decision uncertainty and information ambiguity. Decision uncertainty is the extent to which information is lacking about the factors that enable the organisation to assign probabilities to the outcomes of alternative decisions (Duncan, 1972). Information ambiguity refers to the extent to which the information gathered about a decision situation is difficult to interpret and additional data about the decision cannot be gathered to resolve the issue (Daft, 1998). Due to the availability of the required information and the ability of the organisation to process it, lower levels of resource scarcity imply lower decision uncertainty and ambiguity. In contrast, high scarcity connotes high decision uncertainty and ambiguity.

*Rational Mode*

The existence of commonly shared organisation goals and the resources with which to pursue them allows the organisation to undertake decision-making in the rational mode. Essentially, rational organisation decision-making is a systematic economic choice activity (Allison, 1971; Allison and Zelikow, 1999; Mintzberg, Raisinghani, & Theoret, 1976; Schoemaker, 1993). The decision process is orderly and scientific, progressing sequentially from the perception of an opportunity or problem that requires a decision; the specification of organisational objectives for making the decision; the identification of decision options; the consideration of the consequences of the identified decision options; and the choice of the option that maximises the accomplishment of decision objectives (Allison & Zelikow, 1999). In the rational mode, extensive, accurate, and impartial information is presumed to be available throughout the decision process (Daft, 1998; Jones, 1995; Pfeffer, 1981). Moreover, the information is considered 'knowable' through organisational foresight and the ability of the organisation to process the information appropriately (MacCrimmon, 1985).

Although the literature on rational mode does not specifically address the relationship between strategy and structure, the mode's assumptions and methodology have implications for the level of fit and type of sequence that would be sought by the organisation. Provided management believes that fit maximises performance, the assumption that value maximising choices are accessible would encourage the organisation to increase the level of strategy-structure fit. In addition, the sequential consideration of goals and means in the mode's decision process lends itself to support

the view espoused by Andrews (1971), Ansoff (1965), and Porter (1980) that strategy (the organisation's product-market and competitive goals) should be considered prior to structure (the administrative arrangements for pursuing strategy).

### *Entrepreneurial Mode*

Like the rational mode, the entrepreneurial mode assumes goal commonality among organisation members. However, resources are seen to be scarce. The information needed to make good decisions may be available, but obtaining it is considered more resource intensive than the firm can afford. Moreover, information is substantially viewed as ambiguous and beyond the organisation's ability to clarify.

Thus decision-making in the entrepreneurial mode is undertaken within the context of bounded rationality, i.e., the limited ability to obtain and process ambiguous information (Cyert & March, 1963; March & Simon, 1958). In this mode, the organisation engages in limited search for information and decision options, and makes 'satisficing' decisions (March & Simon, 1993), i.e., decisions that are acceptable, rather than value maximising choices.

Decision timeliness is an important consideration in this decision-making mode. Decisions are approached with the mindset that opportunities are time bound, and that problems not dealt with grow. Thus, the underlying rationale for making decisions is to minimise uncertainty (Allison & Zelikow, 1999). Because decision processes consider slow decision-making as ineffective as making the wrong decisions (Daft, 1998), they

favour 'getting it done' over 'getting it right' (Eisenhardt & Zbaracki, 1992) and incremental over quantum actions (Quinn, 1980).

This mode has been investigated in organisations facing dynamic external environments (see D'Aveni, 1994; Ciborra, 1996; Eisenhardt & Brown, 1999; Eisenhardt & Martin, 2000; Helfat & Eisenhardt, 2004). This literature characterises the strategies and structures developed in those environments as being very flexible. The propensity to make decisions rapidly and incrementally makes the mode susceptible to strategy or structure drifts that may cause misalignments between the two variables, at least temporarily but likely often. This makes it unlikely for the organisation to maintain a high level of fit. Moreover, an opportunistic tendency and the predilection to deal with problems immediately, be it within the area of strategy or structure, imply a relationship in which neither strategy nor structure dominates the other.

### *Political Mode*

In the political mode, organisation members are assumed to have multiple, potentially conflicting interests and goals. At the same time, resource scarcity is considered low perhaps due to the existence of a 'cash cow' that ensures organisation survival in the foreseeable future.

The dominant perspective of organisations in this decision-making mode is the power structure of the firm. Power is defined as the ability to influence the behaviour of others (Daft, 1998; Schoemaker, 1993). In this mode, organisational decisions reflect the power distribution within the firm (Hinings, Hickson, Pennings, & Schneck, 1974;

Pfeffer, 1981) and the effectiveness of tactics used by organisation players to secure decisions in their favour. According to Bower (1970), information is a primary tool for power; it is gathered, shared or withheld, and manipulated as needed. He noted other mechanisms for securing power that include defining the jobs of subordinates and the way their performance is measured and rewarded.

The political mode has been characterised as succumbing to forces that divide organisations into self-serving camps (Mintzberg, 1989), driven by a social logic in which member actions towards one another are undertaken for instrumental reasons (March and Olsen, 1989), and gamesmanship and competition (Clegg & Hardy, 1996; Miller, Hickson, & Wilson, 1996; Trist, 1981). Although these characterisations portray the mode negatively, Quinn (1980) considers organisational politics as a form of competition that is not only realistic but may be healthy and collectively rational.

Based on these characteristics of the political mode, strategy-structure fit appears achievable only if there is a strong dominant coalition that guides decision-making within the organisation. Without it, strategy and structure fit can only be obtained accidentally. With a dominant coalition in place, the fit created would likely be determined by the structure that maintains the coalition's power. In this manner, the fit created would be led by structure, not strategy.

### *Collaborative Mode*

Like the political mode, the collaborative mode assumes organisation members as having multiple, potentially conflicting interests and goals. However, resources are

seen to be scarce and instead of pulling apart, organisational players may be encouraged to work together to survive and hopefully prosper (Mintzberg, 1989), apply a social logic that is based on member obligations towards one another (March & Olsen, 1989), and work collegially (Clegg & Hardy, 1996; Miller, Hickson, & Wilson, 1996; Trist, 1981).

The dominant perspective in the collaborative mode is the social network within the organisation. From Laumann, Galskeiwicz, and Marsden (1978) and Nohria (1992), a social network is defined as a grouping of like nodes (such as persons, organisational units, or organisations) that are tied together by the desire or perceived need of the nodes to cooperate. With this definition, a traditional hierarchical structure is considered as much a network as a flat or team-based organisation.

Based on Quinn, Anderson, and Finkelstein (1996), the organisation's social network embodies the knowledge structure of the firm. This structure consists of nodes of intellect that are embedded vertically and horizontally within the organisational hierarchy. The nodes group into knowledge classifications such as cognitive (know-what); skill (know-how); systems knowledge (know-why); and motivated creativity (care-why). In this view of the organisation, knowledge nodes and types constitute the firm's capacity to deal with emerging problems and opportunities.

This view encourages organisation members to cooperate with each other. All organisational roles are equally valued, and combinations of roles are arranged in temporary hierarchies to meet decision needs (Mintzberg, Dougherty, Jorgensen, & Westley, 1996). However, being fluid and widely dispersed makes intellect difficult to

organise. Therefore, a measure of decision-making effectiveness is the ability to recognise, attract, organise, and deploy appropriate intellectual combinations from across the knowledge network (Quinn, Anderson, & Finkelstein, 1996).

Because it attacks resource scarcity by maximising the use of internal human resources, the collaborative decision-making mode may have the greatest potential for fit next to the rational. Fit may be achieved provided that the strategy and structure goals that drive collaboration are explicit and reasonably held in common. If not, collaboration may lead to goal diffusion and consequent strategy-structure misalignments. By explicitly drawing on a variety of perspectives that likely include the arguments for and against strategic or structural dominance, the collaborative mode may lead to reciprocal influences between strategy and structure.

### *Summary*

The organisation decision-making literature is voluminous compared to the research on strategy-structure fit and sequence. The literature is based on research that has predominantly been descriptive. However, the descriptions have produced prescriptions for applying decision-making modes that are consistent with the levels of resource scarcity and goal commonality within the decision-making context.

The organisational decision-making literature is not normally associated with the literatures on strategy-structure fit and sequence. However, configuration-making entails actions on such important variables (strategy and structure elements) that significant actions are unlikely to be made without consulting the decision process. By

triggering organisational action, the decision-making mode adopted may shape organisational configuration, perhaps in the directions conjured in the discussion above.

### Research Problem

The purpose of this section is to discuss the study's research problem. First I discuss the gaps in the literature that prompted this research, then I identify the research questions to be addressed in this dissertation.

### *Research Gaps and Focus*

This study addresses two gaps in the configuration-making literature. First, the literature has largely focused on the content of configuration. While the research has focussed on the question of *what* (content) characteristics of strategy and structure match or do not match, it has largely neglected the question of *how* (process) particular configurations are achieved or not achieved. From the perspective of the manager, lack of process knowledge is serious, for knowing what to do in different situations falls short of being useful without knowing how to get it done.

I acknowledge that the literature has dabbled with process issues through research on strategy-structure sequence. That literature is, however, scant and inconclusive in describing whether strategy or structure determines the other variable in organisations, and in concluding whether or not sequence matters to organisation performance. The organisational decision-making literature might eventually be helpful in enabling us to understand how configurations are shaped, but the link between

decision-making mode and configuration has not been explicitly examined. Thus for now, the process through which configuration is made remains a research gap.

Second, configuration research has largely focussed on the *organisation* level of analysis, as opposed to the *individual* level. While the characteristics of configuration and configuration-making may be viewed at the organisation level, common knowledge suggests that the process that produces the characteristics originates at the individual level. To be useful to practicing managers, this research needs to drill down into the individual level of analysis, translate configuration in terms that make sense for that level, and explain how organisational configurations get built from individual realities into organisational realities.

Based on the discussion of the literature on strategy-structure fit, I acknowledge that recent research has broadened to encompass unit-level functions and activities. Undoubtedly, this line of research will continue to go on and may eventually broaden further to the individual level. However, thus far, the broadened research has been mostly an importation of organisation-level configuration-making concepts and frameworks into the unit level. That is to say, unit-level extensions of the research have tended to address the question of compatibility between organisational or unit-level strategies and unit-level structures. Frameworks and concepts developed specifically to represent group-level configuration-making concerns have not been developed. In any case, for now configuration-making research at the individual level remains a research gap.

*View of the Individual*

Individual-level configuration research may be pursued in one of two ways. First, individuals may be considered *as resources*, objective entities with demonstrated talents, skills, experience, assumed potential, and expressed interests that require logistics planning, recruiting, training and development, and the like. This vantage point encourages a view of configuration-making as an objective design exercise of ascertaining compatibilities between the intended organisation configuration and the characteristics of organisation members. Research would develop theory around individual-level characteristics that may be required for particular configuration intentions. By focussing on the issue of *what* characteristics are appropriate for different configuration types, this line of research would have a content orientation. Being interested in the process of configuration-making, I did not adopt this research perspective. I single out managers, as opposed to non-manager employees, because they are more likely than the others to be involved in con

Second, individuals may be considered *as people* with distinct personalities, attitudes, perceptions, motivations, and beliefs. This vantage point encourages a view of configuration-making as a largely subjective undertaking in which the organisational players asked to implement, operate, and work within the parameters of an intended configuration are able to shape the realized configuration by enacting their varied perspectives. By assuming a prominent individual role in *how* configurations are built, this line of research would have a process orientation.

*Research Questions*

The study examines the nature, antecedents, and consequences of managerial configuration-making preference. Specifically, the study attempts to address three sets of research questions.

First, what is the nature of managerial preferences for strategy-structure fit, strategy-structure sequence, and organisational decision-making mode? Do these preferences fall into distinct categories? Do preferences reflect underlying conceptions about configuration-making, and if so, what are these conceptions? How do these conceptions compare to the theoretical conceptions of configuration-making?

Second, why do managers have particular configuration-making preferences? What are the antecedents of these preferences? Do the preferences emanate from particular assumptions and if so, what is the nature of these assumptions? To what extent are the preferences influenced by the person's individual identity? To what extent are they influenced by organisational norms?

Third, how do managerial configuration-making preferences influence individual action in the organisation? To what extent do they influence organisational practice? Are managers aware of the extent to which their preferences and organisational practices are aligned?

## CHAPTER 2 – RESEARCH DESIGN AND METHODS

In Chapter 1, I identified the topic of research interest, discussed the relevant literature and its gaps, justified the study from the gaps identified, and specified the research questions. This chapter discusses the research objectives, design, and methods used at various stages of the study.

### Objectives and Design

The purpose of this section is to state the research objectives, identify the research design, and justify the design's key elements.

My objectives in this research were to:

1. examine the nature, sources, and consequences of managerial configuration-making preferences at the individual level of analysis; and
2. contribute to the development of configuration-making theory.

Because configuration-making at the individual level had not been explicitly examined previously, the dissertation was exploratory. Consistent with the goal of contributing to the development of theory, I employed a case research design. Case research may be defined as the in-depth investigation of a small sample of units within which the phenomenon of research interest resides (Dyer & Wilkins, 1991; Eisenhardt, 1989; Flyvbjerg, 2004; Patton, 2002; Yin, 1989). In this study, the unit of analysis is the individual manager.

The small sample size used in this research precludes a goal of generalizing study findings to the population from which the sample is drawn. However, the in-depth

investigation of context makes case research appropriate to the goal of generalising findings to theory (Stake, 2005; Yin, 1989). Case research can have a significant impact on theory. Examples of such research include Whyte's (1943) *Street Corner Society* study of five gangs; Geertz's depiction (1973) of the Balinese cock fight; Dalton's (1959) investigation of political behaviour in four organisations, one in-depth; and particularly relevant here, Chandler's (1962) examination of the strategy and structure activities of four large U.S. enterprises. Recent case research includes: Eisenhardt and Brown's (1999) examination of 'patching' behaviour in 12 companies, Morrill's (1991) study of conflict management in two large firms, Gopal and Prasad's (2000) study of a technology introduction case in a school setting; Porter's (1996) depiction of strategy-structure fit in three companies, and Vaught and Wiehagen's (1991) meanings based study of a mine fire.

The study was interview-based. Sixteen managers in four organisations participated in the study. Data were obtained through relatively unstructured 'conversational interviews.' Useful in generating theory, this method is consistent with the goal of obtaining rich, salient data around the themes of interest, rather than data that is comparable across subjects (Brewerton & Millward, 2001). In applying the method, the interviewer pursues predetermined themes, but is free to probe for additional meaning (Lee, 1998; Patton, 2002), and is open to respondent dialogue around dimensions that may be salient to the study but excluded from the researcher's a priori conceptions (H. McGee, personal email communication, January 24, 2007).

I made use of the 'sensitising concepts' (Blumer, 1969) discussed in the next section to guide the research. Sensitising concepts are broad mental categories that the researcher brings explicitly into the study to provide general directions (Blumer, 1969; Denzin, 1978; Patton, 2002; Schwandt, 2001; van den Hoonaard, 1997). For this study, these concepts included six variables that guided the interview and early analytical stages of the research, and a framework that guided the later stages.

In analyzing interview data, I borrowed procedures suggested by Locke (2002), McCracken (1988), Patton (2002), and Strauss and Corbin (1998) for the inductive development of theory. These techniques move the analysis from the particular to the general in a systematic manner. I carried out the analysis in three stages. First, I coded the data *into and within* the study's sensitising concept categories. Second, I analysed the coded data *within transcripts* for the purpose of revealing the respondents' individual views about the categories. This analytical stage resulted in the development of individual respondent case narratives organised around the study variables. Third, I analysed the data *across narratives*. This and later study stages were guided by the sensitising framework as discussed below. Initial attempts at this stage led to the concepts of meaning and meaning construction as underlying themes in the cases. This insight led to idea of applying a symbolic interactionist lens to the data. Symbolic interactionism is premised on the notions that human acts are based on meanings and that meanings are constructed on the basis of interactions with others and with the 'self' (Blumer, 2004; Manis & Meltzer, 1967; Prasad, 2005). Using the symbolic interactionist lens to review the data across the cases enabled me to identify patterns in

the data that addressed the study questions, and to ultimately develop a meanings-based managerial configuration-making framework and accompanying propositions.

## Methods

### *Sensitising Concepts*

According to Miles and Huberman (1984), even the most exploratory research requires investigators to come to the field with explicitly identified preliminary concepts. Without such concepts, explorations become merely excuses for sloppy work (Silverman, 2000). These concepts have been called sensitising concepts, or loosely operationalised ideas that provide direction to the research (Blumer, 1969; Denzin, 1978; Schwandt, 2001; van den Hoonaard, 1997).

Reflecting on these ideas in light of the generally accepted opinion that researchers bring preconceived notions to the research whether or not they admit it (Patton, 2002), I concluded that I should bring the notions to the forefront and attempt to use them to guide the study. Having reviewed the configuration-making literature and having positioned this study in light of the literature's gaps, I had developed expectations about what variables are important to any study of configuration-making, and a very preliminary idea of what I expected to find by the end of the study about individual-level configuration-making. Thus, I considered sensitising concepts in two categories, namely, a number of *sensitising variables* based on the literature and a *sensitising framework* based on what I hoped to find at the study's conclusion. After educating these concepts, I employed them at the appropriate stages of the study.

By sensitising variables, I mean concepts with attributes that may vary. I identified these concepts by translating organisation-level variables from the configuration-making literature into variable that appeared to make sense at the individual level. Table 3 identifies the variables, variation categories, and the counterpart organisation-level variables from which the concepts were translated. Thus, strategy-structure fit, strategy-structure sequence, and organisational decision-mode *preferences* are individual-level translations of the fit, sequence, and mode variables that are normally researched at the organisation-level. I assumed that individuals will have fit preferences along a continuum that ranges from being narrow to broad; sequence preferences that fall into strategy first, structure first, or two way sequence categories; and decision-mode preferences that may be characterized as rational, entrepreneurial, political, or collaborative. From Chapter 1, these categories are grounded in the literature.

Table 3 identifies individual assumptions regarding environmental uncertainty as a sensitising concept. Uncertainty assumption is an individual-level translation of the environmental uncertainty variable found in the configuration literature. In contemplating this variable, I referred to the concept of 'uncertainty avoidance' as discussed by Hofstede (1980, 1991) in relation to culture. Doing so led to a classification of views of uncertainty as either a source of opportunity that should be pursued, or a source of risks that should be avoided.

Table 3  
Sensitising Variables, Variation Categories, and Counterpart Organisation Variables

Sensitising Variables	Variation Categories	Counterpart Organisation-level Variables
Strategy-Structure Fit Preference	Preference for Narrow to Broad Fit	Strategy-Structure Fit
Strategy-Structure Sequence Preference	Preference for Strategy First, Structure First, or Two Way Sequence	Strategy-Structure Sequence
Organisational Decision - Mode Preference	Preference for Rational, Entrepreneurial, Political, Collaborative Mode	Organisational Decision-Making Mode
Environmental Uncertainty Assumption	Source of Opportunities, Source of Risk	Environmental Uncertainty
Organisation Rationality Assumption	The Organisation as a System of Tasks or a System of Relationships	Goal Commonality
Perceived Person Organisation Fit	Perceived Low to High Fit	Organisation Performance

Based on Laurent (1983) and Trompenaars and Hampden-Turner (1998), organisation rationality may be defined as the individual's conception of the organisation as a system of tasks or a system of interpersonal relationships. Organisation rationality is the individual-level counterpart of the goal commonality assumption in the organisational decision literature. A view of the organisation as a system of tasks is consistent with considering the organisation as a monolithic entity whose members have common goals and therefore can focus on the tasks at hand.

Similarly consistent is a view of the organisation as a system of relationships and the conception of the organisation as a social system with multiple, potentially conflicting member interests and goals.

In contemplating the individual-level counterpart of the organisation performance variable in the literature, I considered what is likely to happen as the manager activates his or her preferences in performing organisational tasks, and as he compares his acts with (perceived) organisational configuration-making practices. I concluded that such comparisons would likely lead the individual to consider person organisation fit and its implications for job satisfaction and performance.

Based on Chapter 1, the organisation-level variables in the right most column of Table 3 may be viewed as a causal network of variables in which uncertainty and goal commonality may be reasonably assumed to influence fit, sequence, and mode that may in turn be assumed to impact organisation performance. Even though I developed the sensitising variables from these organisation-level variables, I did not take preconceived causality assumptions into the research among the individual-level variables I had educated. I recognise and acknowledge that the translations I performed in turning relatively established organisation-level variables into loosely operationalised individual-level variables were crude, and that the variables were inappropriate for causal thinking. However, this fact does not impugn the important role the sensitising variables would play at the initial stages of the research. As Blumer (1969), Miles and Huberman (1984), Patton (2002), and Silverman (2000) suggested, sensitising concepts are an important and necessary exploratory research device that in this case, provided a

much needed stepping stone into the world of managerial configuration-making. As discussed below, I used these variables to guide the construction of the interview questions.

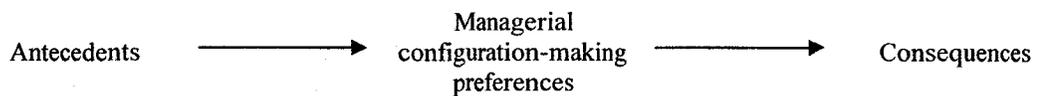
In addition, the variables served as important focussing devices in the early analytical stages of the study. The interview data were rich and contained several themes that I found extremely interesting, such as managerial postures in dealing with the external environment, differences in organisation change methods, what constitutes good leadership, organisation versus occupation culture, the need for control but not be controlled, conflict handling tactics, and so on. It is not that these ideas were irrelevant to the study; in fact I found they revealed important contextual information that deepened my understanding of how the sensitising variables were given meaning by the study participants. However, I sometimes found myself being wrenched into directions that would have made these other areas more central than the configuration-making variables I was studying. The sensitising variables always brought me back to the study's focusses.

Did the sensitising variables preclude the emergence of other variables that were potentially important to individual-level configuration-making? I think not. Although most of the interesting ideas I encountered in the data could be accommodated by the context, process, or content of the sensitising variables, some could not, at least not immediately. I developed these into separate categories for later reconciliation with existing sensitising variables or development as an emergent sensitising variable. An example of the latter is the emergence of *expressed identity* as a potential preference

antecedent, as discussed in Chapter 4. Although expressed identity was a phrase used by a thesis proposal examiner in passing (K. Kelloway, personal communication, December 2002) as a possible influence on preference, I did not give it much thought until it came up repeatedly during data analysis.

Apart from the sensitising variables just discussed, I also brought the sensitising framework illustrated by Figure 2 into the study. The framework includes two sensitising concepts. First, it represents categories of factors that I did not know but wanted to find out about: the nature, or inherent characteristics, of managerial configuration-making preference; the antecedent factors that give rise to the preference characteristics; and the consequent factors that are impacted by the preference characteristics. Second, the framework represents an assumption that there is a causal chain that involves a movement from within unknown antecedent factors that impact the unknown characteristics of configuration-making preference that in turn affect unknown consequent factors.

FIGURE 2  
Sensitising Framework



Though seemingly obvious, the framework proved to be very important particularly to the latter analysis stages of the study when I was attempting to draw out themes from the data. It served as a constant reminder and check that the themes I

developed had to have a grand underlying theme, a common thread that cuts across the categories in the causal chain.

### *Study Organisations and Participants*

Sixteen upper and middle level managers, equally divided among four organisations, participated in the study. Table 4 lists the organisations sampled, the nature of the organisations' businesses, the study participants, and the participants' position titles.<sup>4</sup> As noted earlier, I limited the study to the ranks of managers because they are more likely than non-managers to be sensitized to the concepts of research interest.<sup>5</sup>

The study was designed as an in-depth investigation of cases for unknown individual configuration-making preference related factors. This design, coupled with

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<sup>4</sup> In compliance with the terms specified in this study's Application for St. Mary's University Research Ethics Board (REB) approval, and the Certificate of Ethical Acceptability of Research Involving Human Subjects granted by the REB on December 3, 2002, all study participants, organisations, and (where appropriate) locations have been disguised.

<sup>5</sup> My thesis proposal (Baltazar, 2002) called for limiting the study to managers from business level organisations, to the exclusion of corporate level organisations. As distinguished in the proposal, business level organisations operate in single industries, while corporate level organisations operate in more than one. I had placed the restriction to impose a measure of control over the variability of respondent perspectives I would encounter. However, I had difficulty imposing it.

As an example, Delta Financial may have operated only within the insurance industry, but the firm was structured into relatively independent business units that effectively competed in separate 'regional industries.' Within this structure, Thompson, the firm's Director of Group Underwriting Policy, held a corporate level view (i.e. across business units) that was to be excluded from this study. Another example is Beta Consulting, an information technology consulting company that was embedded into Beta's corporate headquarters. Sharpe, who headed the company, was also responsible for providing information technology services across the organisation. Thus, he carried the business and corporate level perspectives concurrently.

Ultimately, I found controlling for a business level perspective among the study participants artificial and unnecessary, given this study's goal of exploring a variety of managerial perspectives around the research variables.

limited temporal and financial resources, precluded the random selection of managers for the study.

TABLE 4  
Study Organisations and Participants

Organisation	Nature of Business	Participant	Position
Alpha Telecom	Telecommunications in Southern Canada	Michael Bennett	Director, Competency Development
		Chris Caines	Senior Manager, Strategy Development
		David Edwards	Senior Vice President, Corporate and Legal Services
		Omar Qadoumi	Manager, Systems Support at Alpha Consulting
Beta International	International business conglomerate in the defence, aviation, enterprise, and regional airlines industries	Tyler Dixon	Vice President for Beta Medical
		Peter Mitchell	Senior Vice President, Human Resources and Legal Services
		Ian Price	President
		Paul Sharpe	Senior Vice President, Information Technology
Delta Financial Group Insurance Division	National private group insurance	William Lee	Director, Group Accounting Services
		Catherine Paulson	Vice President, Group Disability Claims
		Adam Roberts	Vice President, Group Marketing
		Paul Thompson	Director, Group Underwriting Policy
Gamma Workers' Compensation Board	Mandatory group insurance in Timor Province	Evan Davis	Director, Human Resources
		Matthew Gallagher	Vice President, Corporate Services
		Sarah Power	Director, Public Relations
		Allan Whyte	Chief Executive Officer

Among the available sampling techniques for limited sampling, I chose to (attempt to) employ maximum variation purposive sampling (Flyvbjerg, 2004; Gobo,

2004; Patton, 2002). The approach is appropriate when the researcher wishes to investigate both the unique contextual factors that might be important to the phenomenon of interest, as well as shared patterns that cut across the cases (Patton, 2002). These criteria suited the study because: first, I wanted to understand the configuration-making phenomenon from within the unique contexts and experiences of individual managers; and second, I was also interested in revealing patterns across cases that would contribute to the development of a theory of managerial configuration-making preference.

In theory, maximising variation requires identifying factors whose attributes might affect the phenomenon of interest, and then selecting the sample that maximises variation in the attributes (Flyvbjerg, 2004; Patton, 2002). In this study, such factors included the person's demographic attributes (age, sex, ethnicity, education), positional factors (management level, functional responsibility), and organisational context factors (uncertainty characteristics of the external environment, organisation culture).

In reality, the attempt to maximise variation in this study did not proceed in the theoretical sequence. As a starting point, I picked organisations with different environmental uncertainty characteristics. I reasoned that varying levels of environmental uncertainty at the organisation level might be related to varying individual-level perspectives on uncertainty that in turn might be associated with differences in configuration-making preferences. Thus, based on Duncan's (1972) theory that uncertainty comprises the two dimensions of complexity and dynamism, I

constructed a 2 x 2 matrix and subsequently attempted to locate study organisations exemplifying each cell.

Figure 3 shows the matrix positions of the study organisations around the time of the interviews. Being a single business made Delta’s environment relatively simple, and being in insurance made the business relatively stable. As the sole provider of publicly mandated insurance, Gamma also had a stable environment; however, public scrutiny, media attention, and government politics made the organisation’s environment complex. Alpha was in the later stages of simplifying its business around telecommunications in the Southern Canadian region, so its environment was relatively simple; however, being in telecommunications made the company’s environment unstable. Finally, recent additions of regional airline and information technology businesses to the firm’s portfolio of aerospace and commercial enterprise businesses made Beta’s environment both more complex and unstable than the environment of the other study organisations.

FIGURE 3  
Environmental Complexity and Dynamism of Study Organisations

	Simple	Complex
Stable	DELTA	GAMMA
Unstable	ALPHA ←	→ BETA

I relied on contacts within the organisations to obtain the study participants. The process of obtaining respondents varied from organisation to organisation. I had an existing contact at Alpha Consulting and one at Alpha's head office who agreed to be interviewed. Based on the respondent selection parameters I provided, the Alpha contact suggested I include a colleague of his in the study; that colleague subsequently agreed to participate. For my fourth interview, I contacted the firm's CEO; he referred me to a subordinate manager who agreed to be a study respondent.

At Beta, I contacted the President whom I subsequently interviewed. Following a discussion of the parameters of respondent selection, he arranged interviews with three other company managers.

An existing contact at Delta made suggestions for interview respondents. I contacted four individuals all of whom subsequently agreed to participate in the study.

Finally at Gamma, I contacted and interviewed the CEO. Subsequently, he sent an email asking for volunteer study participants. One person responded. On my behalf, the CEO asked one other person to participate and she did. I contacted the fourth Gamma respondent directly and he agreed.

Although I did not have full control over who participated in the study, the respondent positions indicated in Table 4 reveals the variety of perspectives I sought. The respondents ranged in level from lower middle to top managers, in whether the units they managed were staff or line units, and in functional role including law, information technology, marketing, operations, accounting, communications, human

resources and general management. Of the 16 respondents, two were female and three were members of visible minority groups.

### *Interview Questions and Procedures*

I took the interview guide approach to the interviews. This approach allowed me to delineate broad topics for dialogue, but also the freedom to have free flowing conversations around each topic (Patton, 2002). The guide questions I took to the interviews are provided in Table 5, along with the rationale for each question.

I provided the respondent with the questions on the left hand side of the table prior to the interview. I did this after considering the implications of doing so. Sharing interview guide questions with the respondents prior to the interview could hamper the spontaneity, and by implication the truthfulness, of the responses to the guide questions. However, while being potentially strong as a medium for ‘top of the head’ and therefore honest opinion, spontaneous responses could be ‘thin’ on the facts surrounding the opinion. As shown by the interview guide, among other things I wanted the respondents to recall the particulars of organisational decisions and to elaborate on their views about a variety of organisational practices. I wanted to know the particulars of the decision situations and practices and if necessary, for the respondents to refer to organisational or internal documents prior to the interview to aid their recollections. In any case, though I was providing them with the guide questions, I knew I would be free to probe for spontaneous responses within each topic covered by the guide. Thus, I provided the guide prior to the interviews.

TABLE 5  
Interview Guide Questions and Rationale

Guide questions	Rationale
<p>1. Would you describe two recent, organisationally important decisions you are familiar with, one of which you consider a good decision, the other a bad decision? In thinking about this question, you might consider strategic, structural, reward and information systems, and human resource decisions with significant organisational performance implications. In your view, what factors make the decisions good or bad?</p>	<p>Anchor the interview on concrete events</p>
<p>2. To what extent do the decisions you identified reflect this organisation's attitudes or practices in the following areas?</p> <ol style="list-style-type: none"> <li>a. Change and uncertainty in the external competitive environment</li> <li>b. That the company is a system designed to perform functions and tasks efficiently, as opposed to a group of people working together whose social relations are important to effective functioning</li> <li>c. The need to have very specific plans and actions for all objectives and goals</li> <li>d. The principle: "plan first, then carry out the plan" or "plan as you act"</li> <li>e. The extent to which people should be consulted about significant decisions</li> </ol>	<p>Investigate respondent's assumptions and perspectives in relation to organisation practices about:</p> <ol style="list-style-type: none"> <li>a. Uncertainty</li> <li>b. Rationality</li> <li>c. Strategy structure fit</li> <li>d. Strategy structure sequence</li> <li>e. Decision-making mode</li> </ol>
<p>3. To what extent do you agree or disagree with the company's approaches as you described for #2?</p>	
<p>4. What advice would you give to aspiring general managers about how to succeed in your organisation? Are there people in the organisation with significantly different views? How have they done?</p>	<p>Investigate person organisation fit, satisfaction, and performance implications of the respondent's configuration-making preferences</p>
<p>5. Can you think of experiences you might have had in the past that contributed to your thoughts to the previous question?</p>	<p>Investigate historical antecedents of the respondent's views</p>

According to Ripley (2004), *initial* interview questions (the guide questions in this case) should be based on the relevant literature. In view of this requirement, I designed the guide in a way that I hoped would generate respondent dialogue around the sensitising variables I discussed previously. To anchor the interview in concrete situations, the first question asks the respondent to discuss a recent “organisationally important” decision he considers to have been a good decision, and another he considers a poor decision. Additionally, the respondent is asked to consider “strategic, structural, reward and information systems, and human resource decisions with significant organisational performance implications.” I provided this qualification to impose configuration relevant parameters around the range of decisions that might be raised, and to aid the respondent in thinking about the situations to discuss.

Questions 2-4 allow the respondent to reveal his/her perspectives about the study’s sensitising variables through a process of comparison and contrast between and among the organisation’s characteristics, the respondent’s subjective views, and the subjective views of other organisation members. For additional context and clarity, a final question explores the historical antecedents of the manager’s perspectives.

I began each interview by thanking the respondent for participating in the research. I followed up with a set of biographical questions that included full name, position in the organisation, direct supervisor’s position, number and positions of peers reporting to the respondent’s direct supervisor, number and positions of direct subordinates, primary functional and/or administrative areas of work, budget responsibility, tenure and positions held in the organisation, and employment history.

Based on McCracken (1988), the purpose of asking these questions up front was to prevent having to comb through the interview transcript in search of biographical information at a later stage in the research.

I started the interview proper with a version of the following statement: “As you have seen from the list of questions I provided yesterday, I am interested in your views and examples about what makes for a good or bad decision, your views about several aspects of this organisation, and the advice you would give to aspiring managers hoping to succeed here. I would like to start with the examples of good decisions and bad decisions you thought about, and why you consider them as such.” I asked the other guide questions in the sequence presented in Table 5. I prompted the respondent as needed for clarification or elaboration, to keep him talking, and to keep the interview on pace to cover the interview guide questions in the time allowed.

The reality of the interviews was somewhat ‘messy’ relative to the plan. Although I asked the respondents for two hours of interview time, only one participant agreed. The majority of the interviews were undertaken in 75 to 90 minutes. Due to time constraints on the part of the respondents, two interviews were concluded in slightly less than one hour. One interview took two hours. With the permission of the respondents, I recorded all the interviews.

The interviews took over a year to complete. It took this long for logistical reasons. Identifying respondents, making contact, and waiting for return communications all took time. Several interviews were scheduled weeks or even a

month after the agreement to participate was secured; several appointments had to be rescheduled.

McCracken (1988) cautions researchers against transcribing their own interviews, for fear of developing familiarity with the data that might impede objectivity in later analysis. I started by heeding this advice, and hired two people to transcribe the first six interviews. Unfortunately, the transcripts that came back did not always accurately reflect the contents of the audio recordings. In the end, I transcribed all the interviews, and provided my thesis advisor with copies of the audio recordings and transcripts for audit purposes.

#### *Analysis Procedures*

Whereas traditional research seeks to generalize findings to populations, the goal of case research is to generalize findings to theory (Yin, 1989). In doing so, the analytical strategy I employed on the interview data is to move from the particular to the general in a systematic manner (Lee, 1998; Locke, 2002; McCracken, 1988; Patton, 2002).

Thus, I analysed the study data in three stages, namely: coding the transcripts; analyzing the coded data for individual respondent views about the research variables; and analyzing data across respondents for the nature, antecedents, and consequences of configuration-making. These stages encompassed the steps in McCracken's (1988) recommended process for discovering analytic categories, including first naming the respondents' comments in their own language, then grouping comments into

observations, grouping observations into expanded observations, expanded observations into themes that are relevant to the variables of interest, and finally, themes into the study's theses.

A problem often associated with unstructured interview-based research is the practice of selective extraction of quotes that support the researcher's notions to the exclusion of data that refute the notions (Silverman, 2000). This complaint raises questions about the validity and reliability of any qualitative study. Validity is the extent to which a qualitative account accurately represents the phenomenon it purports to represent; reliability is the extent to which the qualitative account is assigned to the same category by different investigators or by one investigator on different occasions (Hammersley, 1990, 1992; Silverman, 2000).

To address potential validity and reliability concerns, I followed Silverman's (2000) three recommendations. The first is the practice of constant inspection, comparison and contrast of all parts of the data within and between stages in the thesis abstraction process. This practice enhances reliability by ensuring that similar data are being assigned to the same category. The second practice is paying particular attention to apparently deviant cases, taking care to account for them in the analysis and theory development stages of the research. This practice enhances validity by ensuring that derived analytic categories accurately reflect all the data, rather than a convenient but unrepresentative sample of it. The third practice is leaving a detailed paper (or computer) trail at each stage of the analytical process for scrutiny by others. Making the research process transparent provides the researcher and the interested reader a means

with which to assess the validity and reliability of interpretation and inference as the study unfolds from stage to stage.

### *Coding*

I used the software program NUD\*IST as a coding aid. The program allows one to code passages into 'nodes', group nodes into node categories, and create hierarchies of node categories called 'trees'.

I started the process by free coding from within several transcripts. After consulting the results, I settled on the following coding scheme. First, I created a tree for every respondent with the five node categories and subcategories outlined in Table 6. Subcategories 1a to 1d were for demographic information. I created subcategory 1e to hold passages that reflected the respondent's opinions, as opposed to descriptions of facts. Most of the comments in this subcategory occupied at least one other category or subcategory. In category 2, I placed the respondent's dialogue about what makes for individual success in the organisation. Category 3 was for dialogue around the good and bad decisions I asked the respondents to contemplate prior to the interview. In category 4, I placed comments about the firm's external and internal context. Finally, I used category 5 to hold comments around the sensitising variables and the respondent's expressed identity.

Table 6  
Coding Categories and Subcategories

1.	Personal background and views
	a. Work background
	b. Academic background
	c. Current role
	d. Personal background
	e. Views
2.	Individual performance factors
	a. Context
	b. Knowledge, skills, and attitudes
3.	Decision situations and outcomes
	a. Decision 1 label
	b. Decision 2 label
4.	Organisation configuration factors
	a. External and internal context
	b. Configuration-making patterns
5.	Individual configuration-making factors
	a. <i>Expressed identity</i>
	b. Strategy and structure
	i. Strategy
	ii. Structure
	iii. <i>Strategy-structure fit</i>
	iv. <i>Strategy-structure sequence</i>
	v. <i>Decision-making mode</i>
	c. <i>Uncertainty assumption</i>
	d. <i>Rationality assumption</i>
	e. <i>Person-organisation fit</i>

*Note:* Sensitising variables are in italics. Strategy structure fit, strategy structure sequence, decision-making mode, uncertainty assumption, rationality assumption, and person organisation fit were developed a priori. Expressed identity emerged from the data.

Expressed identity was an emergent sensitising variable in the data that I had not considered a priori. All the respondents had expressed identity elements that played potentially important roles in their views of configuration-making. As an example, one respondent considered himself “polite.” His usage of the term in several interview segments had little to do with the concept of having table manners and the like; rather, it was focussed on the idea of respecting and “navigating egos and responsibilities” within

the firm. Based on the transcript, he appeared to consider being polite an important part of his organisational persona. Moreover, being polite appeared to tie in with a preference for a particular type of collaboration in organisational decision-making, one in which authority was superseded by a perceived imperative to inform people who would be affected by a decision about the nature of the decision, prior to its announcement.

Having devised the coding categories, I did the actual coding in the following steps:

1. I coded dialogue segments into the first four categories, i.e. personal background and view, individual performance factors, decision situations and outcomes, and organisation configuration factors.
2. I coded the category segments into subcategory passages. As an example, I divided the segments pertaining to organisation configuration factors into passages pertaining to external and internal organisational context, and configuration-making patterns. This step resulted in the reclassification or multiple classifications of passages. For example, an opinion expressed in the context of discussing a decision situation would have been classified in subcategory 1e as well as, for example, 3a.
3. I coded the subcategory passages into nodes of labeled utterances. As a matter of practice, I used the respondent's terminology to the extent possible in naming utterances.

4. I coded the relevant subcategory 1-4 passages into Category 5. Many passages consequently became part of more than one category / subcategory combination. For example, a comment about how decisions should be made would have been classified in subcategory 1e as well as subcategory 5b(v).

The coding process required constant comparisons of passage contents and utterance labels within and between transcripts. I used NUD\*IST both as an aid to classification and as a device for recalling and comparing passages in particular nodes, subcategories, and categories. The process resulted in utterance renamings, utterance reclassifications, and several revisions of the coding scheme in a way that would accommodate the respondents' dialogues completely.

Table 7 contains sample passages from a study interview, and indicates the corresponding category, subcategory, and utterance node labels. Every transcript contained 1,500-2,500 category, subcategory, and utterance nodes; printouts of node contents exceeded 100 single spaced pages per transcript.

Table 7  
Sample Passages and Corresponding Category / Subcategory and Utterance Labels

Passage	Passage Category / Subcategory Label	Utterance Node Label
<ol style="list-style-type: none"> <li>1. Wireless is self-contained but the rest of the company is kind of functionally organised so we have marketing for the rest of the business,</li> <li>2. so I have the marketing folks, sales people, customer service...</li> <li>3. It's because wireless is...since inception it's been....Because it's so important for growth, we've kept it is a self-contained unit to make sure they're fully accountable, fully able to execute and maximise the potential of that business.</li> <li>4. And so because we value that growth so much, to make sure they weren't distracted by a bunch of problems that were going on.</li> <li>5. As the rest of the businesses tries to contract and reduce its size and focus on productivity to improve margins, to deal with reduced revenue.</li> <li>6. The wireless business, it's not just about margin management, it's not just making sure you maximise your growth and improve margins along the way but to lay on all this productivity stuff in a company that's trying to make sure they're growing share...</li> <li>7. So it's kind of isolated a bit.</li> </ol>	<p>Organisation configuration factors / Configuration-making patterns</p> <p>Individual configuration-making factors / Strategy and structure / Strategy-structure fit</p> <p>Individual configuration-making factors / Strategy and structure / Strategy - structure sequence</p>	<ol style="list-style-type: none"> <li>1. Alpha carries hybrid structure</li> <li>2. Composition of planning council</li> <li>3. Why wireless is self-contained</li> <li>4. Growth strategy needs self-contained structure</li> <li>5. Non wireless businesses focus on margins</li> <li>6. Wireless business about maximising growth</li> <li>7. Wireless is isolated</li> </ol>
<ol style="list-style-type: none"> <li>1. As you go with any decision, you make some assumptions right?</li> <li>2. About what could likely happen., and there's some assumptions you can make.</li> <li>3. You can make them about whether or not you have no control over those assumptions</li> <li>4. or you can make assumptions that we'll manage to just... right?</li> <li>5. And being objective about "we'll be able to manage through this and we'll be able to manage</li> <li>6. to make sure that we don't exceed certain cost parameters for certain numbers of people filling a function"</li> <li>7. or having confidence that we'll be able to manage through our decision processes. And so it's always taking the negatives of the negatives, right?</li> <li>8. The worst-case scenario, and offering no confidence you can manage through to a better spot through the implementation, right?</li> </ol>	<p>Decision situations and outcomes / Outsourcing technology development</p> <p>Individual configuration-making factors / Uncertainty assumptions</p>	<ol style="list-style-type: none"> <li>1. Decisions imply assumptions</li> <li>2. Assumptions are about the future</li> <li>3. Can assume future is uncontrollable</li> <li>4. Can assume future is management</li> <li>5. Managing the future assumption requires objectivity</li> <li>6. Managing the future requires setting parameters</li> <li>7. Manageable future assumptions reflects confidence</li> <li>8. Uncontrollable future assumptions reflects lack of confidence</li> </ol>

*Analysis Within Transcripts*

The purpose of this first stage of the data analysis was to examine individual respondent views about each of the a priori and emergent sensitising variables. Thus, I limited the analysis to the relevant subcategories of category 5 (see Table 6). The coding procedures I had adopted allowed me to recall particular utterances, passages within which the utterances were made, and the interview segments that contained the passages. Therefore, I had the ability to view not only particular quotes but also the context within which they were made.

For every transcript, I focussed on one sensitising variable at a time. I started by recalling all the utterances in the variable category being considered. After considering all the passages in a subcategory, I made an assessment of the respondent's overall view about the sensitising variable. As an example, based on a reading of the passages listed under strategy-structure fit, I assessed whether or not the segments indicated a preference for fit that was narrow, broad, or somewhere in between. More importantly, I listed the passages that supported both sides of the preference (unless the passages were one-sided). This step was a prelude to writing up a story of the person's thinking around the sensitising variable that included the contexts, experiences, and opinions that comprised the person's preference.

It is important to reiterate that the purpose of this analytical step was to examine the individual's views about the sensitising variables. The purpose is *not* to 'score' the views. Citing Silverman, a thesis examiner (D. Wicks, personal memo, February 13, 2007) pointed out that although "nothing bad will happen to you from using interviews

to do this sort of thing ... it does raise the question of just how exploratory or grounded your research is if you only 'score' people on variables you identified before the study started" (p. 2).

By way of clarification, let me make two points to address this thought. First, although it is true that six of the variables used in this analytical step were developed a priori, one (expressed identity) emerged from the coding process as discussed above.

Second, I agree that if the purpose of this analytical step had been to only score participant views around the study variables, then the research could have been conducted more efficiently (for example, through a cross sectional survey or structured interviews). But the purpose of this analytical step was to elaborate on the person's thinking around the study variables, i.e. the *why*'s that went into the person's 'score' on a variable.

Was the scoring necessary? I believe so. As the interview data appear to reveal, individuals do have preferences, assumptions, and expressed identities that are relevant to at least some areas of configuration-making. A person's particular preference is a categorical score (e.g. high fit preference, low fit preference, or no preference), as is an assumption or expressed identity. That score is an integral part of the conversation around the factors that explain it and therefore the construct being scored.

Yet, speaking to the score should not be interpreted to mean that I considered a score more important than the individual experiences and interpretations that appeared to explain it. At this analysis stage, I was mainly interested in the latter and as a measure of that interest, I exported those explanations into the next research stage,

analysing them carefully and relying on them heavily to draw the patterns and themes that would constitute the thesis in the data.

### *Analysis Across Narratives*

The previous analysis led to the writing of narratives that elaborated on the views of individual respondents about the sensitising variables. Next, I performed an analysis across the narratives for the purpose of drawing patterns and themes that would inform the dissertation's goal of explaining the nature, antecedents, and consequences configuration-making preference. From Patton (2002), there is a difference between a pattern and a theme. A pattern is a descriptive finding, while a theme refers to a conceptual category.

There are no established procedures for drawing patterns or themes from narrative research data (Boyatzis, 1998; Patton, 2002; Ripley, 2004). In my attempt to do so, I compared and contrasted within variable data across narratives; compared and contrasted between variable data across narratives; and often consulted the sensitising framework previously discussed and portrayed as Figure 2. This process led to a list of (descriptive) patterns that included the following: respondent portrayals of organisation configuration-making practices were remarkably consistent across respondents from the same organisation; the characteristics of respondent preferences and assumptions appeared to conform more often than not to the perceived characteristics of organisational practices, but differed in at least one variable category and often in two or more categories; expressed identity appeared to comprise several dimensions

including the person's occupation, ethnicity, and historically developed beliefs and attitudes; one or more dimensions of expressed identity appeared to explain one or more of the study's preference variables; the assumption variables did not appear to explain the preference variables; some respondents made a distinction between their personal and organisational uncertainty and rationality assumptions, but most respondents did not.

At some point in studying the patterns that were emerging and after repeated consultations with the framework in Figure 2, meaning and meaning construction emerged for me as pervasive underlying themes across the narratives. That is to say, that the preference variables appeared to have different meanings for study participants; that the meanings seemed to be related to antecedent shared organisational and personally held meanings, and that the meanings appeared to be reflected in actions that reinforced or altered previously held meanings.

This insight led me to eventually consider the symbolic interactionist view of human acts, and to re-analyse the narratives from that perspective. As discussed earlier, symbolic interactionism assumes that human acts are based on meaning and meaning construction (Blumer, 2004; Manis & Meltzer, 1967; Prasad, 2005). Employing the lens on the cases allowed me to identify data patterns that addressed the study questions.

Reasoning that the nature of the manager's preferences is driven by the meaning the variable has for the person, I analysed the preference accounts for each variable across the narratives. Doing so enabled me to identify meaning categories that appeared to constitute preference classifications.

I started the analysis by listing respondents' comments about particular preference categories in word processing tables. Then I studied the comments as a group in order to identify the possible meaning(s) underlying the preference. As an example, Table 8 shows respondent comments about the entrepreneurial decision-making mode. As discussed in Chapter 4, these comments led me to conclude that a preference for the entrepreneurial mode signifies the importance to the individual of making timely organisational decisions.

Table 8  
Summaries of Respondent Comments on the Entrepreneurial Decision-Making Mode

- “beyond business skills”; know the business; don’t dismiss opportunities; get things done
- rapid decision-making; prone to error due to hastiness
- rapid better than deliberate; unilateral; intuitive; incremental; be quick to market; manage the employee fallout
- firm when required; in business at the end of the day; rapid decision-making the norm; a time comes
- assign decisions to roles; be prepared to make the hard decisions
- a time comes when a decision is needed; be prepared to reverse decisions
- create a picture of the desired future; trial and error; make decisions based on knowledge and gut at the time; stretch your resources; push the decision down the line; can result in errors that may significantly affect people
- rapid, practical
- does not preclude getting to the right decision

I used a similar procedure for drawing out meanings in relation to the other decision-mode categories, the classifications of strategy-structure fit and strategy-structure sequence preferences, the joint and individually-held meaning antecedents, and the consequences of the meanings.

## CHAPTER 3 – CASE NARRATIVES

As discussed in the previous chapter, this study was undertaken in a multiple-case research design where the unit of analysis is the individual manager and the focus of analysis is the manager's configuration-making preference. The design entailed a detailed examination of the individual cases, and then drawing patterns and themes across the cases.

In journal publications of multiple-case research designs, sometimes due to space constraints (Eisenhardt, 1991), the case research report is presented around the patterns and themes that emerge from the study without holistic presentations of the individual cases from which the patterns and themes were drawn. This situation is very unfortunate (Dyer & Gibbs, 1991; Patton, 2002). The individual case is the foundation of case research (Dyer & Gibbs, 1991). The first order of business is to understand the unique, often ambiguous, and dense circumstances within which the phenomenon of interest resides (Flyvbjerg, 2004; Stake, 2005). The quality and credibility of cross-case findings depend on the integrity of the individual cases, and that integrity is compromised when the individual cases are not presented as a unique whole (Patton, 2002). Multiple-case research entails pattern recognition – the ability to see patterns in seemingly unrelated data (Boyatzis, 1998) – within and across cases. Because pattern recognition is subjective, it is incumbent on the researcher to present both the cases and the patterns found so that readers may appreciate how the patterns and themes were derived, and perhaps even offer alternative interpretations of the data (Patton, 2002).

I agree with this philosophy. Therefore, I use this Chapter to report the individual cases examined in this study. In Chapter 4, I report on the patterns and themes that emerged from comparing and contrasting the cases.

This chapter is organised around the study organisations. Every section begins with a brief organisational account drawn largely from the respondents, who perceived much in common about the organisational environment and practices at the time of the interviews. The organisational account is followed by narratives for every organisational respondent. I begin each narrative with a description of the person's organisational role and individual background. This section includes elements of the person's expressed identity. Then I discuss the person's uncertainty and rationality assumptions, preferences for strategy-structure fit, strategy-structure sequence, and organisational decision-making mode. I conclude the narrative by considering the extent to which the individual appeared to view the extent to which his personal preferences fit with organisational practices. A summary of the narrative is provided in Tables 9-12 at the end of the chapter.

Before proceeding, I would like to make three points. First, the chapter is organised around study organisations purely as an attempt to facilitate the reader's ability to contextualise the individual cases. There is no theoretical rationale for doing so. The chapter is about each of 16 individual cases. The cases happen to be nested within 4 organisations with 4 cases each, and so to facilitate the reader's ability to contextualise the cases, I considered it appropriate to describe the common contexts before delving into the cases that shared the contexts.

Second, the interviews on which the cases are based took place at particular junctures in the development of the respondents' views. In several interviews, respondents described significant events or an accumulation of related events that had caused or were causing changes of perspective. These accounts suggest a view of the narratives presented as point estimates of perspectives that may in fact have been in transition.

Third, in preparing the narratives, I attempted to heed Geertz's (1973, 1976) call to provide thick descriptions of the respondents' points of view, i.e. a description that I think accurately and within reason comprehensively portrays 'what the respondents think they are up to' in relation to the study variables. Based on this idea, I attempted to the extent possible to have the respondents tell their own individual stories in relation to the variables. Thus, I cited the respondents often, literally, and liberally.

At the same time, I recognise and acknowledge that the narratives are structured around my own classifications and interpretations of respondent comments. Thus, as Alvesson and Skeoldberg (2000) would likely contend, the narratives also represent my point of view, i.e. 'what I think the respondents may really be up to.' With this in mind, Basso and Selby (1976) and Skate (2005) would undoubtedly view every narrative in this chapter as a representation of representations, one that incorporates the respondent's *emic* dialogue into my own *etic* view.

### Alpha Telecom

Alpha Telecom was a telecommunications company. The firm was established in the late 1990s through the merger of three Southern Canadian telephone companies. In 2003, Alpha was 53% owned by Alpha Holdings and had year end revenues of about \$2 billion from wired local and long distance services, cellular and other wireless services, and internet provider services (Caines interview). The company also provided information technology services through Alpha Consulting, which was a fully owned subsidiary (Qadoumi interview, Caines interview).

Like other telecommunications companies during that period, Alpha in 2003 was recovering from the sharp downturn that had occurred in the technology sector around 2000. Even prior to the downturn, Alpha's traditional local and long distance telephone had been in decline due in large part to a phased deregulation of the industry that allowed competition to erode the company's once monopoly position in the region (Caines interview; Edwards interview). Consequently, the company had invested heavily in the anticipated convergence of the telecommunications and information technology sectors.

After the technology bubble burst, Alpha abandoned its diversification strategy (Bennett interview). A new Chief Executive Officer was hired to consolidate operations around a core Southern Canadian telecommunications focus (Bennett interview; Caines interview). By 2003, the firm had divested most of its non-telecommunications investments (Bennett interview). The exception was Alpha Consulting, which the company had attempted to sell but subsequently took off the market (Caines interview).

Following three years of consolidation activities, the firm in early 2004 was once again contemplating new opportunities for growth.

Alpha's core product-market space consisted of four services: local telephone (approximately 30% of the company's revenue base), long distance (20%), wireless or mobility (20%), and internet (10%) (Caines interview). Growth rates in the local and long distance businesses were negative. However, the wireless and internet businesses were growing in double digits. Competition in all business areas was severe. In order to remain competitive, Alpha had to keep pace with both the constant stream of technological innovations that were changing the way services were being delivered, and with the industry's rising productivity standards (Caines interview).

In 2003, the company carried a hybrid structure (Caines interview). Alpha Consulting and the wireless unit within the telecommunications division were self-contained. The self containment allowed the units to make decisions that were relatively independent of other units. To maximise operating efficiency in other areas, most of the rest of the company was functionally organised with common marketing, sales, and customer service units. The company outsourced its technology development function to Alpha Holdings (Caines interview). The outsourcing decision had been made in the early 2000s and entailed a change of employers for about 135 people.

The principal tool at Alpha for performance management was the balanced scorecard (Bennett interview; Caines interview). The scorecard was a method for aligning corporate, unit, and individual goals in customer service, human resources, operations, and finance around the company's strategy. The scorecard was started in

2002, cascaded down to the business level and linked to the corporate incentive program for all employees in 2003, and was to be taken down to the team level in 2004. *Competencies for Results*, a program designed to monitor and encourage the development of management talent within the organisation, was introduced as part of the balanced scorecard (Bennett interview). The balanced scorecard and *Competencies for Results* provided the organisation with the ability to track performance in terms of both the results and the management behaviours deemed necessary to obtain them (Bennett interview; Caines interview). An explicit emphasis on collaborative behaviour as part of the new performance measurement system was benefiting the firm by reversing the internal politicking of the past (Caines interview).

*Michael Bennett – Director, Competency Development*

Michael Bennett was Director of Competency Development and reported to the Senior Vice President of Human Resources. Directing 20 individuals, Bennett was responsible for leadership development, succession planning, training and development, recruitment, and redeployment of talent within the firm. He was currently implementing *Competencies for Results*, a project he had initiated in 2002, two years prior to the interview. The project intended to rectify the “very poor line of sight of the talent within the organisation” through a system that would monitor, develop, evaluate, and position leadership talent for the future in the firm.

Bennett had joined the firm in early 2001. He was hired into his current title, but his role had been different. Back then, the role of corporate head office’s human

resources (HR) unit was to coordinate HR efforts within the firm's independent business units "around key strategic recruitment and deployment of talent issues" that needed to be worked on together. Subsequently, the firm centralized the HR function, and Bennett's role changed from a coordinating and advisory capacity to having direct line responsibility for HR operations in the areas of recruitment and development for most of the organisation.

Bennett was 37 years old at the time of the interview. He had an undergraduate degree in psychology and an MBA. Prior to joining Alpha, he was a partner in an executive search firm with which he had worked 12 years. He had been very active in the HR profession and was at one time the president of the provincial association. He had also been involved in a Timor Province sponsored research on the knowledge economy.

He had joined Alpha because "one of the big pieces was putting your money where your mouth is; instead of being a consultant . . . see if you can do it." He had prior exposure to the firm, and recalled that he "would have spent a lot of time recruiting for the company and as a result would have had lots of exposure to the leaders and those who were successful, and listening to what they looked for."

### *Assumptions*

*Uncertainty.* Bennett saw uncertainty not as a source of problems but of opportunities. He took an active posture in dealing with it that entailed a methodical

process. First, one had to develop perspective and this was accomplished through an active process of learning about goings on both inside and outside of the organisation.

You need to just keep that funnel open at the top of your brain and store as much relevant information as possible to get a broader perspective of the world, and then put yourself in that place.

Learn as much as you can about how this company operates, and how this industry operates, understand the business and the context in which we operate.

Once a week . . . get to lunch outside the office and with somebody who's not with the organisation. . . . You can really get lost inside this organisation and think there's nothing else around the world except what's inside the four walls of this company. That's extraordinarily dangerous . . . you lose your own perspective, you stop listening to what is going on outside and understanding where you fit in the world, and you also forget about your customers. . . . There are many people who are extraordinarily hard working, dedicated, but never saw the world outside these four walls, and were weakened because of that.

Second, one had to “read the tea leaves,” i.e., anticipate where things were going. To illustrate, Bennett recalled two organisation decisions that in his view had positive consequences for both the organisation and those who led the decisions. The first decision was “the strategy of consolidating back to Southern Canadian based telecom-centric business” that was led by the Chief Executive Officer. The second was the implementation of the *Competencies for Results* project that Bennett himself had led. As the passage below indicates, in both cases, Bennett attributed part of the success to the ability of the individuals involved to “read the tea leaves” correctly.

So with [the CEO's] case, obviously looking at what was happening in the marketplace, the skittishness of the investment market to put their support behind organisations that didn't have a solid plan – very clear. He read the tea leaves very, very well. He knew that the tea leaves would change in the future. But he said we've got to get really good at this before we can go there. . . . I think I was doing the same thing. [My boss] and I would have recognised some of the tensions in the organisation, some of the issues that were facing it, and I think we read it. When we went to the executive, it wasn't as if we were introducing a topic that was new to them.

Third, reading the tea leaves well required prioritizing actions around a clear focus because “there are only so many things you can do and you need to figure out quickly, what are the top two or three things you need to execute on brilliantly to be successful. And everything else becomes secondary.”

*Rationality.* Though Bennett’s views about dealing with uncertainty are methodical, they clearly took place within a view of the organisation that was social. In a social view of the organisation, multiple subjective and potentially conflicting goals are possible. Bennett would agree that the power of an idea alone will not execute the idea. You need to “also know that there [are] people across the organisation supportive of rolling this out, because if it is just your idea, and nobody who is out there responsible for executing is going to support you, then you could fail.”

In Bennett’s view, relationships were particularly important because organisational decisions occurred within the context of limited resources. As such, moving one’s agenda forward over other possibilities required the support of others in the right places.

Clearly there are only so many things you can focus your energies on in an organisation and this demands a lot of the organisation. *Competencies for Results* is demanding a lot of executive time, and a lot of their attention to put this in place, it demands a lot of our senior leadership so for that top 100 group it means that everyone has to provide their resumes, they have to go through assessments, they have to go through talent reviews, they have to put time and effort in talking to us about their individual development plans, have us call on them to do updates on them. It’s taken a lot of organisational time and energy to put this program in place and to keep it sustained. You don’t get there without the support of the Executive and the CEO behind you and the support of the organisation.

For Bennett, it was important to understand the social structure of the organisation, even in the “farthest corners,” and to develop relationship building skills.

Spend as much time as you need to understand who’s who in the organisation. And that’s not just the power brokers, although you should understand the political structure of the organisation, but also understanding who you need to help you succeed. And that could be in the furthest corners of the organisation that you may not be aware of today.

You [need] the ability to build relationships and you [need] good networking skills, i.e. know who you need to work with and to get things done . . . you need to have the relationships to accomplish those things, because if you don’t have those, people are not going to support you.

It was also important to Bennett that one develop relationships long before they would be needed. To illustrate, Bennett attributed part of his success in initiating *Competencies for Results* to the relationships and trust he had already established with the Vice Presidents of various operating units, his boss, and the CEO.

You know if I didn’t have those relationships and they didn’t see value in some of the other projects we’ve done, I probably wouldn’t have the support I needed for this. Certainly with [my boss], if I didn’t have the relationship and the support from him, this wouldn’t have been executed. The final piece was if [the CEO] wasn’t there, this wouldn’t have gotten support. It wouldn’t happen.

### *Preferences*

*Strategy-Structure Fit.* Bennett’s discourses in four areas indicate a view that strategy and structure should be aligned tightly and broadly. First, he saw the importance of communicating the firm’s strategy “so that everyone can understand it, hopefully embrace it, and build their business plans around it so that they are all driving towards the same goal as opposed to potentially working against each other.”

Second, he saw the need to minimise the inconsistencies between strategy and structure. In the following passage, he describes his frustration with the continuing

existence of structural barriers that sent a mixed message about the firm's intention to unify as a company.

I'll speak from a human resources standpoint in terms of what we wish we could evolve to, is a focus on still running divisions as separate companies and creating hurdles for the career progression for people, especially the average employee. We have certain barriers that prevent people from easily making moves across business units and . . . as you're trying to create this vision of one company it creates hurdles that make it very difficult to operate that one company. . . . It's creating angst in the organisation and it creates a mixed message for people. I find that frustrating.

Third, Bennett saw the need to minimise misalignments between the firm's strategy and the qualities of the managers in the structure. In the passage below, Bennett compared some qualities that would have been required under Alpha's previous strategy with the requirements under the current strategy. What is worth noting about the comparison is that in spite of how Bennett appeared to view a particular characteristic in absolute terms, he judged it to be good or bad more in terms of its fit with strategy than other criteria. For example, he seemed to see innovation and creativity as being inherently good but also understood why people with these qualities were currently not strategically right for the firm.

Early on in the business, during the crazy years, we were growing to develop new businesses, I think the focus would have been on those who were willing to grab the bar and run with it and run hard to build those new revenue generating businesses. Again, there was a certain level of risk tolerated because you knew if you were going to do 16 acquisitions and you're going to go and build these wild new things nobody's built before, there's a high tolerance for "maybe the profitability isn't there yet. It's going to be coming." In this new world, today, I would say execution is paramount. Innovation is less tolerated. We have seen a lot of the innovative people leave, those who were more creative, those who were more into doing things radically different, but maybe without the discipline of how to execute well. You've seen those people leave the organisation, and we're probably at a loss for some of them. We're going to need those types back in the future. But right now, how you get ahead is by being brutally focussed, and I mean that the right way, I don't mean that in a

bad way, but be very focussed on a few priorities that will make us successful by executing very well the things you're supposed to.

As indicated earlier, Bennett led the *Competencies for Results* project, an effort to identify a list of values and leader characteristics the firm would measure, develop in people, and include in performance evaluation. The attributes were designed with the firm's strategic focus in mind, then "calibrated" and "tweaked" to match the elements of the firm's balanced scorecard. The outcome of the effort was a set of attributes whose development Bennett described as follows: "Here's the corporation's strategy, here's what we need to be good at, and here's how we're going to evaluate our leaders." The list below illustrates the breadth of the attributes involved.

The values are collaborating for results, performance driven, knowledge building, mutual respect, and passion for our customers. . . . And then the leadership competencies we came up with were 10: customer focus, ethics and values, integrity and trust, drive for results, priority setting, personal leadership skills, timely decision-making, motivating others, building effective teams, business acumen.

Finally, Bennett saw it as a positive development that in rewarding individuals, the firm was beginning to include the attributes as performance criteria. As such, the firm was no longer just evaluating the achievement of financial performance, but was "looking much more at *how* somebody's accomplishing results."

Our compensation scheme especially [for] the leaders, are built around achieving a variety of different things. So it's not just financial performance. That's a piece of it. The other piece is how they've met their performance targets, individually which includes how they're developing their teams and stuff like that. The things that will get people the greatest rewards . . . it's both in achieving the results but also how you did it, this organisation is looking much more at how somebody's accomplishing results.

*Strategy-Structure Sequence.* The four interview segments discussed above may be also interpreted to illustrate Bennett's belief in the primacy of strategy over structure. First, the communication of strategy is important so people can "build their business plans around it so that they are all driving towards the same goal." Second, in a situation of inconsistency between strategy and structure, structure should be changed. Third, when strategy changes, the qualities the firm requires of managers might also change, and if they do, managers with the old qualities should change or leave the firm. Fourth, the managerial qualities required by strategy should be included as part of the manager's performance evaluation.

Belief in the primacy of strategy over structure also emerged in Bennett's description of the differences in the strategy-structure configurations that existed under Alpha's previous and current CEOs. In describing the configurations, Bennett depicted strategy as the logical and temporal antecedent to structure, not the other way around. According to Bennett, the previous CEO would have believed that "when you are trying to grow out of being a monopolistic company you needed to have different companies with different operating philosophies, different leaders to drive that growth." Bennett saw this strategy as "certainly . . . right at the time." Structurally, there were three self-contained lines of business with their own presidents and human resource departments, "their own value statements, [and] their own cultures." Although the organisation was "to a certain degree somewhat dysfunctional in the sense that all those independent business units were operating under different agendas," Bennett justified the structure as "not uncommon . . . given the economic opportunities . . . at the time."

In contrast the current CEO's strategy for Alpha was a Southern Canadian telecommunications focus. According to Bennett this strategy required a change "back to a one company structure . . . one common set of values . . . and one common set of leadership policies which we said were important to success in the organisation and with which we would measure our leaders against." Thus, Bennett saw the change of strategy as requiring a realignment of structures to support the new strategy.

[The CEO] would have brought order back to the organisation. He did it by introducing things like the balanced scorecard, which said to the organisation, we need to be aligned, we need to have focus, and we need to be clear in our communication to our employees as to what our strategy is. . . . He put a real emphasis into helping people to understand . . . what the strategy was of the organisation, to help individuals at all levels of the organisation get a better handle on that, and identify what their role was.

*Organisational Decision-Making Mode.* Bennett preferred a collaborative decision process, with the caveat that such a process does not necessarily preclude a political motivation. For Bennett, collaboration "has a value to the organisation that is extremely important." As such, it was one of the 10 leadership qualities that the Bennett led *Competencies for Results* program identified for monitoring, performance evaluation, and development within the firm. For Bennett, collaboration developed with leader support, the ability for systems thinking, and the maturity to admit that one required the support of others to get things done in the firm.

You need a couple of things to get there. Partly you need to get leaders to promote that. Secondly, you need employees who think that way – I call it systems thinking in some ways – the idea is that you have to think corporately so as opposed to thinking in your own silo or "what's good for me," the ability to step back and say "how does this benefit the organisation as a whole?" Secondly the maturity to say: "Who do I need to support me in this?"

For Bennett, being collaborative did not preclude a political motivation, as long as one practised “good politics,” an approach that married one’s career aspirations with what is good for the organisation. In fact, within the typical organisational context of limited resources, Bennett considered having good political skills important. What makes politics inappropriate is the attitude of “winning at all costs,” trying to “achieve the result at any cost,” and “[leaving] bodies in your wake,” an attitude that in Bennett’s opinion would obtain “bad results” for the person at Alpha.

I think in any organisation you always see some political behaviour. It depends on what you mean by political. My definition of that would be outside of the basic operating rules that govern decision-making in the organisation and using relationships to move your own agenda forward. And that’s not necessarily a bad thing. Political skills are important. It’s as important to a salesperson who understands how to beat the competition by getting the customer to come with him by using whatever means necessary, obviously hopefully ethically. . . . But there are good politics. There’s limited time and resources for everyone’s agenda, so not everyone is going to get their agenda met. If you want to be successful, and you really believe it’s in the best interest of the organisation you need to know how to build those relationships to get people on your side so that you can accomplish the goals you need to accomplish. Hopefully if they’re aligned with the organisation and make the company successful, then you’ll get recognised and appreciated for it. If you use politics inappropriately, it creates fiefdoms which build against the ethics and the values of the organisation or are non-collaborative. That creates tension in the organisation . . . I suspect this organisation would not look kindly on that. Because it does deny collaboration.

#### *Person-Organisation Fit*

Bennett appeared reasonably happy with configuration-making at the organisation and his role in the process. The organisation was “brutally focussed” on a strategy, was in the process of aligning many elements of structure to the chosen strategy, and decision-making was beginning to be undertaken collaboratively. Moreover, his brainchild project *Competencies for Results* was in the process of being

institutionalized at the firm and because of it, his “credibility . . . has gone up substantially in the organisation” and helped his career greatly.

Still he saw room for improvement. As noted previously, he was frustrated by a continuing “focus on still running divisions as separate companies and creating hurdles for career progression for people, especially the average employee.” That practice was making it difficult to operate in a one company strategy that required greater mobility of staff across divisions.

In addition, collaboration was still not where it should be. This was a hold over from the past, when there had been “so many different agendas . . . because the company was fragmented [and] people would have identified with their flags.” Many individuals took considerable time and energy “trying to get a handle on their own areas and build their own results, before they can think about achieving them with others.” However, he saw hopeful signs, as “this year for the first time you’re seeing people identifying with one flag. And that is driving more collaboration.”

*Chris Caines – Senior Manager, Strategy Development*

Caines was responsible for the strategy development process at Alpha. He reported to the Director of Corporate Development, who in turn reported to the Executive Vice President for Corporate Resources. Caines chaired Alpha’s Strategy Council, the firm’s principal strategic planning forum, which consisted of Directors and team leaders responsible for strategic and business planning within their units. Caines’ supervised three individuals. His team was responsible for managing the process of

“strategic and business planning” within the company. The process entailed a three year strategic plan approved by the Board of Directors in June, and operating plans and budgets that required preparation by the fall each year. Caines and his team scheduled, attended, facilitated, and reported on the many meetings the process required.

Caines was 37 years old at the time of the interview. He had joined Timor Telephone Company (TTC), one of Alpha’s predecessor companies, 15 years earlier and as such, did not have “a lot of experience other than an outside view of other organisations.” An engineer by trade, Caines “worked up the engineering ranks in a variety of roles . . . and then at one point, took a change from long range network strategy into business strategy,” which led into his current role. Two years prior to the interview, he had been in the same role he currently held, but because Alpha had been more diversified, he used to have 12 direct reports instead of the 3 he now had.

### *Assumptions*

*Uncertainty.* Caines’ discourses on change and uncertainty reflected an acceptance of the inevitability of change, and an attitude that uncertainty needed to be managed rather than resisted.

For Caines, uncertainty was an artefact of the complex and dynamic forces surrounding Alpha’s regulatory, technology, and competitive environments, and the firm’s responses to these forces.

Since I started in 1989, it's been one change after another. When you look at the regulatory environment, we went from a public utility provincially managed company with no competition to becoming federally regulated under the newly formed CRTC, and the institution of long-distance competition programs. And

since then the regulatory framework has become more and more open, so an organisation has to respond to being a regulated monopoly, so to speak that, that enabled a lot of economic growth in the region and penetration of communication services . . . to a fully competitive business. Organisationally we changed. We went from, we started as a company called TTC and now went through a merger of three companies into one that started in 1999, that's when Alpha was formed, and the amalgamation of telecommunications and IT. And then the original Alpha strategy was called the Alpha premium model where we tried to have diversified businesses that were co-dependent on each other . . . to the collapse of that strategy along with the collapse of the technology, boom bust, you know, the internet bubble, that whole collapse. Our industry went from growth rates of 10-12% to now where we're struggling to get 3%. So huge change, and business issues and challenges, lots of organisational change.

Caines viewed the changes as having been very difficult for Alpha, not because the changes themselves were inappropriate, but because the firm was not accustomed to dealing with them before they seemingly all of a sudden began to take place.

And I'm not defending that, that competition is bad or anything, it's a very healthy business environment and very natural. It's more that when you don't have and then you have it, and then you have to respond to growth in different ways, then you have to put more of an emphasis on productivity programs and things like that. . . .That's quite a change for a company to go through.

While Caines did not appear to be enthusiastic about uncertainty and change, neither did he resist it. Instead, he took an attitude that uncertainty should be accepted and managed to the best of one's ability. This attitude is evident in Caines' discussion of an organisational decision in the early 2000s to outsource the firm's technology development function, which had consisted of 135 employees. The decision was being considered at the height of the technology bust when the firm's margins were suffering. Caines recalled it being a "tangly" decision. On the one hand, it presented the opportunity to "get efficiency and improve margins . . . and grow earnings for a while." On the other, technology development was considered by many in the company as "more than just a function, it was what was core and non-core to the business" and "it

was about independence and a whole bunch of stuff.” The proposal was championed by the Vice President of the Wireless Division but opposed by the Chief Technology Officer. In reviewing the actions taken by the two individuals to sell their views within the company, Caines saw a difference in the assumptions made about the firm’s ability to control the decision’s consequences.

As you go with any decision, you make some assumptions, right? About what could likely happen. And there's some assumptions you can make, you can make them about whether or not you have no control over those assumptions or you can make assumptions that we'll manage. . . . And being objective about “we'll be able to manage through this and we'll be able to manage to make sure that we don't exceed certain cost parameters for certain numbers of people filling a function” or having confidence that we'll be able to manage through our decision processes . . . to a better spot through the implementation, right?

But the decision of fighting to your death on a very biased . . . I'm sure when you're in the middle of it you don't see it as biased, you see it as right, right? One person's right is another person's wrong. But not being able to see that, you're at fault because you're not, you're being too negative about it and not thinking about how I can make it work.

Thus, in dealing with uncertainty, Caines sided with the approach of managing it instead of “being too negative about it and not thinking about how I can make it work.”

*Rationality.* Caines perceived organisations more as social systems of relationships with hierarchies and defined roles rather than as rational systems consisting of tasks. Individual success required an ability to “navigate” the organisational landscape.

I don't know if that's human nature or what it is. So there's this geography thing, and relationships play a part in it, hierarchy plays a part in it too, to a degree and you got people that don't like other people, right? As you become aware of that you navigate through it, either you align yourself with some other sides or be careful when you're on the other side to make sure that you're navigating it properly, I guess.

For Caines, navigating “people’s egos and responsibilities” required being polite: “I am a polite person and I respect authority. I know other people that don’t respect authority and they do well here as well but, I do and it’s worked for me.” Being polite meant respecting authority up and down the chain of command.

The fact that knowing, acknowledging that if you're going to make a recommendation to [the Chief Executive Officer] about what should happen in customer service, you should, you need [the Vice President] protected. . . . So it’s just navigation, you know, people’s egos and responsibilities and all that. . . . The chain of command, it’s probably still there in some ways, but . . . before it goes to our divisional boss, we’ve got to get my boss to sign off, before it goes to their boss they have to sign off.

Caines considered it important to be polite even when one had the authority to make decisions without consulting others. To illustrate, Caines recalled a situation in the early 2000s in which a manager was charged with quickly finding \$75 million to plug an anticipated shortfall in Alpha’s budget. Because of the crisis nature of the project, the manager had chosen not to solicit input from or inform those who would be negatively affected by decisions he would ultimately put forward for implementation. The process disengaged his colleagues. According to Caines, “it came back to haunt him later” and he was dismissed not so much for the content of the decisions made but the approach used in making them.

So at the end of the day, we recommended \$86 million in changes. . . . We harvested about \$40 million worth so not all of them worked out, right? But that’s \$40 million more than we had the beginning of the year, so it was very successful. But coming out of that, there’s a bunch of decisions about organisational structure that [the manager] made decisions and recommendations on, based on his team but not involving the rest of the organisation – they didn’t have a voice – and who at the end of the day he’d have to reintegrate and work with, right? And he disengaged them. And it came back to haunt him later. . . . The people that were involved in it were starting to complain about the kind of recommendations he was making without being informed. It was not so much about the decisions. It was more about the

approach. . . . [The manager] could have given people more heads up along the way, right?

### *Preferences*

*Strategy-Structure Fit.* An organisation can create fit between strategy and structure in a limited or relatively large number of areas within the firm. Caines' discussion of the balanced scorecard initiative at Alpha indicated a preference for relatively tight and broad alignment between strategy and structure.

Caines described the scorecard as Alpha's tool for "managing, and measuring, and communicating" performance expectations to employees. All employees in the company were expected to be involved with the initiative. While the scorecard initiative was still under implementation, according to Caines, the project was a success thus far.

We began the project in 2002 and launched it for the 2003 year, had a full year of that, linked it to our corporate incentive program for all the employees. So we're coming off our first full year and that was very successful. We cascaded it down into all the business units in 2003, and in 2004 and taking it down to the team level.

According to Caines, a significant change in performance management that accompanied the introduction of the balanced scorecard was a greater emphasis on *how* results were being achieved, as opposed to *what* was being achieved. Caines liked the change, particularly the fact that there was "a lot more emphasis on the people perspective" that "would have been overlooked long ago," and "a very big focus . . . on documented development plans."

It [people perspective] wasn't part of the reward system, right? So where you were rewarded was did you meet your results, did you get that project done, what you got done versus how. And now, very much, people are being held accountable for the how. And so part of every manager's goals is feedback on

how their people feel they were managed, coaching and development, their assessment values, whether or not they demonstrate the values. People in leadership roles are evaluated on their leadership competencies, how they demonstrate those. And then a very big focus on development, documented development plans. So you know, all these changes have been for the better, it's going to create a stronger organisation.

Thus, Caines was in favour of formalizing controls over not just the performance outcomes of the activities of managers and employees, but also the behaviours and even values they would exhibit in getting to the outcomes.

*Strategy-Structure Sequence.* Caines saw the primacy of strategy over structure as a general guide. Early in the interview, I asked Caines to discuss the breakdown of the firm's revenues. In his response, he pointed out that the wireless (cellular) business had become dominant. Later, he described the organisation's structure as a hybrid, where "wireless is self-contained but the rest of the company is kind of functionally organised so we have marketing for the rest of the business . . . sales people, customer service." I asked him why the firm carried a hybrid structure. He responded:

It's because wireless is . . . so important for growth, we've kept it is a self-contained unit to make sure they're fully accountable, fully able to execute and maximise the potential of that business. And so because we value that growth so much, to make sure they weren't distracted by a bunch of problems that were going on. As the rest of the businesses tries to contract and reduce its size and focus on productivity to improve margins, to deal with reduced revenue. The wireless business, it's not just about margin management, it's not just making sure you maximise your growth and improve margins along the way but to lay on all this productivity stuff in a company that's trying to make sure they're growing share. . . . So it's kind of isolated a bit. Mobility, if you look right across Canada, you'll see that same kind of structure. The wireless business tends to be self-contained to a degree.

Thus, in Caines' view a strategy that focuses on growing a line of business requires that business to be structured in a self-contained form. I followed up by asking

Caines whether he thought this was a good structure. He replied that he thought so, due essentially to the dominance of the wireless business in the firm's current strategy. In addition, he pointed out that as wireless' dominance in strategy diminishes, structure will probably need to be realigned. Thus, Caines seemed to consider the primacy of strategy over structure not as the exception but the rule.

I think that as wireless becomes a more dominant part of our business, its purpose as a structure diminishes because it then should be probably influencing more the rest of the business and so there's things they've learned to do that the rest of us need to leverage, and they need to have more control over the rest of the business. And as they become more dominant – they're approaching 20% now or more of the value of the business – I think its purpose as a self-contained unit diminishes, and we'll need to collapse it. And you'll probably see that over time because as we go on, it's another layer of productivity, right?

*Organisational Decision-Making Mode.* For Caines, it was important that the firm's decision processes exhibit two characteristics, namely: objectivity and collaboration. Caines' preference for objective decision processes is explicit in the passage below, where he contrasts the approach against a subjective "one sided" approach. The context is the decision, discussed earlier, to outsource Alpha's technology development function in order to improve a sagging bottom line. In discussing the contrasting approaches taken by the managers who favoured and opposed the move, Caines' sided with the "wise executive" who "tried to get to the bottom line, tried to get an objective view" in order to accomplish "what's best for our customers and our shareholders . . . what's best for the business." In contrast, Caines was critical of the approach taken by the opposing manager who was "seemingly portraying more

and more a one-sided view, not really looking at it objectively. . . . He would over emphasize the negatives without counting any of the positives.”

A preference for objective processes also shows up in Caines’ discourses about two current frustrations. First, he was frustrated with how acceptable performance standards varied so widely between organisational units and with why under performing units were often not called to task for poor performance. Second, he was frustrated with the lack of transparency in the firm’s system for promoting middle managers and up. These frustrations indicate that for Caines, objective performance should be the basis for allocating rewards and punishments in the firm.

There's quite a wide variety of rewards and recognition for what's acceptable or expected performance is between units. From one unit to the other, there traditionally has been an un-standardised level of compensation and what gets you acknowledged versus what doesn't . . . I guess what I'm trying to say is that you have low expectations in this unit and that seems acceptable, right? Versus another unit where everyone works really, really hard. On average, they are low-paid. And you got another unit that has dissatisfied people but they're all not working very hard but they're getting paid well but they're not satisfied. So that's been a bit frustrating that sometimes different units have been able to kind of evolve their own culture as much as they have been able to . . . . And people aren't necessarily called to task on that. So you think about the influence that the HR organisation has or the amount of control they have, i.e. control and authority to try to align some of those practices...

I think in an ideal organisation . . . I think the political agendas are . . . the opportunities for advancement would be more transparent than they are in this organisation. We have a very transparent job posting for the [lower] managers across the organisation and union employees, every job's posted. Anybody can apply for them and there is a good process in place to make sure we're looking at those. In the past even that part would've been, you know, who do you want? If someone's moved to a new job but you never knew there was a new job to move to, right? So now there's an opportunity for people to kind of voice that they want to change, take a crack at it. But that doesn't exist for positions in middle management and above.

In addition to wanting decision processes to be objective, Caines also wanted to see collaboration and teamwork in the process. As Chair of the company’s Strategic

Council, Caines was careful to discuss his role as facilitator of a collaborative process, one where “I don’t create a plan for the whole company and then have everyone sign off on it. We build it together.”

So I pull this team together every month and drive a process to independently and collaboratively deal with business plans. So I don’t create a plan for the whole company and then have everyone sign off on it. We build it together. And I ensure that the engineering and [information technology] folks are aligned to priorities that are driven by our marketing and customer service agenda based on the productivity targets we have to meet and the new services we have to launch. . . . So as a planning process, I do it that way, so we don’t have a plan for mobility, we don’t have a plan for customer service, but I create an environment which makes sure everyone is engaged in those plans, we shape them and then we adopt them. So I manage and then I fill in the gaps.

His preference for teamwork is explicit in the following passage where he contrasts the team approach at Alpha to the competitive approach at Alpha Holdings and notes a desire to preserve the Alpha way.

One company that I do have some familiarity with is Alpha Holdings. And if I looked across their senior ranks, they are very, very competitive. And the individual is very important to success there. That isn’t the case in our organisation as much. As I said, we value a lot about how you do it. We’re very team oriented, so individual contribution’s important, but also it’s not a competition, or it’s not as obvious a competition, I’d say. Everyone’s not out to make sure they’re better than the next guy. So I think that’s something that we have that we need to preserve. It’s not all about the individual. It’s about the company, and the team. And other organisations do have very competitive atmospheres, and it can contribute to you doing the right things but also you making sure you’re pointing out what the other guy’s doing that’s wrong. I hope we preserve what we have there, that’s important. Our culture is a good one to work in because it’s not as threatening, right?

#### *Person-Organisation Fit*

Overall, Caines’ perceived the practices at Alpha as being in transition from being a poor fit with his preferences to one of better fit.

In the area of strategy-structure alignment, the company was moving into controlling for individual behaviours – which Caines favoured – in addition to controlling for performance results. In the area of strategy-structure sequence, he approved of the fact that significant parts of the firm’s organisation structure reflected the strategic priorities of the day.

Caines’ largest concern was in the area of decision-making, where he saw more political behaviour and consequently less objectivity than he would have liked to see, particularly in performance assessment and promotion decisions at the firm. However, for Caines the recent efforts at succession planning indicated that “things are changing in the right way.”

More and more over time, we’re starting to have a different processes and our leadership are being more scrutinizing as to who advances and who doesn’t and we’re making sure we are looking back at the list of who should be advancing, and who doesn’t. So succession planning is a big part of our culture now. So things are changing the right way.

Politics at Alpha continued to be an ever present reality for Caines. One of the sources of the politics was the practice of sponsoring for allegiance:

[Politics] comes from allegiances; who was my sponsor as I moved up through the ranks. So . . . one of the Executive VPs had a protégée, whatever, a girl he's brought up through the ranks and she's done really well. She's earned it but she's definitely loyal to him and he depends on her for a lot of stuff. He goes to her for a lot of insight about what's going on in the organisation.

One of the other VPs . . . she had some very bright people that she coached and evolved, and brought up through the ranks, and they're very loyal to her as well. So they'll do anything for her.

Caines was seeing less of this practice in the last two years than in the previous three when there “seemed to be a lot of it going on,” and concluded that “it was part of the transition period, I guess.”

Nevertheless, Caines considered politics as part of human nature and did not see it being eliminated at the firm anytime soon. In order to cope, he advised developing an awareness of it, and the ability to navigate through it.

*David Edwards – Senior Vice President, Corporate and Legal Services*

Edwards had direction of 20 individuals in the firm's legal group and corporate secretariat, and was one of six executive managers who reported directly to Alpha's Chief Executive Officer. In Edwards' view, one of his roles in the firm involved work in regulatory and government affairs. Another important role was assessing the strengths and weaknesses of the firm's legal team and developing a strategy "for ensuring the best utilisation of the talents which are represented by this group of professionals."

Edwards joined Alpha only three months prior to the interview. Prior to joining Alpha, Edwards practiced law with an Albany based partnership for 25 years, so his background was "not as an executive but rather as a lawyer and a practitioner." He had done some work for TTC (one of Alpha's predecessor organisations) in the early years of his practice but had had no contact with the company for the last 20 years. Prior to joining Alpha, he had done very little work with private corporations, focussing instead on representing trade unions, local governments, and professional associations, mostly in the public sector. Thus, he was hired in spite of the lack of experience in the industry or even in the private sector.

Edwards thought that by hiring him, Alpha showed it “was very focussed on finding someone who in their judgment would be capable of long-range thinking and taking the long view, and contributing to the management of the organisation at a senior level.” Edwards believed he had the required capability. He noted an aptitude for and interest in “synthesizing themes and issues and interests and so on” that former clients had appreciated enough to think that “maybe we should have this fellow in the room long before we get to the point where we need legal advice.” He had done significant work on various issues having to do with “positioning [client] organisations for effective dealings with government and the development of policy papers on specific issues to support a case for one request or position or another.” Over time he became “much more interested” in “strategic” work than technical legal work and spent about half his time doing it for the partnership.

### *Assumptions*

*Uncertainty.* In dealing with uncertainty, Edwards focussed more on the opportunities than the problems the uncertainty presented. Two interview segments support this conclusion. First, Edwards left a 25-year law practice he was happy with in favour of employment with a company in which his ultimate role was uncertain at the time of the hiring, but also provided him with a “reasonable fit” and an “interesting opportunity” to evolve the role to match his talents.

Looking at the job description per se, I wouldn't have thought that my background and skills would necessarily be an obvious match for the technical description. . . . So it's proved to be quite an interesting opportunity for me.

I was very happy in my practice. And I was approached to consider taking this position. And what was very interesting about this organisation was that it was not so much focussed on the position as it was focussed on the person. They could probably speak better to what they had in mind but it was clear to me, and I was very impressed by it. . . . They weren't really quite sure, I think, to be honest with you, what my role ultimately might look like. But they said this is someone who we think we'd like to have as part of our organisation. Here's a reasonable fit in terms of a role, let's see how that evolves and let's give lots of latitude for that to evolve. And that's exactly the way it's worked. There's considerable openness to having this position evolve to meet, to best match the requirements of the organisation and my interests and talents. So it's really what convinced me to leave, absolutely.

Second, Edwards emphasized the opportunities in the company's environment rather than the problems. He acknowledged that the industry's future was highly uncertain due to the complexity presented by having to deal with technology, regulation, and competition, and to the dynamic nature of changes within each of these sectors.

No one is clear where the large telephone companies are going to be 10 or 15 years from now. The incredible advance of technology and the movement from traditional telephone services to Internet based communications and so on is happening at a pace and to an extent that I think probably was not envisaged two or even three years ago. . . . And at the same time trying to compete with an evolving regulatory model where we have kind of the anomaly of regulated competition, makes for a very, very complex and challenging business. . . . Certainly the competitive environment in Albany for local telephone service and long distance service is as challenging and as vigorous as anywhere in North America.

He also recognised there were significant issues in "recovering from the massive overinvestment in infrastructure of a number of years ago" and around the firm's traditional telephone business. However, in spite of these issues, Edwards was enthusiastic about the future, and appeared to be focussed more on the opportunities the uncertain environment presented, rather than the problems.

Well, I think certainly the mobility business is a big growth business where there is an opportunity for even greater market penetration. . . . My recollection

is that in Southern Canada we have a significantly lower rate of cell phone usage or cell phone ownership per person than in the rest of North America, and certainly less than in Europe, where the penetration level for cellular or wireless telephone technology is much higher than in North America. Similarly, the broadband or Internet business is a big growth area for us, and there is room for much more significant penetration on that front as well. . . . Having embraced the philosophy of sticking to your knitting and focussing on your core, the question now is to the extent that that is paying some dividends, where do you look for growth, where are the real opportunities for growth? I think that telephone companies worldwide are struggling with that issue but we see a very optimistic future here in Southern Canada. There are significant opportunities for growth here.

*Rationality.* Edwards brought up the importance of networks and relationships several times during the interview. Edwards saw himself as a relationship builder who truly enjoyed interacting with others. Although he did not take an “instrumental” view of relationships, he considered having a network of relationships a “huge resource.”

I enjoy people, I enjoy interacting with people. I like to build relationships and I find that I tend to be the kind of person who doesn't take an instrumental, purely instrumental view of relationships in the sense that by habit, I don't simply get into a negotiation with somebody or deal with someone and develop a relationship and then forget about it. And there have been an amazing number of times in my life when I've reached back . . . having kept in touch with people, I'd reach back to them and say this is someone who would be really good in this new context. This is somebody who I could rely on, I could have advising me, maybe get them formally involved, and that's happened on numerous occasions. And you build sort of a team and a network of people who have continuing interest in what you are doing and vice versa. That's been a huge resource.

For Edwards, relationship building meant developing a deeper familiarity with others than simply having a pleasant relationship with them. As the following passage indicates, he believed that depth of familiarity allows one to communicate well with others without having to be explicit with them.

If you know somebody really well and you have a really strong relationship with them, when you are at a meeting with them, and something is happening

that you either a share of view with them or you think you might or perhaps you disagree on, as you know you can communicate with them without ever having to say a word as to “don’t think this makes much sense” or “maybe he’s on to something” or “we have got to steer away from that.” So there’s a whole level of communication that can proceed on kind of an intuitive level if you develop those relationships with people. Another thing that is very important is learning how to, just how to read people. Some of that is probably natural but some of that comes from spending time with people in getting to know what signs they show that are relevant to mood or attitude or where they are headed.

Edwards also believed that relationship building takes more than just time, but discipline as well, to sacrifice short run efficiency for the benefit of developing a

. . . much more meaningful relationship. . . . Because the easy thing is to close the door, go to the e-mail, and communicate with people at that level. It is much more efficient, you can move things along more quickly. But I don’t think you get nearly as much in the long run out of life or out of the potential of the people that you are working with. . . . It surprises me the extent to which you have to work at that. That is something that to me is self evident.

From these and other comments, it was clear to me that Edwards viewed the organisation more as a system of relationships than a system of tasks.

### *Preferences*

*Strategy-Structure Fit.* Overall, Edwards appeared to prefer a tight linkage between strategy and structure, provided that the impact on individual autonomy for obtaining the results was minimal.

Edwards saw Alpha’s strategy as one of “re-focussing again on the core...telephony business” and described Alpha as “a company that’s very strategy focussed, and not just among the senior leadership, but right down through the organisation.” He explained:

I don’t know if you are familiar with the balanced scorecard approach to strategic planning. Well I think there are more than 100, cascading down from the corporate card, there are more than 100 scorecards for various groups all

aligned with the overriding corporate card, for the various groups throughout the company. My impression coming here and it's been confirmed since I've been here is that this is a very, very focussed, intense organisation where people are very results and execution oriented. . . . Getting execution right down through the organisation against a consistent set of objectives . . . and it's very impressive, the extent to which it is happening here, the extent to which people do it here.

Thus, Edwards saw Alpha as being in the process of aligning its structure to its strategy broadly and tightly, and based on the passage just cited, appeared to like what he saw.

On the other side, taken to an extreme, the balanced scorecard approach may be used to dictate not only the objectives to be achieved, but also the processes that should be used to achieve them. In this instance, I believe Edwards would have a problem if the system were to begin to stifle individual autonomy. I base this belief on several comments Edwards made about "habits and mindsets," including "not [being] as heavily process oriented [as] a large organisation tends to be," and being more outcome than process oriented. For example:

Well, just back in my practice, we had very little internal process, virtually none. I decided how I was going to organise and run my life professionally. I decided how I was going to deal with my clients. I had latitude as to when to bill them within reason. I had latitude as to how to relate to them, how to carry on professional development, to what extent I was going to do that. I had control over meetings and time of meetings internally and the extent to which I was going to participate in them, a whole range of things which really were within my control. As long as I was doing or perceived to be doing a reasonable job with my clients, if that worked, everything else was really up to me. That is not true in an organisation like this in the sense that there are expectations for, there are prescribed times for meetings and for moving things along and moving things through the process and getting approvals and sign offs and that sort of thing; not oppressively but I'm not somebody who sort of . . . let's put it this way, over emphasizes that. And that has not been a problem here.

*Strategy-Structure Sequence.* Edwards viewed strategy and structure as mutually interdependent: while he recognised the importance of strategy in determining structure, he also recognised the importance of structure in determining strategy.

Two interview segments lead me to believe that Edwards considered strategy as an important influence on structure. First, as cited in the previous section, Edwards was impressed with the balanced scorecard approach as practiced by Alpha, which began with and revolved around the firm's strategic goals and objectives. Second, Edwards saw "big picture thinking" as important, and in the following passage describes the lack of it as a source of frustration he had in his former practice.

It was hard to get people to think big picture. People were focussed on their individual practices. For years I was promoting the idea, for example, of a strategic government relations kind of practice. Couldn't move that. I put huge energy into that. And what's happened is all of a sudden large firms, Toronto-based firms, are doing it. We could have been there 10 years in advance of them. I just use that as an example. . . . Except for the few who could look ahead and see what was coming and to see that this made a lot of sense both from the point of view of the developing new work and reinforcing relationships with existing clients. . . . You couldn't move them, not because of that particular instance but that was symptomatic; not just at our firm but law firms generally are reluctant. So [there was] lack of openness to big picture, preoccupation with next month as supposed to two or three years from now.

However, Edwards also showed a belief in the power of structure in shaping strategy. To this end, he was working with his legal team on a model that would transform the way in which internal legal services were being delivered at the firm, from a "service bureau" approach to a "strategic counsel" approach. The new approach would involve a process of seconding internal counsel to business units around the firm for two to six month terms to work "side by side with the people who are normally their clients not only on legal work but [also] sales or marketing or operations, or whatever it

is.” The purpose of doing so was for the lawyers to gain “a better understanding of the business [and] the client’s perspective” while “building relationships with their clients.”

This approach was in line with Edwards’ belief that

Internal counsel are important not . . . primarily because you save money as opposed to going out and getting charged the large fees. To me, the real rationale for having internal counsel is that they are better informed on a day-to-day business about what’s happening in the business, in the industry, in the company. And as long as they can maintain a level of some detachment and independence and providing their legal advice, there is additional value that comes from that knowledge of that context and understanding of the subtleties.

Decentralizing legal expertise in a strategic counsel structure essentially means that lawyers would become more intimately involved in the strategy formulation processes within firm, and in this way, structure would affect strategy.

*Organisational Decision-Making Mode.* Edwards clearly preferred a collaborative approach to decision-making. He considered three aspects of collaboration as important. First, collaboration should be positive, because at Alpha “if you are competing with your fellows in ways that . . . have negative overtones or are divisive, you are not going to last.”

Second, collaboration should be informal because “you get much greater access to the talents that they have, the contribution that they can make, if you can tap into their spontaneous side,” and not be “too intense,” because organisations are “more effective when they have the ability to have a chuckle about something in the middle of a crisis.”

Now, I quite consciously here, for example, when the chief of strategy here wants to pop in or the VP regulatory wants to drop in or what ever, I make a habit of not requiring that they make appointments. And I encourage people to

drop by. Just drop by, because if I'm tied up then come back another time. Just drop by and I will do the same. Because I find that that sort of informality and the kind of pleasant exchange that comes from just dropping by is key to having the kind of relationship with people that gets, for me anyway, gets the most out of a relationship.

One thing that for me is important, whether here or that firm or somewhere else is that people not take themselves too seriously and not become too intense about the things that are happening on a day-to-day basis. I think wherever you are, that is a pet peeve of mine generally. I think there is lots more latitude for having fun in the course of an ordinary day. Just on the little things with people. I find that I can be much more effective, and I've found organisations that I have worked with more effectively when they have the ability to have a chuckle about something in the middle of a crisis. Very rarely is there a requirement in my view for the degree of intensity that people tend to display. . . . Most of those things we sweat and worry about don't come to pass and I think that is an important component to . . . keeping perspective, and not going off on tracks that often are simply a waste of time. . . . That is a real mission for me. Try to keep the atmosphere light.

Third, collaboration should be participative, so as to maintain “an atmosphere of trust” and “more control over people’s [own] lives.” He applied this belief to the process through which he developed the strategic counsel approach to providing legal services discussed earlier.

I could have simply come in, sized the situation up, written a bit of a document or a white paper about the way to go, and gone with it. I would put the proposal to the executive team which I'm a member of. Instinct and inclination told me that this was a good opportunity to kind of build support around the model from within the team. So what I did was I engaged a facilitator...And we worked this plan out from scratch but around some of the fundamental aspirations that I have for the group so it was quite an extensive process. In fact I had to get buy-ins for an extension of the time by which I would normally have had to submit this plan because I wanted to do it in a way that was, that provided an opportunity for the members of the group to contribute to it and own it. . . . So that is really the way it has evolved. It's been very collaborative.

### *Person-Organisation Fit*

Over the course of the interview, Edwards recognised three areas in which he did not appear to fit with Alpha. First, from “the job description per se I wouldn't have

thought that my background and skills would necessarily be an obvious match for the technical” requirements of the Legal Counsel and Corporate Secretary role at the company. Second, based on the “habits and mindsets” he had developed over 25 years of legal practice, he was “not heavily process oriented and a larger organisation tends to be” Third, he liked to keep the atmosphere light but occasionally found others in the organisation taking “themselves too seriously” and being “too intense about things that are happening on a day to day basis.”

The interview took place only three months after Edwards was hired and at that point, it remained to be seen what the ultimate impact of the differences just noted would be. However as the following passage shows, Edwards’ overall conclusion about the differences is that he was hired not so much in spite of them, but because of them.

Look at me. I come in here, I did not come up, I don't have an MBA, I don't have a business or accounting background, I'm an arts guy, and I've lived in an organisation, a law firm organisation where fundamentally I was on my own for 25 years. I was in a firm but the way law practice is, professional practices go, you are on your own, you are literally on your own. You have no one to sort of patting you on the back after the first couple of years or giving you support or giving you guidance. You are just, you're there. So I've got habits and mindsets. I am not heavily process oriented and a larger organisation tends to be. And I've come here with those differences and not only has that not been a difficulty it has been welcomed. . . . And we want you to be who you were when we talked to you in the first instance. We don't want to make you into somebody who looks like this organisation looks like.

*Omar Qadoumi – Manager, Systems Support*

Omar Qadoumi was a Senior Systems Analyst at Alpha Consulting, a full subsidiary of Alpha Telecom. The company provided a wide range of technology services, about 85% of which were sold to Alpha. Qadoumi managed a unit that was

responsible for providing technical support “twenty-four seven” to all of Alpha’s customers in the three provinces of Southern Canada. He had 13 direct reports and expected to add another four subordinates two months after the interview. Those four would hold office in Geraldton and would have to be managed virtually from Albany in Timor Province where Qadoumi was based. Qadoumi did not foresee problems with the arrangement. He himself reported virtually to his Director, an arrangement in which face to face contact between them was limited to about 10 hours a year.

At the time of the interview, Alpha Consulting was up for sale. The firm had been mired in the downturn of the technology sector and had recently abandoned an acquisition strategy in favour of a more cost conscious approach. Alpha expected the company to be sold in the next 60 days. Qadoumi considered it likely he would be dragged into the sale because “what’s on the table is the whole of Alpha Consulting, not a branch . . . the whole thing – 2,500 employees.”

Qadoumi was in his late 30s. He grew up in Iran, and came to Canada in 1983 during the Iranian revolution. He graduated with degrees in industrial engineering and computer science and worked for IBM in Toronto for a year before joining TTC in 1991. His career progression took him from an assignment at the help desk, then “getting involved with the larger machines, UNIX and all that,” and an assignment in 1996-97 that involved “true management.” Before that he and others had carried the “manager” title but “we really weren’t true managers because we were doing real work. We weren’t involved in making management decisions then.” The turning point into a full time managerial role was the successful completion of the \$1.2 million project that

brought the 1-800 system into Timor and Bunbury provinces. This was the first project Qadoumi fully managed, including representing the firm at meetings held in Ottawa to establish technical standards, “leading it, putting it together, budgeting it and all that.”

*Assumptions*

*Uncertainty.* Based on his experiences, uncertainty and change had a negative connotation for Qadoumi. However, he appeared to fundamentally believe that one had the ability to be creative in dealing with uncertainty, and that developing the ability required an attitude of independence, acceptance, and flexibility.

In the early days when he was with TTC, there was “security . . . you know there is a certain type of profit you were going to have every year.” A similar security came when his unit was spun off to form Alpha Consulting when Alpha had said: “nobody competes with you. Basically, I guarantee you five years where basically I will give you everything I have” in terms of technology related business. However, the technology bubble had burst several years earlier, and since then

We haven’t had a quarter without major change. As a result, a lot of employees find themselves re-adjusting and re-adjusting and it’s very frustrating. You have to report to a new boss. You have to do things different every quarter – the forms change, the way you report your expenses changes, the way you report your overtime and time sheet changes . . . every three months, and that has been a huge obstacle to get harmony and to calm people down. Since 2000, we never had a time period where we can relax . . . and say this is the path you are going and don’t worry about it.

The changes and uncertainty had a negative impact on the credibility of managers in the firm.

Because as soon as we start something and we are moving . . . there is re-shuffling and re-adjusting, a new Director comes with a totally different view

and suddenly everything changes. That creates a lot of frustration, people become paranoid and they are not believers anymore so when you call them for a meeting and you are talking about all these great ideas they don't listen. So people like myself we find ourselves in a very difficult situation. You want to tell the truth and you think it's the truth but your Director comes because of the realignments, they have to change and force it upon you and then you have to come and you are embarrassed to say "I'm sorry I said all these things but we have to change again."

Nevertheless, Qadoumi did not have a passive attitude towards change. Rather, he appeared to view uncertainty as an opportunity to demonstrate creativity. He took exception to the fact that the changes at Alpha Consulting were being dictated top down, first by Alpha which owned Alpha Consulting, and ultimately by Alpha Holdings which owned a majority share of Alpha.

And that has a lot to do with the way that Alpha is running their business. Alpha changes something, it affects the way Alpha Consulting has to do things, they have to change and re-adjust.

Any direction that Alpha Holdings wants to go, Alpha goes for it. So that mentality, a lot of firms, this kind of top level managerial decisions really come from Toronto and what Alpha Holdings wants. As a result we were getting the ripple effects of that. So if an analyst from Alpha Holdings says Alpha Consulting is too fat, we have to trim it off a bit, that direction would go and you would see it. They're talking about early retirement or and this and that. Really no one from Alpha Consulting came up with that idea out of exploring and communicating with people to see what areas of Alpha Consulting [are] too fat, it wasn't done. So in my own experience I don't feel we've been very creative with changes.

Qadoumi appeared to believe that the way to deal with uncertainty was to accept complexity, recognise the tools that were available for dealing with it, and be flexible enough to apply them. He illustrated this view in his speaking about management in "the new world of IT."

The new world of IT needs managers to be able to manage change and projects without actually physically being there. . . . I should be able to do that based on the technology today through e-mails, through sending attachment documents, resumes, different news, we should be able to do that, you have video-conferencing, you can put it on this wall while you are having this pizza and

you see that. So the technology is there, the will is there, you have to be able to manage it so the new managers are going to have a different mentality. . . . They have to understand the different 'geographics'. [People in Bunbury] are totally different from [people in Timor]. They like to joke around, they like to have a beer maybe once or twice every Friday afternoon. So you have to be able to allow those flexibilities. And for the managers from the old school, they will not understand that. . . . It's difficult, and some people are going to survive it. They will be better managers. Some people are not going to survive it. They're not going to like it as much and walk out.

*Rationality.* Qadoumi held a task oriented view of the organisation. In this view, the organisation is seen as a system of tasks that is configured to accomplish organisation goals.

Right now I am a manager who is work driven. I go to lunch meetings to resolve a problem, I'm going to a lunch meeting because there's an issue that I would like to discuss with my Director and the only way I can get it is to have a sandwich with him. So I talk to him and I say, "Listen, Chris is doing this but he's got a problem. We have to spend a little more money and you have to help us out." I don't ask about his mother, I don't ask about his house and what happened to him when he went to his vacation. I don't get to that level with him.

Qadoumi appeared to distinguish between what the organisation and the individual required for success. The organisation required a task orientation while the individual needed a social orientation. To illustrate, he thought that advancing his career to a Director position requires "getting into the political side of things."

If this is the career that I want for myself, that I want to be a Director or Vice President. . . . I need to get very political as far as bringing people around me. [Have] lunch meetings just for the purpose of lunch meetings. . . . Go to barbecue parties during the summer time. . . . In order to be truly successful in this area, you have to mix up your personal life with your work. Your wives should know each other. You should meet once in a while; you have to go to each other's parties.

Qadoumi was not necessarily opposed to linking his personal and social lives, but saw two reasons for not doing so at this point in his career. First, it was not "within

my nature” to want to mix work and personal activities. Second, given his cultural background, the Timor context precluded a natural coming together of his work and personal activities.

At least in the culture that we have in Southern Canada, I think the possibilities are a little lower for people like me because we are from a different background. The chain of the circle is quite tighter here than in say places like Ontario. . . . But if I was in Ontario – I have many examples, I have many friends who do these sorts of things because the possibilities are there. For instance, you go to the Vice President who is from India. He likes Indian food, he likes hot food, he understands Indian music. So if you happen to be Pakistani for instance or Iranian you have some commonalities to talk about. You say, “My god! I know your sister in law because she is married to my brother’s such and such.” So the openings are there and it’s very natural to have a Board of Directors from India, from Iran, and from Japan and then two Torontonians. They mix up. They get into the business and they do business together. I haven’t seen examples like that in Southern Canada, I don’t see it but I could be proven wrong but I haven’t seen it myself.

### *Preferences*

*Strategy-Structure Fit.* Whether in his personal life or professional life, Qadoumi appeared to believe in a loose alignment between strategy and structure.

From a personal standpoint, he believed in being rooted in principles. However, he also considered it important to have an ability to make adjustments around the principles: “You’re never going to hurt your strategy but the tactics to going about that strategy changes, and you have to be flexible about it.”

Similarly, Qadoumi preferred a loose approach to management that was narrowly focussed on the accomplishment of goals, but not on the means for obtaining the goals. Once the goals were communicated to subordinates, the subordinates should

be left alone unless there were obstacles they needed help with, the goals were not being accomplished, or they proved themselves unreliable.

The team that I am dealing with . . . know exactly what's on the plate, I give it to them and then I leave. Maybe I check in with them in a month. The understanding is if they have problems and obstacles they come and look for me to take away those obstacles. For example, a client is not cooperating. They need more money. The software that they are dealing with, the application is not what it is supposed to be. Then they get me involved. I have three people that I have to baby-sit. They are not reliable. . . . These are the people who cut corners, we have to watch them, they play computer games on the computer, they are not focussed on the project and they really don't care if the project doesn't go anywhere. They have that kind of mentality. . . . So you have to watch those people and I do that, but the other 10 I leave alone.

The same thing applies to [my superiors]. I personally like them not to call me for trivial things. I want them to leave me alone. I want to have one-to-one conversations at the very beginning, very good quality meetings, so "these are my requirements this is the way I like you to run my shop. I want to do this, this, this. These are important issues to me. And I want to have a meeting with you every week, Wednesday afternoon." So that kind of freedom, I think I'm entitled to that unless I prove [to] you otherwise, unless I prove you wrong and I need to be baby-sat. Otherwise leave me alone.

Consistent with a preference for specifying *what* goals had to be accomplished but not *how*, Qadoumi was comfortable with the recent decision by the firm to experiment with the use of virtual teams. The "new world of IT" required "managers who would be able to manage change and projects without actually physically being there," so they are "going to have a different mentality. They are going to be very flexible." Specifically, Qadoumi meant being flexible enough to accommodate differences in employee behaviours and practices that could not be standardised from a distance anyway, at least not without great cost.

*Strategy-Structure Sequence.* Qadoumi appeared to have a preference for organisation configurations in which strategy and structure were mutually

interdependent, with neither variable inherently more important than the other. It was important to Eskandri that both the “business” and “technical” sides of the firm were considered in any decision. He illustrated this view in his discussion of two decisions he considered good decisions.

The first was the decision to separate Alpha Consulting’s development and support functions into self-contained units in 2000, when the technology sector was in a downturn and there was mounting pressure to improve efficiencies. The two functions had been “under one umbrella and so the budget was coming from one place. The Vice President was the same and the direction was the same.” That direction was to keep clients happy by requiring the same people who developed specific products for specific clients to also support them. The problem with that situation was two fold. First, it was more expensive to maintain than necessary. The development function required people with far more sophisticated skills and greater salaries than the maintenance function. Second, “developers who could move on to develop other things” were frustrated “they couldn’t, because we didn’t have anybody to take care of the system and baby-sit it.”

We were losing a lot because we had well qualified people to bring revenues to our company but they couldn’t because they were stuck with the 1-800 system, they were stuck with the 911 system, they were stuck with other systems. We couldn’t afford losing them and we held on to people’s careers [but] they wanted to move on also to develop their careers, do other things. So it was a lose-lose situation. We were losing money, people were losing their careers.

As such, Qadoumi considered the decision a good one because it responded to both the strategic need to improve efficiency and the structural need to keep development people happy.

The second decision Qadoumi cited was the 2001 decision to experiment with virtual management. As discussed earlier, Qadoumi liked this structure for the autonomy it provided employees in deciding how to get results. In addition, he saw good strategic rationale in the decision which was to reduce duplication and consequently improve efficiency.

We wanted to bring down the number of over time on call. It was a big issue at that time. There were four people on call in four provinces at the same time so you had to pay for four people on call, four over times. Now we came to a conclusion we put it together so only one person is on call for all the UNIX work, they're all similar. I receive the first call, so you pay one over time, one on call for all regions.

*Organisational Decision-Making Mode.* Qadoumi preferred a collaborative approach in making organisational decisions. His version of collaboration rested on the need for rapid two way communication between the “business” and “technical” sides of the firm so that the message was clear between “what we want to do, what the direction is, and the people who are actually doing the work.” Because those responsible for the business and technical sides of the firm were normally at the top and bottom of the organisation, respectively, the collaboration Qadoumi liked took place vertically within the firm’s structure. The mechanism for the collaboration was middle management. Middle managers typically were “in touch with the technical people, we understand their pain” and also understood “what the bottom line is. . . . what it mean[s] to Alpha Consulting when Nortel stocks go from \$125 to basically pennies.” In the following passages, Qadoumi illustrated two situations in which he as middle manager served as conduit for the vertical collaboration he liked to see.

When UNIX for example, goes from version 7 to 8 and I talk to . . . my co-worker and he says, “Oh my god, you should see version 8. Remember all those limitations that we couldn't do backups on the fly? Version 8 allows that.”

Then I go and sit in on the meeting with my Director and he says “Well, we need a budget for 2003. How many people are going to do the operational back-ups?” I say “Well we don’t need two anymore. One is enough.” “Why?” “Well, this version 8 just came out. It allows you to do it on the fly. We don’t have to wait for 8 p.m. to schedule everything every night. You schedule it once a month and you are done with that. You need only one person.” And the Director said “Oh my God I didn’t know that!”

I can say [to my subordinates]: “Listen I understand that you are supporting too many servers but look at the industry, look at what companies like AT&T are doing. They are throwing out 30,000 people. And we are saying no, we won’t do that. Let’s be realistic. I know the pressure is too high but how can we support this service a little more effectively? For instance if all these services are running the same operating system, the same version . . . why not give all these servers to a person who understands that operating system? So if you’re familiar with version 7, then we give all the version 7s to you. Yes, as far as quantity you are supporting 10 servers. But they are all version 7 so you don’t need to refer to your handbooks or your documentation every single time you receive a call. All 10 of them are exactly the same. So if you do a patch on one, all the patches are going to be the same. If you do a backup on one all the backups are going to be the same. That way we can save you some time. I won’t give you version 8, I’ll give it to somebody else, Joe. Joe is more familiar with that.” And he’ll say, “Oh my God. He understands the market and based on the market today, that’s the best thing to do.”

For Qadoumi, successful collaboration between the business and technical sides of the firm required an organisation that was lean. He considered “that type of a connection . . . a recipe for success for a company, to be lean and mean. As soon as something changes on this side you see the effects on the other side, on the business side.” To illustrate, he found the early years of Alpha Consulting’s formation “wonderful” but following an acquisition strategy, the firm’s structure evolved at least some management levels that were simply “hanging there, just putting brakes on . . . and slowing things down.”

So during the first year, it was wonderful! If I had a problem with one of my projects, I would walk in to my Vice President’s office and my Vice President would say “What’s wrong?” and I would say “My project is not on time because Alpha is putting pressure on us.” “Okay don’t worry about it I’ll go talk to them” and I would have an answer in next 24 hours. But little by little, what happened was Alpha Consulting started taking over all the small

companies in Southern Canada to feel safe, and as a result of that they were creating all those bureaucratic levels. . . . And little by little the levels started adding, adding up. And then we went one more than what [even] TTC had! So a lot of problems that we have today is because we are top heavy.

### *Person-Organisation Fit*

Qadoumi appeared reasonably pleased with his fit in the emerging configuration at Alpha. He was in a job that accorded him the level of autonomy he preferred as manager and employee. He was part of a company experiment in virtual management, “the new world of IT” that he appeared to believe he could thrive in. He was a middle manager in a vertically collaborative system he liked for its demand that he keep up with both business and technical sides of the firm. Advancing further in the firm would require political activity that was not in his nature at the time of the interview, and so he seemed content to be where he was.

Still, Qadoumi expressed discontent in three areas. First was with the top down nature of decision-making at the firm, which opposed his view that decisions should be made collaboratively between the firm’s top and bottom. Second was the fact that there were, in his view, still too many levels of bureaucracy that served little purpose at the firm but to slow things down. Finally, he was unhappy with the uncertainty surrounding his firm being up for sale, and the morale problems it created among his staff.

### Beta International

Beta International was a diversified, privately owned company. It was founded in 1967 and based in Albany, Timor Province. Beta consisted of four groups of companies that were about equivalent in size (Dixon interview; Price interview). The air defence group repaired and overhauled military aircraft. The aviation group offered a full range of maintenance, repair, operating, and support services for airlines and corporate aircraft. The enterprise group comprised marine supply, foundry and other manufacturing as well as medical and dental supply businesses. The corporate group included regional airline and other travel related operations, as well as an information technology business. The company's growth rate over the years was about 10% compounded (Mitchell interview). In 2003, the company had revenues of about \$440 million and employment of 3,000 in Canada, the U.S. and Sumeria (Price interview).

The firm's external environment was complex (Mitchell interview; Price interview). Clients included governments, businesses, hospitals, and individual consumers. Products ranged from simple items such as manhole covers to very sophisticated aircraft designs. Operations included engineering, manufacturing, and service production. Competition varied in both numbers and practices from industry to industry and country to country. About 10 different unions had to be dealt with.

The firm's external environment was also dynamic, largely due to diversification activities starting in the mid 1990s (Mitchell interview; Price interview). Before that time, the firm's activities were confined to air defence, aviation, and enterprise businesses where customers tended to be institutional and few, and where

Beta tended to be the dominant provider of goods and services (Price interview).

Although the regulatory framework in those businesses changed over the years to encourage greater industry accountability and competition (Sharpe interview), demand for Beta's products and services had remained stable due to a good reputation and established relationships (Price interview).

Beta's entry into the regional passenger airline business represented a significant departure from the firm's historical product and market pattern (Mitchell interview; Price interview). It was the firm's first foray into a business to consumer situation, and into a highly competitive industry in which the firm was not the dominant player. The airline entry was followed by diversification into the highly competitive information technology services business (Sharpe interview) and the retail mobility business for the physically impaired (Dixon interview). These businesses required a competitive agility and an operating fluidity that the firm's traditional business did not.

At the corporate level, Beta carried a growth strategy that was implemented organically or by acquisition as deemed appropriate by the firm's founder and top management team (Mitchell interview; Sharpe interview). At the business level, it was left largely up to the business unit heads to devise the unit's product and market mix and competitive approach (Dixon interview). A common thread in these approaches was a focus on building and maintaining relationships with the firm's clients (Dixon interview; Sharpe interview). In 2003, the firm's top management group was in the process of evaluating corporate strategy and identifying criteria for further growth (Dixon interview; Price interview).

Beta's founder occupied the CEO position, and relatives occupied the top position at the business group level. The President, several Senior Vice Presidents, and business unit Vice Presidents were non family members. The firm's organisation structure was self-contained at the group and business levels. Within the business level, the structure depended on the nature of the business and was left to the discretion of the Vice President in charge of the business unit (Dixon interview; Price interview). At the Vice President level and up, the firm was managed less by policy than by frequent and rapid communication among managers (Price interview). Managerial bonuses were provided based on the achievement of goals and at the discretion of the firm's founder.

*Tyler Dixon – Vice President for Beta Medical*

Tyler Dixon was Vice President at Beta. He was in charge of the firm's medical business. The business was part of one of Beta's five divisions called Enterprise Core Group that was managed by one of the children of Beta's founder. The Group included a number of businesses unrelated to the medical business, such as the marine business and the hospitality business. Dixon had a staff of 60, four of whom reported directly to him.

The medical business consisted of four business units: Beta Surgical, which was "in the general medical surgery business" supplying hospitals with "everything" except "pharmaceuticals and implants"; Beta Dental, that dealt with the "professional dental community supplying primarily . . . disposable commodity items, gloves, gauzes, masks, amalgam and all those kinds of good things"; Beta Mobility, which provided

“mobility devices such as wheelchairs, power chairs, scooters, or ceiling lifts, or stair lifts, or fork lifts, or bath lifts, that whole area that really allows an older person . . . greater flexibility”; and Beta Graphics, which supplied product for “the diagnostic imaging areas of acute-care facilities,” including a number of private clinics in Ontario. While Beta Surgical, Beta Dental, and Beta Graphics were essentially business to business concerns, Beta Mobility was a retail business. Products were distributed nationally through three distribution locations in Albany, Toronto, and Dampier.

Dixon had a Bachelor of Science degree and graduated MBA in 1980. Upon graduation, he was approached by his father who co-owned Beta Surgical Supplies. His father “convinced me that maybe it was the right thing to do. Anyway, history was written and I joined him.” In doing so, Dixon stayed on the path started years earlier of getting to know the business bottom up.

I’ve grown up in this business, I spent, when I was 12 years old, I was organizing literature shelves for salesmen. At 13, I was washing the shelves off all the dust. I was sweeping the floor at the warehouse. I was hauling the boxes out. I’ve been on the truck, I’ve done deliveries. . . . I was 12 years old, doing deliveries with the delivery guy. I’ve experienced interaction when I was a kid between management and people. And then I’ve done all those roles, part-time job and full-time job. I graduated my MBA, I didn’t walk through an office for a time. I ran the warehouse operation. I was the guy saying, “You’re going to show up on time or you’re not going to be here tomorrow.” And I’ve dealt with the complaints, so I’ve done every job in this business short of the financial side, from the bottom to the top.

When his father passed away seven years later, Dixon ran the business until 1989 when he and his small shareholder group decided to sell the business to Beta.

Business continued to grow and prosper but we got to the point where we needed an infusion of cash because at that time, we were really doing a lot of things manually, we hadn’t yet computerized. Two of the shareholders who had been active partners in the business were retired or on the verge of retiring. And over the period of time between my father’s death and I guess, at this point

when we started thinking about what the options were, we'd been approached by three companies to see if we'd be willing to consider selling the business to them and the long and short of it was we got to the point where we had a connection with the Beta International. Beta International we saw as having the right fit, a local firm, great resource base, and so the business was transitioned over to them, in the latter part of 1989.

### *Assumptions*

*Uncertainty.* Dixon appeared to view uncertainty as a source of opportunity that can be managed real time and anticipated and positioned for in the future. As the following excerpts show, he considered present uncertainties rooted in the diversity of the businesses he ran, the variety of needs posed by the firm's different markets, the fierceness of competition, and regulatory scrutiny over the health care industry.

Each of these segments, while they're in health care, they're all unique in themselves in the way we conduct the business.

Doing business in Beta Surgical to a doctor is not at all like doing business to a dentist.

I'd say that over the years, it has been price, a price issue, an efficiency issue. . . . But prices are still a driving factor and there's just so much pressure on health care systems, from a dollar perspective, that we continue to unfortunately hear about price, price, price, price. . . . And you're competing, I guess also on things such as the ability for customer service.

The business in each of those areas is fierce. In Southern Canada, we're competing with probably about five [organisations], depending on the segment you're referring to, acute care, primary care, long-term care. Overall though, across all those segments there's probably five or six people competing for that business. As you go westward, that number increases. So it is a very competitive market.

Health care is on the agenda of every politician and that seems to change with the government.

For Dixon, the key to dealing with present uncertainty was to "really be...on your toes, be responsive, you have to understand what's happening to the marketplace. You have to be close to the marketplace." He found doing this "a challenge, but it's been very, very rewarding too."

Future uncertainties were rooted in patterns that underlie changing customer needs and in technological developments that meet those needs. Dixon believed there were “great opportunities in the future.” The key was to “understand the business now, so that when 2015 comes around, I’m positioned to take advantage of it; because if I hopped in at 2015, it will be too late.” It was clear to Dixon that “there’s always going to be an opportunity. It’s just a question of finding, making it match what you’re able to do and what the opportunities are in the future.”

I think health care has great opportunities in the future. Now, the way it’s delivered today is not the way it’s going to be delivered in 10-15 years. Are we going to be in the medical commodity business in the way we are today and have been in the last 10 years, 10 years from now? I suspect probably not. I suspect that there’s not going to be that business opportunity in health care, absolutely not. So we just have to find the right niche as we go forward and make sure that we have the competitive advantages that will allow us to participate in this market. So who knows, Beta Surgical may hold 20 different franchises. . . . Our business is going to change because of the move towards digital technology. The analog film industry, you see those shows where you flip them up on the illuminator, maybe that won’t be there. But maybe I’ll be selling the high resolution monitors. So that’s what I’m working on now. You got to look ahead and say I want to be in the PACs, MRIs, CPs, high resolution monitors and I’m not going to sell those [other] boxes, but now I’m going to sell those monitors and they’re \$30,000 a piece. And guess what? They’re good for five or six years and they have to be replaced. So now that’s the business I’m looking in.

*Rationality.* Dixon saw the organisation as a system of tasks in which every employee top to bottom had a role in helping the organisation achieve its goals.

He admitted some regret that the organisation sometimes did not spend enough time on the people side, “how we can improve the skill sets or improve the working environment,” and thought that perhaps “if we spend a little more time on that side, we’d have a little more success on the other side in meeting overall company

objectives.” He empathized with the needs of individuals for “personal growth, personal opportunity . . . because they have to feel that they're being challenged, that they're being given the tools to work with, whether it be additional training, and support by managers.” He even considered meeting these personal employee objectives as part of “a two sided thing” that was “perhaps...another indication of success.”

However, all told, Dixon fell on the side of seeing the organisation as an entity whose goals were ultimately economic, be it “increased revenue, higher profitability, business expansion, whatever form that might take.”

I think the corporation has its goals, and if I go to head office and I said to my people that I only achieved 80% of what you put forward to me, but I got the happiest staff, the most committed staff, I got great work environment, I think the response would be, “That’s great. But you only delivered 80% of your budget, and you didn’t expand your business or grow your business.”

In Dixon’s view, it was important that “everybody . . . commit to the success of the organisation.” Managers showed “commitment, focus, dedication, persistence, whatever label you want to put on it,” by leading by example.

If you don’t have that as a manager, how can you ask people to do what’s necessary, to come in and give up their Saturday to rearrange the warehouse because of certain contracts you’ve got, the shelving, the layout, for efficiency’s sake. How can you do that when you yourself aren’t going to make that commitment?

I think if you get to a point where you’re not willing or committed to doing that, then I think you’re just treading water, and I think it is just a slow sink.

Commitment was why Dixon was “big on people” who were “doers,” people who “grabbed the bull by the horns” and assembled the resources to get the job done.

I’m big on people that take the attitude that this can be done, it will be done, and I will do it, and I will see this through to the end. And those people I have a lot of time and respect for, and those people score high on my charts, because they’re doers. . . . I don’t say I don’t have thinkers, but I need doers to get things done, and that doesn’t necessarily mean that they don’t sit down with the

computer, but they have to show the leadership to get it done, and the organisational skills to pull their team wherever that might be, to get the job done.

### *Preferences*

*Strategy-Structure Fit.* Dixon appeared to prefer a loose alignment between strategy and structure that was narrowly focussed on the accomplishment of goals. As indicated earlier, Dixon saw the business as fluid, competition fierce, customer expectations changing, and the regulatory framework discontinuous. Within this context, the key for Dixon was for the firm to be responsive and so “we tend to have a very wide repertoire” of business tactics for use where and when appropriate.

Dixon preferred to make adjustments to organisational structure based on business needs as well as the capabilities and interests of individuals. Official titles were given for positions that sometimes did not appear to match the scope of the employee’s responsibility. As an example, he hired a Comptroller about three years earlier whose duties included overseeing and providing the Beta Mobility line of business the “needed . . . constant attention.” Together, Dixon and the Comptroller interviewed and hired people many of whom did not have experience in the business, “but were just enthusiastic. . . . And we moved to a very young group of individuals.” As a second example, Dixon very recently hired an individual for a General Manager position with the firm, but his role was largely to oversee Beta Surgical. According to Dixon, “that was necessary because I was spending a large amount of my time on the Beta Surgical

side of the business and as our other businesses have grown, I've been devoting more, should be devoting more of my time, had to devote more of my time to those.”

Dixon was results oriented. Depending on the position, rewards were allocated for achieving targets on measures such as inventory turn over, fill rates for the customer, productivity, sales objectives, and profitability objectives. He held people accountable for achieving targets and objectives but was “not going to tie their hands.”

I don't have the time to baby sit people. They have to take on responsibility, perform, and be measured against that performance. My expectations are that they are achieving that performance. And if they get the job done, and if they can do the job to our expectations to ensure the company's going to be successful, and it takes four and a half days and they have other commitments that crop up, that's fine. If they need an afternoon off, three hours off for some reason, those same people who need the time off are the same people who will be coming through the door and working on the weekends, and working evenings.

Dixon admitted there was an expectation “that you're required to come in to do what it takes to get the job done,” and the people who succeed are “not the people who say this job, this box is 37 ½ hours and off they go. That just doesn't get it done. In today's world, that's unrealistic.”

Those people in middle management, you'll see them coming and going all the time because one of the realities of this business, and maybe many other businesses, is the interaction that takes place through the day. There's so much customer interaction, and so many things coming at you from so many directions that you don't have the ability to sit down and focus. And the best way to achieve that is first thing in the morning or evening. . . . People are here Sunday mornings, Sunday nights, and you can come through these doors and find three hours when there's nobody here but people are coming and going all the time, and I'm talking about senior people that tend to be more . . . critical to a successful organisation, and they understand that. They understand that it's not a 9-5 job.

*Strategy-Structure Sequence.* From comments made about the importance of strategy making at the corporate, sector, and individual levels, Dixon appeared to consider strategy as the dominant variable and the core around which activities should be configured.

At the corporate level, he observed that in the past, head office had taken a “more reactive as opposed to a proactive approach.” However, he believed that “the company that’s going to expand in today’s world, they need a road map.” He noted that “every now and again in the process, they bring in a strategic person to help them through this” and although he did not know “how much it’s happened . . . . I think this is really the beginning of what we need to put in place.”

I’m not sure I’m thrilled about the whole process because it means that much more work on my plate to put everything together on paper from my end. It will probably challenge me to put on my glasses and look into the future a little more, but I think it’s necessary for the corporation. And I think we have to make a decision: Do we really want to be in all these businesses? Maybe they’ll find out they don’t want to be in the medical business or maybe they’ll find out they don’t want to be in the marine business. Maybe they’ll find out they don’t want to be in the aviation business. Who knows? They might find they have a skill set in the organisation they can exploit in a different way, in another business.

Whereas Dixon perceived a lack of focus in Beta’s corporate level strategy, his strategies for each of his business units, and for the medical business as a whole, were clear. At the unit level, he recognised differences in the business logic that drove each unit.: “These segments, while they’re in health care, they’re all unique in themselves in the way we conduct the business.”

For example, in our Beta Surgical traditional business, we move high volumes but very little margins, commodity items. And then we have specialty items, high end specialty equipment that we would sell around those commodities, so we would sell the gloves, millions of them during the year, but we would also

sell all OR lights and monitoring equipments for the OR's and ICU's, a different sell altogether. And so we get a blended margin there. On the consumer side, for example on our Beta Mobility side, you know you really have a high customer touch there. High expectations and consequently a lot more constant, certainly a lot more options going through, but significantly better margins, which you need of course in order to provide the service that's expected.

Underlying the diversity of approaches being dictated by unit-level conditions was a consciously formulated theme for the firm's overall medical sector business. In the following passage, Dixon described the strategy as follows:

Up to the present, we have been the local, regional provider of products. We bring in the flavour, for lack of a better term, the flavour of the way business is done in Southern Canada. And that would be the high customer service input. We have five customer service people. We tend to be very responsive, we tend to have a very wide repertoire. . . . We tend to form very close relationships, and these relationships certainly extend beyond me, but close relationships with the day to day people. Our people in the warehouse know the names of the people on the dock receiving the goods. . . . They know the people in receiving, they know the people in distribution. They know the buyers, they know the contract managers. They know the purchasing people directing materials management. And we know the VPs of finance, and CEOs . . . so customer contact. And beyond that . . . we have traditionally been the lowest cost provider of services and product in the market. And we've been the most flexible in the way we conduct our business. The market's very dynamic, whether or not those things are talked about, the knowledge of the customer, being the low cost provider, being flexible, being responsive to their needs, understanding their needs.

In Dixon's view, the heart of the firm's flexible cost leadership strategy was a focus on the customer. Consequently he pounded the message home to individual employees, including the backroom people.

But I get upset when we lose focus on the customer and at the end of the day, I think . . . I often challenge my staff: If you think it's easy, you go out with the rep, stand in front of the customer when he's unhappy, not on the other end of the phone. You stand in front of them and explain to them why their product hasn't arrived, got damaged, or why they've been built incorrectly, and you accept the criticism face to face and see how you feel about it. It's easy to be on the other end of the phone. But when that person's in your face, it's an unpleasant experience. And all you have to do is experience once or twice and you get a whole new appreciation for what it is to be a sales rep. . . . We get

[positive] calls, we get cards, but at the same time you know there are those customers who aren't happy and those are the ones I get upset about, because the customer is key, and they can buy the product anywhere, they can do business with anybody they want. If you don't satisfy their needs, perceived or otherwise . . . and I hate to say it, they're always right, even when they're wrong they're right.

*Organisational Decision-Making Mode.* Within a corporate context, Dixon's preferred decision-making approach consisted of elements that in combination were, in my opinion, decidedly entrepreneurial. These elements were "beyond the business skills."

People have come to expect that you have certain skill sets, and be reasonably confident that if you have an MBA, or you have a CA, you know, you have certain skill sets. But it's all those other items, other skills, other qualities that makes one successful.

Dixon's decision-making preference had several elements. First, he believed that decisions should be founded on an intimate knowledge of the business. In the following passage, he wondered about the ability of his superior to make decisions about so many different businesses, when he himself felt challenged about his units.

I report to a VP who has responsibility for listening to me and my complaints and my issues in the medical business, and I've been in this business, I guess, all of my life . . . and yet I don't understand it. It's too big, too all encompassing. And we have a small industry in Canada, it's a small industry. I can go to Toronto, to a show and I can start walking up and down the isle and I can say, "Hi Joe. Hi Bill." . . . . And yet I have that challenge, and I report to somebody who also has responsibility for marine, hospitality, hotel facilities, leasing aircraft. How is it possible that they truly understand, truly appreciate the issues and complexity of the market? I'm challenged by it, and I'm in it day to day. So I have a sense that given that's the nature of the airline business, the air defence business, the aviation business, and you start breaking down those core groups and there's businesses within those core groups. It's amazing to me.

Second, Dixon believed it was good decision-making practice not to dismiss any opportunity off hand. Again referring to meetings with his superiors, Dixon enjoyed not having any opportunity he would present to them dismissed out of hand. “You get the feeling that you can put anything on the table, and they’re willing to talk about it.”

Third, after objectives were established between superior and subordinate, decision-making required an attitude of getting things done in making judgment calls days to day and as unanticipated situations unfolded: “A tractor trailer will catch fire and burn. It happens. A tractor trailer will turn over and the goods will be damaged, and everything will be frozen. It happens.” In dealing with these situations, he expected managers to demonstrate “commitment, focus, dedication, persistence, whatever label you want to put on it . . . the ability to take a responsibility, show initiative, demonstrate leadership, and have the right attitude to move a business forward.”

Fourth, Dixon expected to be involved when major issues came up but he also expected those who required his input to have already done the leg work prior to seeing him. As an example, he discussed his Comptroller’s approach. He had hired the Comptroller two and a half years earlier to oversee the development of the firm’s Beta Mobility business, and credited him largely for taking the business from “just being an irritant to the competition to being a dominant force . . . that’s recognised in the industry.”

He did his homework prior to walking through the door . . . he came with a plan. He didn’t come in and say “This isn’t working; we’ve got to do something.” He came through the door and said, “This isn’t working. Here are our options. This is what I think we should do and this is why I think we should do it. . . . I can’t be in a position as a manager, I don’t think, to be expected to participate in the development of what the options are. I’ve got to be

comfortable that the people who are reporting to me have the basic skills and ability to review those and bring those to me and lay them out in front of me. . . . What I think in this situation, impresses me about this individual because he's willing to show the initiative, he's willing to do the preparation, he's coming with a plan and a recommendation. And I have the opportunity at that point to sit, listen to him and review, ask the questions, as opposed to me saying I think you should do this, I think you should do that, go here, go there.

### *Person-Organisation Fit*

Being the head of a largely autonomous division, Dixon had the ability to configure the division to suit his preferences. According to his preferences, divisional activities were loosely configured but narrowly focussed on the accomplishment of objectives, divisional strategy was clear and prominent, and people made decisions in entrepreneurial mode.

Where Dixon had problems were in his dealings with head office. While head office's configuration was loose in the way he liked, he did not think they had a strategic roadmap and focus that was well understood, nor did they appear to have intimate knowledge of his business. These two areas of misfit caused Dixon some frustration, particularly within the context of refusals by the organisation to fund activities in areas he saw as opportunities for business growth. As the following passage indicates, though he recognised there was competition for the firm's limited funds, he still wondered to what extent the company valued his operation strategically, and whether or not the company even knew enough to manage his operation successfully.

So I would say that sometimes it's frustrating because of course every company wants to grow and every time we do our budgets . . . we'd be conservative. And frankly sometimes I am. But at the same time it's frustrating when we bring opportunities to the table to discuss and we just don't get where we need to be not because they don't believe it's the right thing or the right approach of

the right company. More often than not it's financial, numbers, there's a gap, and you can't bridge this gap, whatever it is. And to me, the gaps in terms of the bigger picture, from a corporate standpoint, is small. It's a small gap, we could easily do it, and so that's what I find frustrating. Sometimes I feel that I'm not getting the message across, sometimes I feel that they're not, either I'm not getting the message across, I can't deliver it, or they're not receiving it, they're not interested in receiving it in sometimes. There's an ongoing challenge that sometimes those things that you put forward as a way to go just doesn't happen, because it doesn't either meet that model they have or because I'm competing against other people, and the airplane is more important than other businesses, I'm not sure. . . . But I come back to saying that it's sometimes difficult for me to convey and for them to understand, I think, the day to day challenges.

*Peter Mitchell – Senior Vice President, Human Resources and Legal Services*

Peter Mitchell reported directly to the President of the company and had a staff of 10, two of whom reported directly to him. “A lot more” human resource and legal personnel within the firm’s autonomous divisions reported indirectly to him in dotted line relationships. He had responsibility for “human resources . . . insurance, general contractual business development matters, and then the legal stuff as well.”

Mitchell’s legal unit consisted of three lawyers, all of whom had business degrees. The unit’s work extended significantly beyond legal issues into business issues, and the volume and nature of the work that came in required a “triage” approach to dealing with the issues.

We're almost like a management consulting organisation; we have three lawyers which is a lot for a company this size. We all have business degrees . . . a lot of the stuff we deal with are not legal but more of a business issue. They'll come to us because there's a screw up someplace and they'll say “check that out.” So we go off and 9 times out of 10 it's a management issue. And so we do it by triage in that everything else being equal, we've got to prioritize in terms of who gets service first. You obviously take care of the Chairman of the Board, the President, then your executive VPs, number one...

Mitchell had a university business degree, as well as a law degree obtained in 1979. He practiced law briefly but “didn’t like it at all.” He worked for several large Southern Canadian enterprises in the real estate and marine sectors for about seven years. He joined Beta 16 years prior to the interview. A highlight of his early years with the firm was that he helped to negotiate significant discussions and key agreements for a joint venture to rebuild a hotel in Eastern Europe, then

... led and orchestrated and ran that whole bloody fight with the Sumerians leading up to the seizure of the aircraft which was based on my marine background in terms of how we seize that aircraft. It’s kind of an odd story but, to compress it ... in Marine law you can seize the cargo separate from a ship, or the bunkers which is the marine terminology for fuel. ... Once the aircraft is fuelled, you can’t take the fuel out and put it back into the big system because it’s considered to be contaminated. ... We seized the fuel, not the aircraft. We got the plane as a bonus because they just can’t get the fuel off the plane.

### *Assumptions*

*Uncertainty.* Mitchell saw uncertainty in the firm’s environment as a source of organisational problems as well as personal fun and excitement.

The uncertainty derived in part from the complexity of the firm’s operations, in terms of the number and types of businesses the firm was in. The firm got into many of the businesses in a fashion that was “kind of random” and so there was “no real pattern” in the diversity the businesses represented, other than perhaps being “kind of reflective” of the firm’s founder.

I think the diversity in the company may be why there is no real pattern, because the sectors are so different. On our website, it will give you a sense of, you know, we manufacture intravenous needle kits for premature infants in our plastic division. That same plastic division was created to manufacture floats on fishing nets, sold by our marine division now, but how the hell we got into intravenous needle kits is beyond me. Sumeria, it came from the relationship with Sumerian hotels ... You know, it’s all kind of reflective of [the founder],

it's a masterpiece. . . . But it's very, very diverse for its size, very diverse for its size. I mean we've got boundary operations that makes manhole covers, the steel things you see on the street on the sidewalk, look down on those little metal plates, you'll see Beta on them. There's a bit of a pattern but not much. It's kind of random.

Uncertainty also derived from an increase in dynamism represented by the firm's recent entry into the airlines industry. Along with a colleague, Mitchell had opposed the move because it would commit one quarter of the firm's operations to an industry he saw as being very unstable, when previously the firm had operated largely within stable industries. Nonetheless, the "golden rule" [he who makes the gold makes the rules] had prevailed and after a failed attempt, the firm appeared to succeeding this time around.

We had closings and realignments three times in the airline business. I feel like I'm being negative but I keep saying this was not strategic to take a relatively stable corporation to go off into a volatile, capital intensive, high risk, no real upside business and take it and end up with a business where 25 % of your operation is suddenly in that sector. Why would you do that? It doesn't make sense. We spent 25 years, 30 years, whatever, building this thing, and all of a sudden . . . I'm going to eat my shirt here, because conventional wisdom . . . would have said don't do it. Well, guess what? For all the wrong reasons, it appears to be succeeding this time. Now who knows? It's early. You know, airlines aren't born in a year. It takes two or three years to get stability, and sustainable profitability and all that stuff. But so far, it's performing radically differently from the first one in an environment that's more competitive.

For Mitchell, the firm's foray into the airline industry was "a testimony to the entrepreneurial mind," and a risk taking posture he feared would eventually get the firm in trouble.

As I have said to the guys here I think a million times, we're almost deliberately diving into these ponds and swimming to the other side. One of these times we're going to end up discovering we can't reach the other side, we're going to drown, and it's going to be deliberate. And that's [the founder], that's his view. He's a real, real, risk taker.

While Mitchell considered uncertainty problematic, he also seemed to recognise that it provided him and his legal team a prominent role within the firm as a gateway for sorting and resolving the issues that came up.

We're almost an extension of [the President's and CEO's] offices.

Anything significant that occurs I am involved with. I negotiate, I do all the significant due diligence development for acquired businesses; for M&A [merger and acquisition] activity, anything involving securities work.

If they don't get me involved in the front end, we're heavily involved in cleaning up afterwards.

As well, Mitchell appeared to find dealing with uncertainty "a lot of fun" and did not think he would like working as much in more predictable settings.

The airline business . . . is an exciting, romantic, challenging, complex business, which is a lot of fun, I got to tell you. It's very international. We have operations in Ireland, New Zealand, Italy, England, and so I've enjoyed a lot of it. I was involved in repossessing aircraft from Swissair. Nice little perk. I enjoyed it.

I don't think I'll like working in say a utility, like a telephone or power utility. Predictable, but I mean this is fun, even though it may not be healthy, it's fun doing stuff in China, Sumeria, Turgot, needle kits, and stuff. So it's crazy, it's fun, it's interesting.

*Rationality.* Mitchell appeared to see organisations as systems of people. Within the context of Beta, the ideal system had three characteristics. First, the system had to have good people because "you're only as good as the people you have working with you." Beta was a "complex operation, very, very complex," with "some very demanding sectors" and "If you don't have very good people, it can go to hell in a hand basket very quickly." In Mitchell's opinion, there was no place for insecurity in the hiring of people, particularly if one was concerned about delivering good quality.

I've gone off and deliberately hired the best people I could. . . . Some people in the company have tended to recruit weakness, I think because it was their background, they didn't have formal education, I don't know. They tended to

build a weaker group around them they can control or not feel threatened by. I really don't give a shit about being fired, quite frankly. . . . I don't know if anybody would ever hire me but I always tell myself that. I think it was the right strategy, because one of the reasons I've succeeded in this organisation is we are seen as being able to deliver good quality stuff.

Second, the system had to have good chemistry, and so the people one hired had to be team oriented. If they proved themselves otherwise, they should be terminated.

You have to be team oriented. Chemistry is very important. I had a human resources Director I terminated solely for chemistry reasons because he alienated all of the operational executives. And I've only terminated a couple of people in my business here, I don't do it very lightly. Competent person on paper, well qualified, that kind of thing, reasonable experience, but had great difficulty interfacing with people and working with them in a cooperative way, ended up alienating them to the point where HR was dysfunctional and was seen as a problem and all kinds of problems were coming out of that.

Third, the system had to be service oriented. In Mitchell's view, everybody in the firm had a client to serve: "You've got to clearly identify that. And I don't know if that's prostituting yourself or not, I don't know, but it's being sensible, I think." Once the client was identified, it was important to serve that client's needs. In the case of his legal organisation, he instilled a service orientation that focussed on maintaining the trust of intra firm clients.

Remember who your customer is. The lawyers that work for me, they're staff support. So I say "okay guys, we have proximity, we have power because of that. And we have knowledge which leads to power as well but we're going to alienate our client base which is all out in the field to the extent that they can't trust us." So if they call up and say, "I just dealt with kind of an embarrassing problem. Should I tell [the President]?" "No," I'd say, "I think we can sort this out, it's not that big a problem" and he knows I won't tell him. If it's a big problem, I'd tell him "You better tell him if it's a big problem," and I'll let them tell him. So they recognise I'm there to help them, I'm here for support, for assistance and advice, and then of course that opens up the relationship door, they trust you and they feed information in, and that's why we have three lawyers here for a relatively small company because they think it's value added. Most people, they don't like lawyers, that's the perspective. But we're service oriented; we try to help people out.

### *Preferences*

*Strategy-Structure Fit.* In terms of strategy-structure fit, Mitchell made a distinction between what he preferred for Beta as an organisation and what he preferred personally. For the organisation, he wanted a professional management approach in which there was greater alignment between strategy and structure than what he saw in the firm's entrepreneurial culture. Personally, he liked the autonomy that the currently loose alignment provided.

Although the firm had grown rapidly, Mitchell thought that further growth was being inhibited by the absence of professional practices in the firm. As a starting point, he wanted to document the policies and systems that resided in the mind of the firm's founder for distribution within the organisation.

I was telling [the founder], "You know you've been very successful, you're not going to be here forever. Let's take you and put you into a policy manual. It seems we don't like that kind of stuff but it's important because in the old days, people would thrive on proximity to you, the interaction which is interesting because you're such a sparkly, interesting entrepreneur and that goes a long way toward motivation and buy in. But when you get big, how is the guy in Sumeria going to relate to you? You're going to have to have some clear rules, or you're going to lose control of this thing. We get to a certain size and we fragment." So there's a need to do that, for sure, in the company.

For Mitchell, a professional approach would provide the firm with a clear strategic focus and decision criteria that would prevent "moving far a field the limits of [our] expertise." As an example, Mitchell questioned why the firm was in the business of manufacturing steel manhole covers: "...that division only makes a million dollars a year in sales, so why the hell bother with it? What is the focus?"

A professional approach would have process controls that would prevent the occurrence of fundamental errors. As an example, he cited a situation from over a

decade earlier in which the company lost millions of dollars in engineering work towards an aircraft that was 18 inches shorter than what the client had contracted for. In his view, the mistake was made because Beta was

. . . an entrepreneurial organisation, very reactionary, we are not a project management, process oriented company. . . . It's a function of fast growth, entrepreneurial culture, autonomous, lack of emphasis on process, that's in part what probably led to that, because if a proper process had been there, there would be protocol. To sign off on an RFP [request for proposal], it would have to go to the VP Engineering, and the VP of contracts and this person and that person, departments to make sure that you get the inputs from all of the staff functions that you need for quoting on a position, that wasn't there. To this day, it's sort of here, sort of not.

Finally, a professional approach would have evaluation processes that were tied to performance. Mitchell did not see "a lot of correlation between performance and compensation" at the company and considered performance evaluation a "pet peeve."

I haven't been evaluated in writing since . . . ever. I don't care. But it's not good, really. No feedback, no controls, no accountability. Bonuses are a function of the financial performance of the company. There is a formula, reflects primarily . . . heavily weighted on financial performance, personal goals and objectives. That's for senior management, so it's a little bit objective there. The rest of it's pretty darn arbitrary, pretty much like bang, this is your bonus, this is your raise. And again, driven very heavily from the corner office, from [the founder]. So again, it's an entrepreneurial kind of culture.

Having said all that, from a personal standpoint Mitchell was not unhappy about the loose strategy-structure alignment at the firm. In fact, he appreciated the autonomy the present entrepreneurial system provided.

I'm speaking personally; I do it because I love the autonomy. I don't get bothered by anybody. I don't get measured. I get to make decisions that involve a lot of money, but okay, whatever, which is fine. I like that. But it's not necessarily good for the organisation.

*Strategy-Structure Sequence.* Mitchell did not appear to have a primacy preference between strategy and structure. In some interview segments, Mitchell appeared to consider strategy as the overriding concern. An example is his opposition to the firm's entry into the airline business. He opposed the move because he saw the theme in the firm's corporate strategy as involvement in businesses that were relatively more stable than the airline business. A second example is his view of the firm's continuing involvement in the business of manufacturing manhole covers as an indicator of the firm's lack of focus, and the suggestion that the firm should not bother with it in spite of the historical roots of the involvement. As a third example, Mitchell characterized a decision to build a large hangar in Montreal as a poor decision on strategic grounds. The hangar had been built to house "repair and overhaul of aircraft and working on aircraft engines, different odds and sods" that were remnants of a "jet completion business" the company had just sold to Bombardier. In Mitchell's opinion, the decision was poor because it was not accompanied by a strategy for filling the hangar but rather a misplaced hope that "you build it and businesses would come."

Why, is beyond me, it wasn't my decision, but again, it was not a good decision because what we did was build a great big monstrosity of a hanger, which would have been required if we had stayed in the completion business, because you needed the hanger to complete the aircraft, but we just sold it. But we built this big hangar anyway. I think it was sort of like a field of dreams. You build it and businesses would come. Well, ever since then we've been trying to fill it. The business is doing okay, but is not nearly as profitable as it could have been if we hadn't built it. That was a mistake, that decision.

On the other side, Mitchell used the decision to enter the airlines industry also as an example of the importance of structural considerations. In Mitchell's view, Beta's structure did not house the "systematic, process oriented, analytical" capability needed

to operate within the industry. Airlines were for “strategic, proactive, managers. We aren’t. We’re good at being reactive, but stay the hell out of that business because that skill set does not mesh.” Similarly, Mitchell saw one of the causes of the aircraft engineering disaster discussed earlier as “moving far a field of the limits of [the firm’s] expertise, without supporting systems and process to protect itself...and it got burnt a little.” In both of these cases and also in the decision to construct a hangar whose construction he saw as a mistake, Mitchell saw fault in the existing entrepreneurial structure that gave managers the ability to make very significant decisions in relative isolation and without due analytical process.

*Organisational Decision-Making Mode.* Mitchell had a preference for both a collaborative and scientific approach to decision-making.

Mitchell considered himself “an inclusive kind of guy” and “part of the team.” As the following passages reveal, he liked to include his subordinates in the decision process, delegate a lot, “talk constantly so I know what’s going on, [and] allow them to have a profile.”

I’m an inclusive kind of guy. I involve my subordinates in decision-making, try to make decisions as a team. I try to delegate as much decision-making capacity I can to them, let them make the decisions and let them take the responsibility for the decisions, just sort of manage it. If I’m with them on it, then I’ll support them. I’ll never ever cut them adrift.

I think you sort of assess people, if they got the capability let them go. Give them some broad framework and . . . we talk constantly so I know what’s going on so it works well.

I will allow them to have a profile. If they’re going to be working on something, I’ll give complete visibility to [the President or CEO] in all of their decisions if there’s an analysis that’s got to be done, whatever, and if I don’t do it, I want to see it, and I want to be copied on it, because things have to sound

right to me, but I will take their memo unchanged and then send it off as “This is what they’ve done, I’ve reviewed it and I agree with it.”

I’m not much of an executive because I will work, but I do want to work, just because I think I should shovel coal like I expect them to shovel coal. You should be in there with your people, working with them, and giving them support, you’re all part of the team.

Mitchell believed that the collaborative style he preferred was appropriate particularly to his legal team because “lawyers are a little bit difficult to manage at the best of times.” He also recognised that other decision approaches may be appropriate in other parts of the firm because the organisation was a “very, very eclectic mix of business” that “requires a lot of different styles.”

In addition to preferring collaboration, Mitchell advocated a more systematic approach to decision-making at the firm. The firm had succeeded largely on the back of a “one man band” who did “not believe in policies and procedures, [and] process.”

Mitchell acknowledged the strength of the entrepreneurial approach as the ability to

[make] decisions very quickly . . . change direction very quickly. The Turgotian tracker disaster, other companies wouldn’t have gotten out of it quickly. We did. The decision was made. This is a problem. Get the hell out of this, and it was done.

However, in Mitchell’s opinion, the firm was of a size where disciplined analysis was needed to preserve control and move forward. He considered going public a good idea because it “would allow us to grow, it would give us more rigor, it would give us more of a third party kind of objectivity to the whole process, make us more systematic, more process oriented.” At the least, Mitchell wanted to impose proper analysis and documentation in the firm’s decision processes.

And going forward . . . it will be more systematic, people who are thorough, more process oriented are becoming more important because we are starting to build, we’re maturing as an organisation. So I would put more emphasis on

proper analysis. Don't come to me, tell me verbally what you want. Write me a memo, document it, analyse it. I'll take a look at it, I'll think about it, then I'll talk and we'll make a decision together, or I'll make it or whatever. Whereas in the past, whoever ran in first, that kind of thing, which wasn't necessarily the right thing to do. That's how mistakes got made.

### *Person-Organisation Fit*

Mitchell had an apparent love-hate relationship with the organisation at the time of the interview. He had grown with the firm. He liked the autonomy he was provided. He seemed to enjoy his role as a triage manager of significant decisions. His growth and personal enjoyment were rooted in the firm's entrepreneurial practices.

However, he appeared to feel strongly that it was time for the organisation to move on from its entrepreneurial roots. Specifically, he thought the organisation needed tighter alignment between strategy and structure. He thought the firm needed to formalize linkages that spanned the firm's strategic focus, structural capabilities, and performance evaluation systems. He thought the firm needed a more systematic and formal approach for making decisions.

In effect, he appeared to be happy with the past but anticipated being unhappy in the future unless certain corrective actions were taken. Perhaps he saw his unit near the point of being unable to cope with the mass of issues that he saw growing exponentially as the firm had grown and become more and more diverse. Thus, he advocated greater focus and control over the firm's operations. However, while he appeared to believe in the idea of professionalizing the firm, I doubt he meant doing so at the expense of the

autonomy he preferred and the role as triage manager of significant issues he seemed to enjoy.

*Ian Price – President*

Ian Price was the President of the Beta International, a position he was promoted to six years prior to the interview. He was responsible for the overall success of the firm's activities in four "core businesses" that were about equivalent in size. The businesses included "our regional airline called South Air," a "repair and overhaul business of military aircraft for the Canadian, U.S., and Egyptian air forces", an "aviation group of companies" that offered a full range of repair, maintenance, operating, and support services for airlines and corporate aircraft, and an "enterprise core group" of companies that comprised marine supply, foundry and other manufacturing, and medical and dental supply businesses. Thus, the firm had a "good distribution of various businesses, from manufacturing to merchandising, to retailing, to services," and traded "internationally and globally." The firm had annual revenues of about \$440 million, employed 3,000 individuals, and dealt with "about 10 unions." As Price recalled, the firm had only experienced one strike in its history, and of "something like 20 VP's in the company," average employment was "probably 16 or 17 years."

Price had seven direct subordinates that included the chief operating officers of each of the firm's core businesses as well as the chief information officer, chief legal officer, and chief financial officer. He reported to the firm's founder and "still . . . very

active” CEO. The CEO, who had been “an excellent mentor,” had also been the company President for 30 years prior to handing the role to Price.

Price had a university science degree and graduated MBA in 1978 with a major in international business and minor in marketing. He had joined Beta a week after graduation, and had stayed with the firm for the next 26 years.

I started out in my career at Beta as Executive Assistant to the then President and CEO . . . . for two years and then an offer for an operations job at the airport in our . . . fledgling general aviation division at that point in time. We had small aircraft we chartered, we were refuelling airplanes, handling executive jets at that time. And then over a period of time I grew within the organisation to take responsibility for more of the general aviation businesses. I took over the industrial division at Albany Industrial Park which included manufacturing assets and continued service of industrial clients. Then I latched on to the Sumerian connection in early 1980 and was the first Beta person to go to there. And I was heavily involved with the Sumerians negotiating fuel, handling contracts and became the owner’s representative when we were building a hotel in Sumeria, over a two year period as the hotel was built. And then was relocated to Montreal in ’91 and I lived there for seven years running all of our business aviation companies. That was a big hunk of the company at that time, about 35%. And then in ’97 I came back to Albany where [the CEO] appointed me the company President. He gave up that title and remains as CEO. And over those years, 26 years, the company’s grown.

### *Assumptions*

*Uncertainty.* In comparing himself to the firm’s founder, Price stated that “he might be more of the risk taker than I am.” While that may be the case, a past personal decision and his perspective on the firm’s South Air’s business indicate a view of uncertainty more as a source of opportunity rather than problems. The personal decision came midway through his career when he was asked by the firm’s founder to relocate his whole family from Albany to Montreal to manage “all of the firm’s aviation

business.” At the time there was a “big cultural issue . . . . a big challenge” within the unit that had to be dealt with.

A couple of years before that we had acquired two aviation companies in Montreal, both competitors of each other. And one had a client list that was blue collar and one had a client list that was white collar and operating philosophies and business processes were diametrically opposed. And each thought that their way of doing business was better than the other. And all of a sudden I had to merge these two companies, and create one new entity with a new Beta culture and so there [were] a lot of issues.

Meantime, Price had children in school, and his wife had a career at a local university. So it was a big decision “to relocate away from Albany where my children were born, where I’d grown up and where my wife was working.”

Though it was a big decision, Price had accepted the offer immediately: “To be honest with you, I didn’t hesitate. I said: ‘Sure. I’m ready to go.’ And so we moved lock, stock and barrel and we moved to Montreal.” He had recognised the issues that had to be dealt with at the new location, but also saw that the new job would provide him with his “first VP tile in the company” and first “very large operational business unit” he would have full control over. In addition, he wanted “to prove that operationally I could run companies and grow bottom line, and supervise a large number of people and diverse number of operations.”

Price believed he “stood well” in proving himself. In doing so, it took a year and a half to get things settled, including having to make

. . . senior staff changes. I had to make very quick and radical changes. It wasn’t death by a thousand drops, I meant. I had to get rid of some Vice Presidents and I did it very quickly. So when you make change, I find that you have to make an order of magnitude change in a short period of time.

Similarly, Price appeared to take an opportunity focussed perspective in dealing with the uncertainty surrounding the firm's entry into the airline industry. Before South Air, "for 35 years of our 38 year history," the firm had "always been dealing with business to business, business to government" The decision to enter the airline industry was "quite a change."

For the first time, in the airline, now we have to deal with moms and dads, and aunts and uncles, and students, and private sale airline seats. So there's a whole new emphasis on how to create awareness for the business, a whole new issue on how much to spend on advertising, and all that goes with that. So that was a big cultural change for the company to chow down on, dealing with end-users. The rest of the business units tend to have fairly small markets, customers, because we are very specialized in what you do . . . I meant, in our business aviation unit, we might have a potential pool of 300-400 customers, practically speaking. In our military, we have four or five customers, full stop. But these are normally large companies we're dealing with, governments or large institutions, and it's pretty similar.

In addition, other than South Air, the firm was a "dominant provider of goods and services. . . . number one or number two in our industry in what we do, because the number threes and the number fours don't generally last very long." However, the airline industry was "a very competitive market place" in which "the biggest thing is massive advertising and dropping [fares] to see where the elasticity of demand bottoms out in the market."

In spite of the industry's competitiveness and the firm's historical inexperience in dealing with end consumers, Price appeared upbeat and focussed on developing opportunities so the firm could achieve its goal "to lead rather than follow." As examples of this posture, the firm had been "the very first discount airline to provide discounted seats in Central and Southern Canada" though "three or four others have joined the fray," and was currently experimenting with "whether or not you can

stimulate travelers who would otherwise not have flown by air, so called couch potatoes, that kind of thing.”

*Rationality.* Price appeared to see the organisation as equally a system of tasks as it was of relationships among people. For Price, The ultimate task was to increase shareholder value year after year. In order to do that, the firm had to grow either organically or through acquisitions, generate cash continually, and have healthy bottom line profits. The firm had secondary goals such as being a good corporate citizen, and job creation “where it makes sense.”

We're a private company, so shareholder value must increase year after year. That's a measure of financial success. Cash must continually be generated throughout the organisation; certainly growth is a big part of it, but primarily growth and cash and bottom line. I meant, just a focus on increased sales and revenue without an attributable effect on your bottom line is not what people want. And a lot of companies spend too much time concentrating on revenue growth without cost control and profit growth and cash generation. So certainly we have an economic motive to succeed, and that's on cash generation and shareholder value being increased year after year. And then you have the second-tier objectives, normally, you know. You want to be a good corporate citizen, you want to create jobs where it makes sense, but I don't lie awake thinking how I can create another 10,000 jobs. And our growth, we continue to try to grow internally through organic growth, diversify our product lines, identifying new geographic products and markets, or through external growth through acquisitions.

On the people side, Price thought that relationships at the firm were like those of a family, particularly for the members of upper management who on a frequent basis had to “rapidly communicate facts and understand where all the bits and pieces are going.” He thought that “most employees when we talk to them . . . really like working for Beta, it's like a family. And that feels good when you hear that. That's not a bad thing.” Like a family, relationships at the firm tended to be informal and Price was

keenly aware that this was not for everybody. Most senior managers the firm had lost had not been fired. Rather, “they leave on their own because we sort of have an informal way in the company. It's hard to describe but people that don't seem to be able to fit in just exit on their own.”

In dealing with employees, Price took the approach that “we like to work hard in the company, that's first and foremost, but we like to play hard too.” Further, he wanted “money not to be their motivating factor” and took the view that “of course the extreme reward is that you get to keep your job.” He was serious in making this comment, having a preference for people who found motivation and enjoyment in the job itself.

We want people to get up in the morning wanting to come to work because they want to come to work, there is interesting stuff to do, and there is stuff they didn't get done yesterday, and they know there is stuff that they have to do for tomorrow and the next day and the next month. That's what we try to get, we try to have a lot of job satisfaction.

Price considered managing people extremely important, though often underestimated in value. In his role as President, dealing with “the softer issues” of “motivating people, retaining skilled staff, and directing people” occupied most of his time.

Don't underestimate the importance [of] the softer issues. I mean, I assume every MBA graduate understands debit and credit, channels of distribution, lowest unit cost in the OR courses. . . . But it's surprising to me how often kids underestimate the importance of organisational behaviour classes for instance, organisational change. I meant, the people and human dynamics take up most of my time; because most of my time is spent motivating people, retaining skilled staff, and directing people. But it's people things. And I crave sometimes for getting across the table from a customer trying to negotiate a deal. I do that from time to time, but not as much as I'd like. But the young MBA grads today have to understand the humanistic side of business. Human behaviour, the psychology of people, it's unbelievable.

*Preferences*

*Strategy-Structure Fit.* Price had a preference for a loose strategy-structure alignment in which “we never lose sight of the overall strategic objectives which is to grow the company profitably, in an orderly fashion, and to never take your eyes off the balance sheet.” Within the framework of this focus, the firm maintained practices that provided the firm with the flexibility needed to make adjustments in pursuit of the focus.

First, the firm operated a “very flat organisation” that allowed “each of our Chief Operating Officers to run their core businesses as if it were their own company.” At the same time, he displayed the attitude that “we’re all here to help everyone” and adhered to “the policy that two heads are better than one.” As such, he encouraged managers to consult with other managers when they were unsure in which direction to go.

Second, “rapid communication of facts” was considered important, and so “we have pretty well an open-door policy. From the chairman’s to the president’s office, we’re normally a phone call away. If people need us on the weekends, we talk.” Regular meetings took place and meeting minutes were “circulated around for everyone to see.” The firm also maintained “good communication with our employees with newsletters in each of our core business units, [and] the company has an overall newsletter.”

Third, hiring and selection practices considered the mobility of the person important, not only in a geographic sense, but also in terms of having generalist

attitudes and skill sets that allowed movement as required within the firm's "matrix type organisation."

In senior positions, we're really looking for generalists [though] in certain sectors, we like to have industry experience too. . . . I like to know if they are mobile, because that's important being a big company with a wide breadth of operations geographically. And I always look for people that might have complementary skill sets that might be nurtured or honed over a three or four year period. I may be moved elsewhere in the matrix type organisation. I just don't want people that are going to be lifetime accountants. If someone had some operational experience or I detected some operational interest, then I may end up taking, you know, a certified accountant that maybe had some operational experience and put them in an operational role three or four years from now. In the meantime I might fit them into an accounting job or controller's job somewhere to sort of check them out, see how they do.

Fourth, having two individuals occupying the positions of company CEO and President provided flexibility in drawing on complementary skill sets at the top of the organisation. Price thought that he and the CEO were "quite different but . . . quite similar too," in that "I'm a little more laid-back, I'm a little more casual, a little more outgoing, but I think we both have a good balance of firmness and fairness at the end of the day." He also thought they had complementary skill sets that "created some balance" within the firm: "He's more entrepreneurial, because he is an entrepreneur. He might be more of the risk taker than I am as an example." All told, Price believed that together he and the CEO combined for "a good example of sort of one plus one has equalled three."

*Strategy-Structure Sequence.* Price expressed a preference for a more prominent role for strategy in the future of the firm. The firm had been successful in achieving wealth creation. It had "quite a good track record" of internal growth and growth by

acquisition. Internal “organic growth” had allowed the firm to diversify products and geographic coverage of markets. Over the years, the firm was successful in buying “companies that have been distressed,” putting “some common sense management in place,” and then growing the businesses to create wealth. Price attributed “synergies with what we do with the other parts of the company” also as “a big part of our success.”

In the past, the firm had been “sort of anal about . . . tactical planning” in which the organisation would “live or die by next year’s business plan.” The flat organisation structure that allowed rapid communication to take place and provided the needed flexibilities situations demanded had done the rest in obtaining success. However, Price gave the impression that the company’s capabilities were being stretched, and that it was time to develop a strategy that would guide the company’s tactics and practices well into the future.

Over the years, we’ve been sort of anal about our tactical planning. We live or die by next year’s business plan. And the firm is growing to the extent that we have to be more strategic, we have to think and worry and wonder what we’re going to be looking like three to five years from now, and what are the main drivers in the marketplace that are going to prevent strategic growth or diversification. We have to sort of stop, take a breath, and think more strategically than we have in the past.

Price felt that the strategy had to be consciously formulated, and required a champion “change agent” who would come “from senior executives in the company” and who would “continually communicate guidance” in the future.

And so the firm had begun having formal strategy sessions that he hoped would enable the firm to agree on “how we will run our businesses three to five years from

now,” and deal with “the whole issue of like, succession management and succession planning,” which Price considered extremely important.

He thought that the strategy as developed in the future did not preclude a change of structure that would allow greater participation in senior management by more non-family members. Though he was presently the only non family member at the very top of the firm, he considered himself as an example of the firm’s willingness for change in the matter.

It’s a privately owned company. [The founder’s] children are involved in the company, they all report to me directly in senior positions. I take solace in the fact that he has separated management from ownership in the equation to some extent. That’s why I’m here. And as soon as someone can do the job better than me, they can have the job. Everyone in this company, all 3,000 employees should aspire to take my job away from me. That’s what they should strive for and it doesn’t necessarily mean that you have to be part of the ownership group to aspire to that. I’m an example of that, for instance. I was just an employee of the company.

*Organisational Decision-Making Mode.* Price appeared to prefer a decision-making approach in which decisions were made collaboratively, but also in a timely manner. As indicated earlier, he believed that “two heads are better than one,” and encouraged rapid communication among his management team to discuss situations in which the manager was unsure in which direction to go.

Price’s concept of collaboration bordered on consensus decision-making. Within his management group, he encouraged discussion when individuals tried to “ram a decision through.”

At the senior levels when someone tries to ram a decision through, a bunch of us will jump on that individual. We’ll just say, “No, that’s not right. There are other options. Did you explore this? There may be some intangible benefit by

backing off or by sliding this decision to another option.” So I meant, that’s how it is. Someone will say, “This is what I want to do” and we’ll say, “No.”

This preference did not mean that Price was unwilling to make a decision when he believed it was time to do so. However, he expected and got people who tried time and again to get him to reverse the decision. He did not mind, because in his view, it was important for decisions to be right, and it was always possible that the decision he had made was wrong.

Sometimes I have to sort of come down and say, “This is the way I want to do it. Forget it. This is the way we’re going to do it. Someone’s going to have to make a decision.” And I’ve had them say, “I’ll come back a second or third time” to try and get me to change my mind. And it’s only human nature [that] a lot of people don’t want to have their minds changed. They don’t want to lose face. But the recognition of that human weakness is a step in the right direction because sometimes the second or third opinion really is the right opinion because when you step back and think about it and allow yourself to move away from “Gee, I’ve got to change my mind and reverse myself again,” there’s no shame in reversing yourself. That’s what consensus building is about. And so I appreciate that about my management group that they’re doing it to me. They feel comfortable while they’re doing it too, and they don’t give up, because it may be the right decision.

There are two caveats to the assessment that Price preferred collaboration as a decision style. First, he did not impose that preference on his subordinates’ dealings with their employees in part because “no two people are the same. . . . Everyone hangs out at some end of the continuum of leadership style. . . . And I can see that kind of leadership continuum in all the senior management.” As well, he thought the members of his management team were each “effective in their own right,” had “complementary skills sets to each other,” and “the big thing is, we all get along.”

The second caveat is that although Price appeared to prefer collaboration as a general rule, he was quite firm in the belief that the right decision style was situation

specific: “There’s times to be task specific or people specific, and you need a blend” of abilities. In fact, he tried to get his managers in the firm “to sort of understand that it’s okay to move up and down that continuum.”

I see a whole continuum of leadership styles in the company and there's no right style. I meant, that it's all situational specific. There are times where you have to be autocratic; there are times when you have to be laissez-faire. Most often you are moving up-and-down that continuum depending on what the situation is of the day. But we do have managers that tend to hang out at the autocratic end. We have managers that hang out at the laissez-faire end, and my job is to get them to sort of understand that it's okay to move up and down that continuum.

#### *Person-Organisation Fit*

Price appeared satisfied with his situation at Beta. He was President of a successful, large and growing organisation. His preference for a loose configuration was in practice at the firm. Though the firm’s rapid growth was taxing the organisation’s family based structure, steps were being taken to crystallize a strategy that would provide a framework for structural alignment in the future. Finally, his preference for collaboration was in practice within the top management team he was the leader of.

#### *Paul Sharpe – Senior Vice President, Information Technology*

Paul Sharpe considered himself “wearing too many hats at the moment.” He had two official titles. First, he was Senior Vice President and Chief Information Officer at Beta International. Within that role, he was the member of the Beta’s Executive Committee who looked after the technology side of the business. Second, he was Senior Vice President and Chief Operating Officer at Beta Consulting, “the person that’s

generally responsible for the overall operations” of an autonomous division that sold technology services in the open market. In addition, he was responsible for the company’s call centre, which the firm was “trying to commercialize as well.” He had four direct reports within Beta International and three within Beta Consulting, and was responsible for the activities of about 100 people, “including dotted line” relationships.

Beta Consulting had been Sharpe’s brainchild. It provided “a split of products and consulting services” required to maintain an organisation’s IT infrastructure. Started three years earlier, division revenues were about \$20 million and growing, with 10% coming from within the firm. Sharpe thought that starting the Beta Consulting “help[ed] everyone see that there’s value within an IT organisation, and that other companies were willing to pay for it.”

Having an IT company that’s growing revenues – I tell you, every couple of years when you’re running a cost center, you have to come up and do a justification as to why you’re here, the reason you’re spending this much here. That question hasn’t come since I started this company.

Sharpe was 44 years old and had lived in Timor Province all that time. After receiving a university science degree and engineering certificate, he went to a technical university and graduated in industrial engineering. He worked a summer job in Ontario and a year with a company in Timor Province before joining Beta “with the intention of staying two years.” Sharpe was presently in his 20<sup>th</sup> year with the firm. His appointment to Senior Vice President was recent. He believed some in the organisation felt he was too young for the title. However, having joined the company at a very young age and coming up through the ranks, he believed he had paid his dues. Besides, he believed that the company’s founder, who was still active in the business, trusted his judgment.

*Assumptions*

*Uncertainty.* Sharpe's history at Beta demonstrates a view of uncertainty as a source of opportunities. During his early years, Sharpe was assigned jobs for which he "thought they read the wrong resume. [They] kept putting me in things that I was questioning whether I was the right person to be in." Yet he found the experience "interesting and dynamic," and appeared to thrive.

So I came in initially to be part of a project team that was developing software for air defence with Beta International companies. . . . I was here a couple of days and initially I thought they read the wrong resume, because they kept putting me in things that I was questioning whether I was the right person to be in but it all worked out for the best. I ended up leading the project within two weeks. So I ended up with a team of 12 people working for me instead of me working for the team. I got involved with a lot of different things, directly with [the founder] and the president of the company that I worked with. It was interesting and dynamic.

Later, as Beta's regulatory environment became less predictable and competition became greater, Sharpe characterized the situation as providing "incentives for us to get better." He began applying his IT knowledge to improve organisational productivity. For example, he was "supporting the MRP (Materials Resource Planning) operation when [some] were still having trouble implementing on inventory."

The competition generally has changed. If we look at air defence, air defence development was cost-plus before. . . . And if they actually made a mistake back then, the government would pay them to fix it. . . . I think before you just had to manage the budget. Where now, it's much better for everybody, from a customer standpoint is well, everyone is more accountable if it's done properly. . . . You're supposed to negotiate, you're supposed to get paid for the work you do. . . . On some of the contracts, there's incentives for us to get better and we can make more money. That's the way it should be done. . . . In the other industries as well, there's just more people in it, they're just doing it smarter and differently and you get changes.

The timing of the establishment of Beta Consulting in 2000 further demonstrated an opportunistic view of uncertainty. The technology bubble was in the

process of bursting, creating change and uncertainty all around. Seeing a decline in the cost of entry into IT integration, Sharpe started the firm.

You look at it from a manufacturer standpoint, Digital Equipment was bought by Compaq, Compaq was bought by HP, and if you look at the value added resellers that are here in the last three years, when we first started, GE Capital was a huge player, Alpha Consulting was growing and unbeatable, there were a couple of others, Next Innovation was another one that was here. Now GE Capital has three employees, two of whom aren't working – they're not chargeable at the moment. Next Innovation has one person, two people here in Albany, they were big players. Alpha Consulting went for sale and they couldn't sell it.

Now fortunately for us, we probably started in a downturn market, so we built our costs accordingly, and we've grown to 30 people here and another 8 in Ottawa in the last couple of years.

The compensation system Sharpe designed for Beta Consulting reflected his opportunistic view of uncertainty. Instead of paying his key people a stable salary based on market value, he went with a small base salary with targets that when achieved made the employee more money than even the most senior managers at the firm. Thus, the system provided employees the opportunity to exceed normal salaries, but only if they performed under conditions of greater uncertainty. Sharpe recalled the firm's founder being initially opposed to the idea, and defended the concept as follows.

And I said "I believe you'd like to pay someone \$50,000 to run your marine division. Well, I'd like to pay them about \$250,000 after I paid them a \$30,000 base. And I'd have targets, and they'd have to meet them. And I'd really encourage them to grow, and if they were making above a certain amount, and they were making that kind of money, we can make huge money."

I'm just saying that we're different from any internal IT organisation. If somebody wants to be an internal analyst, or want to do this, here's the salary range, and pay market value. Well, it's different for us. It's high risk. . . . We live and die by the numbers. They're really how you motivate and the way you build those businesses is a lot different.

Finally, having established Beta Consulting, he continued to see numerous opportunities for partnering with other organisations and Beta divisions in areas that had not been exploited before.

Going forward, there's huge, huge, opportunities, within the IT side, just coordinating and stuff, we've talked about MRP, coordinating the parts for the aircraft, ensuring they're here on time, all the infrastructure that's required to do those things helped us. . . . So we've had people in the UK working on different helicopter proposals. We just won a little project here looking after a team of ground force community search helicopters. So we'll look after the infrastructure for them. It gives air defence chargeable engineering bodies to run a piece of the work that they couldn't have done before. And in the meantime we end up with four bodies, five bodies, that look after the infrastructure and just some other data management work for DND that DND could not do cost effectively before. So there's some real potential areas we can grow in.

*Rationality.* For Sharpe, the organisation appeared as a system of people that required navigation. He realised that the company's goals were ultimately economic: "It's truly about the numbers. All the rest of it, we'll make it great, but there's pieces you have to have." He also realised that people had multiple goals, some of which potentially conflicted with organisational goals: "There's different times when you see people that are doing their own thing, and it's too much about themselves." He believed in weeding out such people, and very recently let go of a subordinate who did "a lot of playing people off against one another."

For Sharpe, successful organisations had effective people. Within Beta's context, individual effectiveness required having interests and capabilities that coincided with the firm's activities, knowing "how to work stuff through" the system,

being seen as a hard worker, and being trusted by superiors for judgment that favoured “what’s best for the organisation.”

They’d have to find something they like to do. And as time goes on they have to have a certain attitude to begin with if they’re going to be successful. They’d have to bring something to the table, so they have to be smart enough. I think they have to be very good with people, that skill. And if they really want to try to get ahead they have to figure out how to work stuff through. And it’s not, you have to be honest and all, so it’s not tricking people, and unfortunately not everyone’s going to have it. You have to work hard, you have to do a good job and you have to be thinking about what’s best for the company. There’s different times when you see people that are doing their own thing, and it’s too much about themselves, but if you work hard and you got it – you’ve got to have it – you’ll get recognised. . . . If you take an interest in something here and you really do work hard at it, they’ll notice. . . . People will see and they’ll have faith in you and they’ll let you go. That’s been my experience, I do it as well. I have people that I know will get the job done and I’ll let them go and let them do their thing. And if they can’t, they’ll just never get there, I guess that’s the reality. . . . You work hard and as long as you try to do the right thing for the company.

Sharpe discussed a situation that supports the conclusion he viewed the organisation as a system of people that required navigation. A colleague in the firm’s air defence division wanted to implement a Materials Resource Program in the facility to address severe bottlenecks in the manufacturing process. Unfortunately, this colleague did not have the support of his superior who “just really wasn’t a technology person at all.” As such, the colleague had to work “very, very hard” to sell the idea. According to Sharpe, when the individual was new in the organisation, he had been “pretty rough . . . almost offensive, and he couldn’t believe other people couldn’t see what he saw.” But over time, he learned from “the rest of us that were probably softer around the edges, or knew how to work the system maybe a little bit better.” Still, this colleague initially tried to sell the idea based on the numbers because as Sharpe saw it, “he truly is, you know, you can’t measure it, you can’t manage it. That is his mindset and . . . probably

manages tighter than any other manager as far as scales and numbers and charts.” Fortunately, he “also saw . . . along the way that his methods weren’t necessarily going to work.” So he enlisted the support of “lots of champions internally” in different areas of the firm and had them “pushing levers in different ways.” As an example, Sharpe recalled: “he suggested me taking his boss, and his boss’ boss to Boston to one of these seminars.” Sharpe concluded that “he was smart enough to see at different times that this is what’s required.” The project was eventually approved and implemented, and the unit was “now considered one of the best deliverers of the industry.”

### *Preferences*

*Strategy-Structure Fit.* Sharpe preferred a loose strategy-structure configuration that was focussed on achieving organisation goals. He appeared to recognise that some types of units, such as manufacturing, required tighter alignments than other units, such as professional service providers. However, within these contexts, Sharpe still saw managers as having the option to manage tightly or loosely, and he preferred the latter approach. He recognised and was happy to see “how the management has changed, and had to change as the knowledge worker came in” at Beta, and thought the change was “better for everybody.”

I think it really depends on the manager, it really depends on him. In air defence under the previous manager, I would say the air defence Director was very much “Here’s the procedures, and don’t dare step outside of them.” Having said that, I think every now and then the person recognised the people and let them do certain things . . . it’s not the military and . . . it truly depends. In air defence that [the current manager] is running right now, there’s probably lots of rules there too. There’s still expectations that you’re going to do certain things, because he measures everything, and there’s a lot of stuff that happens that way. Within the technology company, we’re bullet proof as long as you make

the numbers. That's the reality of business. So people have numbers and they have things that have to be met, and we monitor to that extent, but you can't be . . . . [militaristic] probably in a more professional service organisation.

But over the years, you can see how the management has changed, and had to change as the knowledge worker came in. . . . We've always talked about ourselves being flat . . . but there were different times when you saw people being more dictatorial. . . . I think that has changed over the years. And I think it just made it better I think for everybody.

For Sharpe, the key to managing was to "hire the best, pay them very well," delegate, and then provide incentives that kept people focussed on company objectives. This is what he did at Beta Consulting.

If we want to be in Tasman Province, then hire the best, pay them very well, and grow the business.

We hire the best people in the industry. That's what we do in the Beta International, Beta Consulting, they're the best. It goes back to, there is no money spared, not that we overpay, but we went out and looked for the best.

Within Beta Consulting we actually give them [good base salaries] and also, each person, they have within their salaries lots of incentives. Meeting the numbers is very important, and as time goes on customer attention and all these things will be important too. So we just keep building up the matrix and they get better all around.

Sharpe thought that he "probably delegate[d] to a fault and it's probably not considered delegation if you're not following up as tightly as you should," but he seemed content enough with the results of his approach.

*Strategy-Structure Sequence.* In the relationship between strategy and structure, Sharpe appeared to consider strategy as having primary importance.

Sharpe had proposed establishing Beta Consulting within the context of practices that had, over the years, become embedded within Beta's structure. He submitted a business plan to the firm's President, but also to the firm's founder who had to agree with it: "If he didn't agree with it there was no point in going further." He

recalled: “It went back and forth . . . that was a struggle. I’d be lying if I said that was not a struggle.” It had come down to “the pay, the low margins, and how do you make it work?” Essentially he was proposing a customer relationship centred strategy that would require a compensation scheme that differed from past practice.

And that’s a little different than running a maintenance facility in aircraft, where Beta owns the aircraft, or an airline where we can invest hundreds of millions of dollars in aircraft. . . . You earn a good salary for doing what you bring to the table. The difference here is in the technology world, in a lot of these – it’s true the whole value of the company goes up and down the elevator. And those people own customer relationships and you have to reward them accordingly.

His vision for the new company was to be “real,” a stand alone entity independent of the parent company. He did not want Beta Consulting to commit the same mistake he believed Alpha Consulting had made. By having Alpha to rely on for most of its business, Alpha Consulting became an extension of the parent company’s structure and failed to develop an understanding of the open market that would allow it to compete.

Beta Consulting stands on its own. Alpha Consulting was a creation of outsourcing their internal IT. So they actually took 500 people in Tasman Province, or whatever the number was, they took them out to Alpha Consulting and marked it up and gave Alpha Consulting profit. In my opinion, Alpha was a huge cash cow. I haven’t looked at their financials but when Alpha Consulting was having its troubles, and it still has troubles, I believe Alpha was making something like fifty million [dollars] a quarter and they were writing off whatever millions in Alpha Consulting, it didn’t seem to matter a whole lot. Having said that, I think they had . . . huge plans thinking that it would be an EDS or somebody like that, and they didn’t pay attention to the market. After the year 2000 everything was going down, so they just said, all right, well they bought a lot of companies in the dot com price range. So Beta Consulting started really focussing externally other than selling Beta International equipment. . . . But again, probably it’s just me, but I don’t want it being seen as being propped up by the mother company.

If Sharpe's vision for Beta Consulting had been to supply the IT needs of primarily the parent company, he would have designed a salary based compensation system that would not have conflicted with current Beta practice. But Sharpe wanted the company to be "real," and to "grow it accordingly." The vision of competing in the open market with a customer relationship centred strategy required an incentive laden compensation structure that would have allowed key employees the ability to earn more than even senior management, and that was problematic. Sharpe "had to change 10 ideas on certain things," but once he did, "they were very supportive, and when they're supportive, away you go."

Sharpe counted experiences such as the establishment of Beta Consulting and the founder's relatively recent involvement as member of the Board of Directors of a large bank as situations that allowed the whole organisation including its founder to grow over the years. By growth, Sharpe appeared to mean the ability to consider strategy as dominant in its relationship to present, embedded structures. He recalled that early on "everything was about costs," but the founder eventually "got to see things from a bigger picture . . . . There's a little more vision . . . . [He has] opened his own eyes to some of his own capabilities and opportunities." He likened the founder's development to the Irvings, whose first generation Sharpe said "used to go around to turn the light switches off," whereas the next generation asked questions such as "How do I go about doing this, what's the next one I'm going to grow, what's the next one I'm going to do?"

*Organisational Decision-Making Mode.* Sharpe appeared to prefer a collaborative approach to making decisions, as long as the decisions were timely. He believed that everyone brought something unique and valuable to the table, and that “everybody is better than me at certain things.” As such, the organisation gained by decision approaches that harnessed the abilities of people.

He realised that some who were considered successful in the organisation had a much more militaristic approach to managing people than him, and that they were considered “bullet proof” as long as they continued to “make the numbers.” He thought this was unfortunate, because “it shouldn’t be concluded that someone nice couldn’t have been successful” in making the numbers in the units under consideration. He thought that “these days you need to be both. You’ve got to understand bottom line requirements but you better understand the people part too.” He also felt that “the organisation loses a lot if they allow that to happen, if they allow somebody to manage whatever way they want as long as they’re making the bottom line.” He knew “some good people that left . . . because of this iron fist.” But according to Sharpe Beta was moving in the right direction, “management has changed, and had to change as the knowledge worker came in.”

Though he believed in collaboration, Sharpe’s style should not be construed as soft or consensus seeking. He believed in making firm decisions when required because “we’re in business at the end of the day.”

Still, he considered himself “very approachable, not a yelling or screaming kind of guy [but] very supportive,” and preferred to “try to solve problems with the person.”

He ran a system that “feeds on itself” where people understood “there’s a management team . . . who will work very hard with each individual [to help] them meet their targets that they’re going to get more money for as a result.”

Sharpe had an open door policy whose purpose was in part to prevent politics, “so it doesn’t equate to giving people a chance to think there’s some kind of hierarchy where they can cause any problems.” He tried to develop a team of people who gave each other respect, who worked hard but also enjoyed the interaction required to meet company goals.

There’s certainly opportunities where people can really get to know each other well. If you’re working on proposals and you’re working late at night, there’s certainly opportunities for everyone to work closely together and you realise who’s going to work and who’s not. I think everyone works hard and they get to know what value each person brings.

I want everyone to be a team, I really want the team, I want people to understand it’s a team. . . . I want people to laugh, I want people to have fun, I want it to be a place where people want to come. But I really want people to work too. There’s a work ethic; it’s a balance.

He dealt with team related problems by speaking with individuals to clarify his expectations. If that approach did not work, he let the individuals go.

If I found out that there were problems, I would take people aside and say, “Look, that’s not how we play here, we’re professional, we’re each going to do certain things.”

That’s one of the reasons why [a] previous manager didn’t work. It was a lot of playing people off against one another. I don’t want any games, I’m not interested in games.

Although Sharpe’s style was collaborative, he subscribed to the Beta norm of making quick decisions. As an example of the norm, Sharpe recalled that it took only about a month for the firm to decide to establish Beta Consulting:

I did the numbers up and gave them to the President, and it went to [the founder], it went back and forth. I heard in about a month. We move pretty quickly, that’s the one thing about this company, we can move with the best.

For Sharpe, the practice of making rapid decisions was why Beta in general, and Beta Consulting in particular, hired “the best people in the industry...there is no money spared, not that we overpay, but we went out and looked for the best.” Provided the employee worked hard for the good of the company, Sharpe believed “people will see and they’ll have faith in you and they’ll let you go.” Sharpe himself had “people that I know will get the job done and I’ll let them go and let them do their thing. And if they can’t, they’ll just never get there, I guess that’s the reality”

#### *Person-Organisation Fit*

Sharpe appeared to be quite happy in the degree to which the practices at Beta matched his preferences. Strategy-structure linkages were loose as he liked it, and this fact allowed him to pursue his interests within the confines of the firm’s economic goals. Long standing practices that were embedded in the firm’s structure were beginning to yield to strategic considerations that Sharpe considered important as the company attempted to maintain growth in markets that had become more complex and dynamic than in the past. The company was also changing its decision approaches to accommodate the influx of the knowledge worker whom Sharpe valued, and to harness what the employee brought to the table. All told, Sharpe believed that the firm, its founder, and he were growing in the right direction.

Sharpe seemed happy with his performance at the firm. He was considered young to be Senior Vice President. He took particular pride in the establishment of Beta Consulting. The growth of Beta Consulting elevated the status of the technology outfit

he was in charge of from a cost centre that ate into other units' revenue contributions, to a revenue generator that contributed to the company's growth.

Sharpe was also happy in his relationship with the firm's founder. He had the founder's ear, he was trusted, and felt very much like family. As he stated:

I think he trusts my judgment. . . . I think in [the founder's] world, you know, he's been successful and if he can trust you, it's probably very much a family kind of relationship. We talk about being a family, and it's true with [the founder].

#### Delta Financial Group Insurance Division

Delta Financial was a subsidiary of Delta International. Headquartered in Albany, Timor Province, the company operated as an independent entity providing life and health insurance, financial services, and pension products in Canada. With total assets of about \$12 billion in 2003, the firm was the fourth largest life and health insurer in the country (Lee interview; Roberts interview).

The Group Division was one of three self-contained units within Delta Financial. The Division competed for the market of public and private organisations. The Individual Division targeted families and individuals, while the Investment Division designed the firm's financial products and invested client and company funds.

At the core, group insurance was a simple business (Lee interview; Thompson interview). The industry designed and provided client organisations with employee life and health benefit packages (Lee interview). Products were distributed largely through consultant organisations that helped clients in selecting insurance providers (Roberts

interview). Industry participants offered similar products but differentiated on the basis of service, flexibility, ancillary offerings, and price (Roberts).

Change in the group industry was driven by three factors. First, Canadian health care policy was based on a model that viewed private insurers in a complementary role to public services (Lee interview; Roberts interview; Thompson interview). Within this context, government periodically made changes to the Health Act that delisted services that private insurers were expected to carry (Lee interview; Thompson interview). The second factor was the rising cost of providing benefit plans. Due to a variety of causes, including demographics and the use of benefit plans as a competitive staffing tool; those costs had doubled since the early 1990s. As such, the pressure was on for industry players to reduce prices and administrative costs (Lee interview; Roberts interview). The third factor was the consolidation that was taking place among industry participants (Lee interview; Roberts interview). Acquisition and merger activities had taken place in recent years that concentrated about 70% of the market within the top four industry participants, including Delta Financial (Lee interview).

In the 1990s, Delta Financial had pursued an aggressive growth strategy that culminated in a 1999 purchase of the Canadian holdings of Epsilon International that doubled the firm's size. The greater size enabled the Group Division to benefit from economies of scope. As examples, it allowed the Division to carry the risk and profit associated with large blocks of business that previously had to be re-insured, and to become a significant national player in the Disability Claims market (Paulson interview; Thompson interview). However, the economies of scale that the merger had also

anticipated as a benefit had not yet materialized by 2003, due to the failure to complete merger integration activities by 2002 as originally scheduled (Thompson interview).

As part of integration, the Division had embarked on a branding initiative that identified its strategic and structural focuses in three elements (Paulson interview; Roberts interview). First, the firm was customer relationship focussed. To the extent possible, the firm dealt directly with, and customized products to suit the needs of the end consumers (Paulson interview; Roberts interview). Second, the firm delivered its services in client focussed teams. The Division was structured into self-contained regions that housed account teams and all the functions necessary for service delivery, including the claims, sales, and underwriting functions (Paulson interview; Thompson interview). Third, the firm was a 'thinking organisation.' While guidelines existed for every facet of operations, employees were encouraged to depart from common practice when it made sense to do so for both the customer and the organisation (Lee interview; Paulson interview).

*William Lee – Director, Group Accounting Services*

William Lee was responsible for the activities of 45 people, including two direct reports. He was a former Epsilon employee and was based in Toronto.

Lee had been employed in the insurance industry since the early 1970s. He started with a company in Toronto that was eventually merged into Epsilon Insurance. He spent the first 10 years of his career working on the individual side, doing "various things such as pension administration, reinsurance administration, financial statement

reporting and valuation.” Then he was transferred to the firm’s corporate office to head up the actuarial department. He recalled being “the first manager of that department without a full designation of actuarial science.” He ran that department for 10 years before transferring to the firm’s group division. Focussing his efforts on expense and profit analyses, Lee “gradually . . . established my credibility among the senior management team.” Eventually he was promoted from Manager to Director, and assigned to manage the firm’s finance area.

By the time Epsilon was acquired by Delta, Lee had been involved “in five to six acquisitions” as part of the buyer or seller. Through these experiences, he learned that a merger was “in a sense . . . just a business transaction” in which depending on the employee, the change might involve only the name of the employer.

It’s just like you go through a job interview. And as long as you can prove to the next owner or the next employer that you have the competency, the knowledge that they’re looking for, the change is only the name of the employer.

Lee was in his early fifties. He grew up and graduated university in Hong Kong, where he taught High School economics for a year before immigrating to Canada. He remembered Hong Kong as a place “with no social security net. If you stop working you starve.” He came from an entrepreneurial family that exposed him to business at a very young age. He considered his international experience a valuable asset and maintained business ties outside North America. He described himself as a “capitalist.” He believed that

. . . the only reason we stay in the businesses is to make a profit. . . . Even our [customers want] us to make a profit because they want us to be around.

People complain about paying more taxes. I say I want to be the one in Canada who pays the most taxes which means I make the most money. So that

is how a capitalist thinks. It's not what you pay. If I can pay that, it must mean that I can afford it.

### *Assumptions*

*Uncertainty.* Lee saw uncertainty as a source of opportunities. This view permeated his career. Lee had spent the first 10 years of his insurance career working on the individual side of the business. One day he was asked to consider running the actuarial unit at corporate head office. It was a “huge risk because that profession is technically tied to your academic background” and he had “not written one single actuarial science exam.” However, he also recognised it as an opportunity for advancement and was confident in his ability to do the job. So he accepted becoming “the first manager of an actuarial department in the company’s 100-[year] history without a designation at all.”

Ten years later, Lee stepped away from his actuarial role to join a re-engineering task force for Group Division operations. The task force required his involvement full time. Seven months later, the group submitted its recommendations and Lee returned to his old job. Three months after that, the head of the Group Division requested his transfer into the Division to help with expense and profit analyses. Though he had never worked in the group industry before, Lee took the offer. For “the second time I took something with a great uncertainty.” He did so in part for a change, and also in the belief he would do a good job and advance his career. Eventually, the transfer bore fruit, and “from a career perspective, I moved from a Manager to a Director of the finance area.”

So I think [there are] decisions sometimes that people have to recognise that, yes, there will be uncertainty. But the one thing I'm sure of is that if I stayed at my older job, there's no change. But at least making this decision, I know things will change. I rather like to see things change than be in the status quo.

Lee's took a similarly opportunistic view of the uncertainty that surrounded the Delta-Epsilon merger. He appeared enthusiastic about his future at Delta Financial.

Though he was 52, he was not about to slow down. There were "still lots of things that are coming out of the woodwork" that he had not had "the opportunity to experience" in the 30 years he had been in the industry. He still found "every assignment, every issue, every decision . . . a brand new ball game. . . . Why should I slow down?"

Lee considered it unfortunate that some of his former Epsilon colleagues reacted negatively to "the uncertainty of their future." They appeared to believe that "the more you do the more vulnerable you are" and "the less I do, the less mistakes I'm going to make," so they avoided taking on "any . . . additional responsibility." In Lee's view this was not the way to go "because no doubt, in order to advance in the organisation . . . you need to take the risk, you need to go out and seek . . . more opportunities to gain credibility and respect." And for Lee, risk was "not . . . a bad thing."

*Rationality.* Lee appeared to consider the organisation as a system of people. He understood that the organisation had to ultimately be profitable. Within that context, he appeared to believe that personal success hinged on recognizing the importance of two types of relationships.

First, people were in a sales relationship with others. Lee believed that regardless of the role, the company, or industry, "we are selling ourselves." He

considered acquisitions, including the one of Epsilon by Delta, as job interview situations in which his task was to demonstrate he had “the competency [and] knowledge they’re looking for.” He thought “the job doesn’t have [the] boundaries” implied by the job description. Thus, it was important to display behaviour and decision-making as “if I owned this company.” He believed senior management recognised and appreciated that kind of attitude better than the attitude of those who hesitated to go beyond the job description.

We need to ask what we can do for the company as opposed to what can the company do for you. I believe that our senior management team recognises, appreciates the effort of our people, and they will try their best to accommodate and recognise their performance and behaviour. So . . . when people say, “This is not in my job description, why should I do it?” [That’s a] negative approach to today’s world. . . . The job doesn’t have boundaries. It doesn’t have to be in your job description. . . . It might not be in your job, but who’s going to benefit? It’s yourself, because you’re going to gain the knowledge, you gain the exposure, you gain the credibility because people can see. These days, with information technology . . . whatever you’ve done is not hidden. So you’ve got to be like, when you’re doing a job these days . . . we should look at that as . . . selling our service to someone.

Second, managers were in coaching relationships with all subordinates, and “not just your direct reports.” This relationship demanded “loyalty” on the part of the superior towards subordinates. For Lee, being loyal to one’s subordinates meant respecting and harnessing the differences people brought to the table. In conducting business, the manager’s role was to guide employees toward the accomplishment of the organisation’s “desired objectives.” In doing so, Lee considered it important that they demonstrate both consistency of treatment and respect for the “capabilities and knowledge” of employees. Delta was a national organisation, and staffing was diversified “not just . . . the academic background but even the races.” As such, it was

important to demonstrate “respect [for] as well as recognition of differences. We need to be recognizing the uniqueness that each individual brings into their job, and . . . be sympathetic to their needs.”

One thing I'm proud of about Delta Financial is the management group preaching the balance between the business and your private life. And [employees] can see from some of the actions and policies that we are, if you ask me, really generous in the aspect of the treatment of employees.

### *Preferences*

*Strategy-Structure Fit.* Lee appeared to prefer a loose strategy-structure fit. As indicated earlier, he believed that employees should make decisions as if they owned the company. This meant that the job should not be looked at as being bound by the terms of the job description, but as a role whose ultimate goal was to make the firm profitable. This view required a flexible organisational context that Lee found at Delta Financial.

First, Lee liked the fact that Delta Financial was relatively autonomous from its U.S. parent. The former Epsilon was also a subsidiary of a U.S. firm, but the parent exercised “much tighter control” and the subsidiary was “under the microscope constantly.” In Delta’s case, the U.S. parent seemed to have provided the Canadian management team with a “free hand to dictate the direction of the organisation.” For Lee, this provided employees at Delta with a greater “sense of belonging” than Epsilon.

Second, Lee agreed with the “thinking organisation” component of Delta’s strategy. Both Epsilon and Delta had customer focussed strategies. However, the two organisations focussed on different things. Epsilon’s strategy was “a lot of window

“dressing” such as setting up “a call center,” talking up the slogan “best value the first time,” and other devices to “ensure that the message is getting out to your clients that they are as valuable as anything to you.” On the other side, Delta’s strategy relied on personal “contact with the customer rather than doing a big promotional type of thing.” In delivering that strategy, a “critical element” was a “thinking organisation” concept that allowed employees to depart from company practice to please the customer where it made sense.

As our CEO said, if it makes sense [to] the customer and us, just do it. So we are encouraging people to think, not just say yes to the customer because there may be a better way to do things, and I think that thinking is a key element in our competency, that we encourage people to look at all angles and to say, “What is a better way to do things? Don’t do it like a recipe.”

Third, Lee enjoyed the personal autonomy he was provided by his Delta superiors. He was “encouraged” by the trust he felt from the “freedom of making choices” he was provided. He was confident of his ability to do the job and did not wish to be spoon fed.

The organisation encourages the way I work. . . . The trust the management team gives to me, the freedom of making choices, the support I know I could count on, definitely . . . that encourages me to be part of this organisation. Because I enjoy working freely in a sense that I know what I have to do, so just let me do it. Rather than someone spoon feeds me and saying this is how it should be done. So that definitely is something that encourages me.

*Strategy-Structure Sequence.* Lee did not appear to consciously link strategy to structure, nor consider either variable dominant in the relationship between the two. Rather, he seemed to consider both as variables that should follow the patterns and pressures that resided within the external environment.

Lee saw strategy in the insurance industry as a response to changing customer needs. In his view, the group business was “not that complex” but “quite a straightforward industry where the objective . . . is to provide the employee benefit program[s] to meet . . . customer needs, whether it is a corporation or a unionized organisation.” What made the industry complex was “change in the demand from our consumer.” A decade earlier, consumers selected products from among the choices industry participants provided. But as organisations attempted “to negotiate a better fitting product for their strategic or their company vision,” the sophistication of their knowledge and appreciation for insurance “changed drastically.” Now, “everyone wants customization to meet [their] needs” and industry participants were responding. In doing so, the big challenge was how to “identify yourself with some unique feature that is over and above what the others can provide to the consumer” and at the same time “how to leverage . . . costs” in order to realise the desired competitive edge.

For Lee, the change in customer demand affected not only organisational strategy but also structure. As client organisations demanded greater customization, “even with the technology [of] today,” insurance companies found themselves outgrowing their traditional departmentalization by function that encouraged “silo” operations. Now, “we’re dealing with customer requests [or] launch of a new service or product” that involved “every aspect of the organisation.” To ensure customer and business needs were effectively met, companies developed mechanisms that facilitated cross-functional work. One such mechanism at Delta was the “business sponsor group”

that actively scrutinized projects from the point of view of clients and the business as a whole.

Lee also used the idea that customer demand should drive structure in his discussion of why he preferred that Delta have its head office operations in Toronto instead of Albany.

To best serve our customer, you need to look at how and what the customer wants. . . . But I think Delta Financial still has maybe something that is beyond my appreciation. . . . They still believe that they need to keep that home office image in Albany.

The head office in Albany . . . definitely has a major impact in terms of the visibility in the marketplace. When you are in a city like Toronto, it's pretty well the center of one of the largest provinces, your name is being known especially around our distribution arms such as consultant firms and brokers when you go out to conferences, social events, and this type of thing. Whereas when your head office is outside of that region, in a city like Albany, you have to work to get your visibility up. So there's a difference [in] how people see [the organisation].

Finally, Lee's views on the issue of centralization versus decentralization also indicated a belief that structure should follow patterns in the external environment, rather than strategy. The context was a decision by a former colleague who decentralized the firm's IT function. Subsequently, IT had "fragmented into business units" with "a lot of overlapping expenses," and so top management reversed the decision and let the individual go. Lee described the individual as "a strong – not to say he was wrong – believer that systems should be decentralized." For him, there was inherently "no right or wrong answer" on the issue of "centralization or decentralization." He thought the problem in this case was "timing." The decision was made in the 1990s "when the whole world [was] changing from home grown systems to buying packages from independent vendors." That was a trend that required "a central

area to control [so] you don't have too many incompatible applications around." If the decision had happened "in the 1960s or 1970s when everyone [was] pretty well doing their own home grown system mainframe," Lee thought it might have been considered "a bright idea."

*Organisational Decision-Making Mode.* Lee appeared to prefer collaboration as a decision-making mode. For him, collaboration was increasingly important as customer requests for customization evolved to encompass "every aspect of the organisation." He liked the "business sponsor group" mechanism Delta had for ensuring that projects were cross-functionally effective. These groups were distinct from, but worked with, project teams throughout the process of new product or technology launches. They comprised representatives "from each business unit such as accounting, underwriting, sales, finance, as well as claims adjudication." Each sponsor had to "sign off to say that this business is ready to accept this new system" prior to the system's launch. As such, the group collaborated for the benefit of the whole business rather than just any of its parts.

And this business sponsor group represents different business units to ensure that whatever this new application or new product is, it's passing the test, that it's meeting everyone's needs. So that is a great example of team work.

And this business sponsor group is not just for FYI. . . . They are quite a vocal group of individuals, not just a silent partner. And they represent each area to ensure that, "Okay this is how we're going to do things. What does it mean to my area?" . . . So in a sentence, it's great team work to ensure that rather than just letting the project team . . . drive and focus narrowly on their deliverables, that every other business unit affected by the implementation of the system is being taken care of.

For Lee, collaboration did not imply consensus decision-making. Rather, what appeared important was the exchange of information that took place as part of a

decision. He did not appear to object to the occasional unilateral decision. However, he considered it important that the decision maker at least show those affected why and how the decision was arrived at. Lee considered not doing so damaging to employee morale. As an example, he recalled:

Some function has to be at head office. . . . Is it the wrong thing to do? I don't think so. However, it's the way you implement it. If you go to your staff, demonstrate to them that you've done a thorough investigation, you have done a thorough cost benefit analysis, and these are the facts that will support a key business decision, it is easier to sell it to them even though their job could be affected. Rather than making a blunt statement saying that this type of job should be in head office. I think we all know that we are in the business world, nothing is personal, and I think by saying that you believe this function should be at head office without [explanation], people will believe that this is a direction that, regardless of the cost, regardless whether it's good for the organisation, we just want it to be there. And that, to me is a huge damage to the morale as well as the behaviour of the employee.

#### *Person-Organisation Fit*

Overall, Lee appeared reasonably happy with his situation at Delta Financial. The firm operated with a loose strategy-structure configuration, and he liked the autonomy that operating mode provided. The firm was responding to changing customer demands in both its strategy and structure in ways that Lee saw as correct. The firm generally encouraged collaboration which Lee liked, in spite of the occasional withholding of decision rationale from those affected, which he did not like. Notwithstanding these areas of fit between Delta's configuration-making practices and Lee preferences, the single biggest reason for Lee's favourable place in the firm appeared to be his attitude that people should look more to contributing to the firm than the other way around.

A lot of the time, people are saying “I’m stressed, I’m discontented with my job” because they go in with a presumption [about] how the job should be and then say “I’m not fitting with my job.” What I am saying is you don’t look at the job in hand today. You should look at what you can do and then say “What can I change? How can I change it so that it benefits the company and me as well?” I become a . . . happier person.

Having said that, Delta’s head office location in Albany rather than Toronto seemed more than just a passing area of discontent for Lee. He saw Toronto providing greater visibility for the firm than Albany. As well, being part of a branch office and all it implied for relationship building with head office personnel did not “sit too well” with him.

But working in Toronto, not Albany, no doubt I think most people in Toronto, psychologically, they feel just like a branch office. So that doesn’t sit too well with me. . . . And I think it also changes the way I behave too, i.e., in the past, when the home office is in the city you’re working in, i.e., Toronto there are times when you want to consult with someone or get some direction, you could just walk out a few stairs to see that individual. As well . . . you can meet these people more often, you build up relationships. Whereas now, when you have your home base in Albany, sometimes the only way is to rely on the phone call or e-mail and hoping that the person is right there that will respond to those requests. So there would be less of a chance to run into other people. . . . So relationship building definitely takes more effort today than when you’re all together, and that somehow changes the way that you work.

*Catherine Paulson – Vice President, Group Disability Claims*

Catherine Paulson was Vice President at Delta Financial. She was responsible for maintaining the firm’s disability “policies and procedures and practices” nationally, and for “day to day” disability operations in the Ontario region. She had a staff of 66, of whom 60 were regional employees. Based in Toronto, she reported to the Senior Vice President for the Group Division, who was based in Albany. Her direct reports included three Ontario regional managers and at the present time, all six of the firm’s national

disability team. The manager for the national team who had reported to her had left the firm several months earlier, and she was “anxious” to find a replacement “because some staff are in Albany and some are in Toronto and I feel it’s been a real distraction.”

Paulson’s dual responsibility for national policy and operations within a region was “the only anomaly” within the firm’s structure. Delta’s regions were fully decentralized and so operations for any function normally reported directly to the Vice President for the region. The anomaly developed with a merger that took place about a year earlier between Delta and Epsilon Insurance, Paulson’s former employer. At Epsilon, Paulson had been responsible for policies and operations across the country. However, the merged entity adopted Delta’s decentralized structure. Wanting to retain Paulson, her current boss had offered her the job and she accepted.

The way mergers work is if you have been offered essentially the same job, that if you refuse to take it, then there goes your severance. So although it wasn’t the exact equivalent I was hard pressed to say that it wasn’t pretty close so I ended up with the job I have now. . . . So I thought “Hey, this isn’t too bad.” I didn’t have to deal with people reporting to me from Vancouver and had the plum operation in Toronto. You win some and you lose some and I was going to have a few less headaches at night. And so I decided I would continue on and give it my best shot and so here I am.

Paulson, who was 54, came to Canada at 18 from the Caribbean. She considered herself “more Canadian than anything else at this point although those Caribbean roots are very strong.” After university, she had gone back to the Caribbean for a year, got married, then returned to Canada. Her entire career was in the insurance industry. She began working “at the lowest levels” for a very small company. Then “an opportunity came up . . . to work for a company called Union Mutual.” She stayed with the organisation for the next 22 years, although the company changed names “many times

from Union Mutual to Constellation to Prudential to Omega” as a result of mergers and acquisitions. In 1996, she left a “managerial role” at Omega Life for a “Director role” at Epsilon, where for the next three years she was given “free reign.” She found those years as the “absolute happiest in my working life,” a time in which she felt she “brought the claims area from almost nothing to certainly developing a reputation as the best in disability claims in Canada.”

### *Assumptions*

*Uncertainty.* Paulson appeared to view uncertainty as a source of opportunity both at the personal and organisational levels. At a personal level, the Delta-Epsilon merger had a lot of uncertainty. Because Delta was the lead organisation in the merger, she knew “early on” that many among the executive team at Epsilon, including the President and her boss, were not “likely to be around for very long.” Moreover, Paulson’s position at Epsilon did not exist at Delta and so she was “in a difficult spot.”

By then I was a Vice President and their disability claims department, they had a regionalised structure, Epsilon did. I had all the regional offices reporting to me, when I was at Epsilon. But Delta Financial’s structure was different in that their regional offices for disability claims reported into the regional Vice President. So I figured “Oh, I’m in a difficult spot here.”

But by the time the merger was announced, Paulson was “accustomed to change” and “merger aware.” She found this particular merger “very exciting.” Epsilon was “too small to be amongst the big players and Delta was too small,” but together they would be one of the larger entities in the industry.” So she considered the announcement “another opportunity to embrace change” and “shine.”

But I think that during the integration process I had told myself I had an opportunity to shine, to show myself whether they kept me or not, that I was going to be professional, that I was going to share all the information I had, mainly because the people who reported to me all across the country depended on me and I wasn't going to let them down. I had an opportunity to influence and I would do that for however long or however short the opportunity was.

When her present boss decided to keep the Delta structure, she was “essentially told I didn't have a job going forward with Delta Financial.” Still, she took the attitude that “Hey, that didn't change a thing. I felt that that was certainly not going to be the end of my own career. I would have gone into my own business. But I continued on.” She did so in part because of “my commitment to the people,” but also because she believed she brought something to the table. Through Epsilon, she had “given disability claims the sort of recognition that is required [as] our bread and butter” and had “the skill sets and experience” required for Delta to make money on disability claims.

During integration what I learned most clearly was that Delta Financial had the systems on the claims side that Epsilon coveted and that we had the policies and procedures in place that Delta Financial definitely needed. So it was definitely clear to me that this was a marriage of equal partners. We both came with our own strengths and together we would be better and stronger.

To maximise her opportunities, she had “made sure I got along well with my colleagues at Delta Financial and certainly spent a lot of time with the person who was the Vice President [of the] Ontario Region.” Because of those relationships and the fact that it was “a no-brainer” she could “make a difference” to the new organisation, her present boss ultimately found “a properly creative way of keeping me.”

A decision Paulson pushed for early in her new position at Delta also demonstrated an opportunistic view of uncertainty. When she had arrived, Delta was “reinsuring” 80% of its disability claims business to a company called Munich Reid. In

Paulson's view, this represented a "whole risk adverse approach" to managing disability claims. The problem was "the tail was wagging the dog. The reinsurer is supposed to stay in the background and the insurance company is supposed to run the business." Instead, Munich Reid was "calling the shots." Moreover, that company was using "old school . . . draconian approaches" to managing disability. That approach said "you are either legitimately ill or you were a liar" and so it relied on a system in which "you have to spy on people." Delta's surveillance budget was huge. Paulson saw this approach as wrong because "there are very few people that malingers, so it's a waste."

Disability is much more than that. It's not about are you sick enough to get our money or are you being a malingerer. Disability is about choice whether it is a healthful choice you make for your life or a choice for sickness. Not this kind of black and white issue which is all Munich Reid knew. . . . There are very few people that malingers, so it's a waste of surveillance dollars to have that huge investment for very little payback and I think there was a whole lack of understanding around what was an expense as opposed to investment.

Thus, Paulson saw negative financial consequences as a direct result of a risk adverse approach to managing the uncertainty of whether or not people who submitted disability claims were being truthful. Instead, Paulson took a more opportunistic posture that was premised on claims being truthful, and that would change operations in ways that would ultimately benefit profitability. So she pushed Munich Reid to the background, insisting that "you come through me if you need to know anything about disability claims in Delta Financial's operations; and out of that reformed the entire approach."

So we've gone from 80% reinsured to less than 1% reinsured. It's a whole metamorphosis that has occurred in all of this from being very risk adverse to clearly running our business well, to being more profitable and changing the dynamics of how the business was done.

*Rationality.* Paulson appeared to view organisations more as systems of relationships among people than systems of tasks.

People and relationships permeated her thinking about the organisations she had worked with. At Sun, what she remembered most about the company was “how *not* to be” in dealing with people. Her experiences were “life altering. . . . The place was so absurd. . . . The customer is tuned out. . . . Employees were just not treated with regard.”

That was obvious from the first day. It was okay for a manager to enter the room not say good morning, go into her office, close her door and keep it closed all day. And that was okay. . . . The first day . . . the Director came running over and she said “Turn down the phone. We don’t let the phones ring here.” You would know the customer is calling only when the light is flashing. So everybody had the sound turned off. Can you imagine running a company where you live for the customer and the customer is tuned out? I thought that was such an awful message to me that first day. I can only describe it as life altering. I was amazed that your access card into the building would not let you into any other floor. . . . what we did in claims was directly linked to what we did in underwriting so to not have access to those people directly who were underwriting your business, I have never . . . I mean the place was so absurd. Employees were just not treated with regard. If you needed a pen you had to send an e-mail to somebody who would then allow you to have a pen and if you needed a pad of paper . . . it was just an awful work atmosphere.

Relationships also permeated Paulson thinking about experiences at Delta Financial. She cooperated with the Delta-Epsilon integration when her future with the company was uncertain “because the people who reported to me all across the country depended on me and I wasn’t going to let them down.” Even between being essentially let go and being offered a position within the firm, she did not “burn any bridges,” making sure she “got along well with . . . colleagues at Delta Financial.” In her current position, she considered herself “very lucky to enjoy a wonderful relationship with my

counterparts in the regional offices.” Finally, “the key” to Delta’s strategy was the “relationship focus” that encouraged team leaders to attend to “relationships with customers and . . . relationships among the team.”

Paulson had not always been sold on the notion that “satisfied customers come from satisfied employees, and that will ultimately lead to profit.” At Epsilon, where Paulson recalled the years she spent as “the absolute happiest in my working life,” the firm was clearly focussed on the bottom line. Thus, she had been unsure whether or not Delta’s relationship based approach would work. But now she was a convert.

I always thought that coming from the Epsilon side where we were so bottom line focussed, I thought “My God, you have to think about bottom line issues first!” That it isn’t just about keeping customers happy and it isn’t just about employees being satisfied. But I have to tell you I am a convert. . . . I think [the CEO] has proven us all wrong that were sceptics about this business. Satisfied customers come from satisfied employees and that will ultimately lead to profit. It works every time. I don’t think profits just come like manna from heaven. I do believe that you have to have a certain operational effectiveness, that you have to have good policies and procedures in place and that you have to understand that profitability is a goal, but I do believe that you have to have a passion for customer service and you have to have the right employees if you want to have satisfied customers. And customers will stay for the long term and new customers will come if you have the passion for customer service.

Still, Paulson believed that in some cases, the organisation went “a little crazy with some of this employee satisfaction stuff.” In the relationship between managers and employees, managers were responsible for creating a healthy work environment. But once that foundation is in place, individual employees had the responsibility for being “the guardian of their own satisfactions.”

Employees expect a lot to be given to them and employee satisfaction unfortunately is not everybody’s personal responsibility but is laid at the door of managers. . . . Every single person is the champion of their own satisfaction. I can create a positive and healthy work environment where you can thrive but it’s up to each person individually to be the guardian of their own satisfaction. I’m not a clown about to make people happy. I’m responsible for my own

happiness and I charge everybody with that responsibility as well because that's the way you create employee responsibility. . . . I think we've gone a little crazy with some of this employee satisfaction stuff because as an organisation grows you have to make sure that employees have a large sense of responsibility.

### *Preferences*

*Strategy-Structure Fit.* Paulson preferred a strategy-structure fit that was loose. Specifically, she favoured the firm's approach of allowing employees in the field with the flexibility to depart from company norms in order to respond to different customer needs.

Delta's strategy-structure configuration was articulated in its brand. According to Paulson, the brand had three elements. First, the firm was "relationship focussed." Instead of competing on price, the firm's strategy focussed on maintaining good relations with customers and employees. The assumption was that "satisfied customers come from satisfied employees, and that will ultimately lead to profit."

Second, the firm was a "team of individuals." The company was structured "in teams . . . centered around certain client groups" that operated out of regional, self-contained divisions. Each regional division housed a Vice President and all the functions that the "account teams" required to complete their business. For example, the disability claims operations was divided up into case management teams that were "aligned specifically to account teams" that were in turn "aligned to specific sets of customers." Thus, "there is one stream from the operation right through to the front end, when a piece is sold."

Third, the firm was a “thinking organisation.” This piece reflected the organisational practice of allowing regions, teams, and individual employees the discretion to depart from normal company practice in addressing customer requirements.

I think it’s little things like sayings that “If its good for your customer and it makes sense, do it.” People are empowered at every level to say “hey, this makes sense for my customer. I’m going to do it, I won’t wait until my boss is here. This makes good sense. It’s not going to hurt our bottom line. I can bend the rules a little bit. In the end, I’ll have a delighted customer.” Those words ring true with every single employee in the company.

Paulson liked the “thinking organisation” part of Delta’s brand approach. It conformed to her thinking that “it’s a dynamic environment and ever changing” and so “operations must inform policies and procedures and not the other way around.” People in the field should not be “ham strung by bureaucracy.” Instead, front line employees should be encouraged to think of ways to “change to match that customer . . . . change so that that customer will want to be with us for the long term.” Delta empowered people to make decisions as field conditions warranted and for Paulson, that was “just a wonderful thing.”

*Strategy-Structure Sequence.* Paulson expressed a preference for configurations in which strategy had primacy over structure. The preference is indicated by three areas of discourse.

The first is that Paulson liked Delta’s use of several structural mechanisms to support its customer centred strategy. She liked Delta’s account team based structure because “it brings you closer to the customer.” Her most successful account executive

held regular “lunch and learn sessions” with her team to discuss customer profiles so that everyone understood her customer’s needs. She like having “standards around persistency . . . how you are going to keep customer [in] the long term” as part of each region’s goals. She liked the annual customer service bonus awards given to every employee “if they meet targets.” Paulson liked these mechanisms because they supported the firm’s customer focus: “If you reinforce the right way, you will get the right behaviours.”

The second and third indicators of Gibb’s preference for strategy leading structure are areas in which she felt the firm could improve. In the second, she felt that the Ontario region should have a greater say in the firm’s affairs, and that senior management should be located in Toronto. Her rationale was that of all the provinces, Ontario contributed the most to the firm’s revenues and profits. She understood the reality that Delta was Albany based, but thought the firm needed “a new reality” to reflect its market strategy after the merger.

In the group division we had \$80 million . . . profits based on our operations only, not profits overall. Thirty million [dollars] out of that \$80 million operating profit came from Ontario and if you look at where sales came from and all the other areas where we are measured, Ontario certainly gave its contribution. So I feel that when we sit at the executive table, the [Ontario region Vice President] and [me], we need to have more than just one vote each. . . . I feel the head of the Group Division belongs in Ontario. That’s where he should reside. That should be a show to the world that this is where our largest stake is and that’s why we are here protecting that. I do understand the reality that head office is here but we need a new reality and the reason for Delta Financial and Epsilon was because of the Ontario presence. . . . That’s how you strategically position yourself to garner that lion’s share in the business. I’d like to think that when [the head of the Group Division] has something on his mind the first person he would call is [the Ontario region Vice President]. The tendency I’m sure is to call one of the people that sits within easier proximity to where he sits, [an] Albany [based] Vice President.

Third, in a customer centred strategy Paulson believed that the ethnic composition of Delta's management team should more closely mirror the composition of the firm's customers.

I am pretty much an anomaly on the executive table and I've certainly spoken about it very openly. When I joined the organisation in, I guess I was appointed January 17, 2000, that I was the only person of color on the executive team. There are 40 of us and I still am the only person of color on the executive team and I think that when you are an organisation where your customers are so ethnically diverse and where you have your largest presence in Ontario where you're so culturally diverse I think that your executive team should match what your customers look like, where your business comes from, what the Ontario dynamic represents. . . . When I go to Delta Financial in Albany, when I go to the offices and look around I am appalled. I am appalled. That's not true of the Toronto office, but there is a huge black community in this city that is missing.

*Organisational Decision-Making Mode.* Paulson appeared to prefer a collaborative decision-making approach, one in which the ability to influence played a prominent role.

Paulson indicated a need for collaboration in three interview segments. The first occurred when Paulson was discussing her view of teams at Delta. "The team thing . . . doesn't mean we're all a group of clones." Rather, "each team leader is different" and "it's out of that that comes the idea of a team of individuals." Every team understood that "the account executive that they deal with is a different person from another account executive so their behaviour has to be as such that they can work in collaboration with each person."

In the second reference to collaboration, Paulson was describing her working relationship with the Vice President of the Ontario region, where she was based. They worked "collegially . . . as a team." She made sure "I bring him into every decision I

make about disability claims.” She considered it important “to be seen as working as a team” for its “ripple effect throughout the entire organisation.”

The third reference to collaboration was in Paulson’s discussion of Delta’s vision and values statement. The statement had been created in consultation with 160 employees. She considered the process an “amazing example of the thinking company we are.” She described the collaboration as very powerful because “when you are part of its creation, then you are part of making it happen.”

While collaboration appeared important to Paulson, the concept of influence permeated her discourses as an important decision element or criterion throughout her career.

She left Omega Life because she felt “I could no longer influence in an organisation that needed so much,” even though she “certainly had a major influence on the sales staff [and] they hated to see me go.” Her years at Epsilon were the happiest years in her working career to date, because “I really felt I was in a position of influence at the organisation and not just for the area of those who were reporting to me.”

When the Delta-Epsilon merger occurred, she saw it as “an opportunity to influence” the direction of integration. When his boss offered her current job after initially letting her go, she thought “he was certainly influenced by many, particularly former Epsilon people . . . . that he would have wanted to have engaged,” as well as the Delta managers “I had impacted.”

She thought “former Epsilon people” who were located in Toronto “miss that office influence.” However, she knew that the current reality was that the “seat of

power, the base of power is Albany.” Thus, “to get to the executive role in the company you have to have some allies in Albany or it won’t happen.”

Even an area for improvement that Paulson identified for Delta reflected a concern for influence. She would have operations people reporting to her “singularly on the technical side” to “have a more direct influence on what they do everyday in terms of disability practices.”

#### *Person-Organisation Fit*

Paulson’s configuration-making preferences appeared to largely coincide with configuration-making practice at Delta Financial. Delta’s strategy-structure configuration was loose enough to allow the behavioural flexibilities Paulson preferred for field employees. Delta’s customer focussed strategy had primacy over structure and systems, which Paulson liked. Finally, the firm’s team orientation appeared to match Paulson’s preference for collaborative decision-making.

Areas of apparent misfit were all in the area of structure. First, Paulson wanted head office presence in Toronto. Second, she wanted more control over field operations across the country than she currently had. Third, she wanted greater minority representation in the firm’s management team.

All three areas of misfit coincided with the importance Paulson seemed to attach to influence and its perceived absence where she thought it should be. First, Toronto was a big part of the firm’s market strategy and performance and so it should carry more influence. Second, if she were to effectively preside over the claims function, she

needed greater influence over operations than the firm's decentralized structure allowed. Third, Delta's market included minority groups and so their voices should proportionately heard among the firm's decision makers.

In spite of these apparent misfits, Paulson appeared to be quite happy both in her personal and professional lives. She considered herself a joyful person, blessed to be in a position of influence and inspiration to others, and took the role seriously.

I think I am a very, very blessed person, I had a very joyful childhood, I grew up in a politically stable country, grew up in a family surrounded by a lot of love. Lucky to be one of the few women my age that left St. Vincent's and went to university. I think all of those things make a person. I've been very, very lucky. From the day I knew myself I knew that I was loved. My parents . . . I am the youngest of a family of five and my father in particular, he showed me a lot of love and that was a large part of what my upbringing was all about. So I think some people are blessed with a joyful spirit and I'm lucky that I'm one of those. I'm never down and I can truly promise my employees that I'm wonderful, it's easy for me to promise that. And on the days when I am down, saying that I'm wonderful allows me to be wonderful. If you are going to be influencing people and to inspire others you need that as a number one ingredient. It's a down side as well as a positive side of being a leader.

*Adam Roberts – Vice President, Group Marketing*

Adam Roberts reported to the Senior Vice President in charge of the Group Division. He was responsible for the activities of nine individuals, three of whom were direct reports. He expected to add four to five more staff during the year. Roberts and all his staff were based in Albany.

The marketing department's role was divided into three areas: marketing communications, product management and customer research, and internet services. Marketing communications entailed "promotional communications, sales support activities, communicating with client members and sponsors, and so on." Product

management activities addressed the question of “what should we offer or what should we not” in terms of the firm’s insurance benefit offerings. Customer research undertook “annual surveys or special opportunities to reach out, get input from customers.” Finally, internet services used the web to interface between the company and its customers, enabling the latter to access “their claims information, their coverage information, set up a new member in the plan, those kinds of things.”

Roberts had been at Delta for six and a half years. He came to the organisation as Manager of Group Marketing that had a staff complement of three. About three years into the job, Delta merged with Epsilon. Epsilon had nine marketing people, Delta had three, and neither department carried a Vice President role. The firm’s Executive Team decided that marketing for the combined organisation needed to be “more on the larger side than on the smaller” and posted a Vice President role for it. Roberts applied and was successful. Subsequently, Roberts made some “initial downsizing moves.” After a year during which half of his department was in Albany and the other half was in Toronto, Roberts decided to centralize the staff in Albany.

We needed to have them all in one place. It’s a fairly small department, there’s a lot of interplay in the work of the people, so if they’re separated geographically it’s hard to do. And so I said “Well listen, I think we’ve made a valiant effort here, but I’m going to centralize it to Albany,”

Roberts was 45 years of age. He grew up in Ontario where in 1980 he received an undergraduate degree. After working three years, he came to Albany for an MBA that he obtained in 1985. He worked nine years for a local company in the advertising industry. The work included “a variety of roles from media buying, media planning, placing advertising if you will, and campaign planning, so doing more of what they call

account service, or account planning work.” He was in the marketing department of a local cellular telephone company immediately prior to joining Delta in 1997.

### *Assumptions*

*Uncertainty.* Roberts appeared to view uncertainty as a greater source of opportunity than he perceived his colleagues did. Delta was an insurance company that needed financial people. Though he realised there were exceptions to the rule, generally he found his colleagues very “conservative” in terms of risk taking behaviour. In his view, they were far more concerned with how to do things well, than how to do things in a different way.

We’re an insurance company and we do a lot of good things and we do a lot of things really well. We have a lot of really smart financial people, we need them: actuaries, accountants, you know that’s fundamentally what we do but that is sometimes different from having that intuitive side of it, right?

We could point to examples, somebody could point to examples where we have done things in the company that are different, and that are slightly innovative. But we are not Microsoft, people aren’t having the perception of that, people aren’t walking around saying, “You know, what? Let’s shake up the industry today.” We don’t really do that, it’s like “How do we do this well today?”

While Roberts appeared to appreciate why the firm was generally conservative, he did not believe it was healthy for the organisation if everybody were the same. Although he was not “Thomas Edison . . . inventing new things every day,” he thought that compared to his colleagues, he had a “greater tolerance and interest in doing new things, and willing to be part of the team that would support doing something new.” So he behaved differently from his colleagues. Upon reflection, he thought being different might have been “even positive in its impact” on his career.

I would not necessarily say that I think if you get a culture with everyone being really conservative, well, what good is that? You need people to shake up the post; you need people to do things that are different.

Although oddly it doesn't seem to have impacted my career, maybe I should just accept that it's helped my career. . . . While I don't presume that I am Thomas Edison, I'm not inventing new things every day, I think I have a greater tolerance and interest in doing new things, and willing to be part of the team that would support doing something new. And I'm probably outspoken on that. I think sometimes being outspoken here is viewed as, "Oh, that's really weird." Again, maybe it has not been a direct negative; maybe it's even positive in its impact.

Having said that, Roberts reiterated that the perception of him as "radical" was probably driven by Delta's particular context, and the place within that context he had grown comfortable with. In another context, he thought he might even be considered the conservative one.

I would not call myself radical . . . I'm not anarchist. No, but I think it comes with working, and experience and maturing and trying to find a place that is comfortable for you, quiet apart from how much you make in a job, quiet apart from any of the other stuff. If you recognise that you have got something, to offer, you should try to offer it, and you know part of what I can offer is that, I'm in a place that I probably look like a radical, but if I walk across the street to another company I might be viewed as the most conservative guy around. So I'm probably in an environment where I'm a little bit weird even though I'm not, not completely off the wall but I think that sense of that is grown over time.

*Rationality.* Roberts appeared to consider the organisation more as a system of people rather than a system of tasks. Indicative of this view were his discourses about managing people, and about performance at the firm.

Roberts found managing people "very challenging" and gave it a lot of thought. In part, the challenges were due to individual differences that made it difficult to understand how to motivate each one "to get the same level of success." Because "what somebody does" for work "does not define who they are," the manager had to dig

deeper to find the person's motivators. In addition, managing people was challenging because as a matter of personal disposition, Roberts tended to "worry too much about what people are saying." This made him more indecisive than he wanted to be.

I think managing people is very, very different, challenging, it really is. . . . I think the difficult thing is just understanding who they are, and what their motivators are and understanding that the way you deal with one of them, it may or may not be the same way you deal with the others to get the same level of success. So I've got one manager who will pop in to my office occasionally and would say that I give her oodles of support. I have another manager who pops in all the time and I bet would say "Gee I wish I could get more time," you know? So it is understanding the different dynamics of them as people and trying to adjust your management style, I would say that's it. And I would say that the other thing for me in managing subordinates that's difficult is that I'm probably not tough enough, in other words I'm . . . you know we all have personal styles, we all have personal management styles, and you know some of that helps us in being successful. But we all have weaknesses, of course any style. And I would say the weakness of my style is that I probably should be a little more strict, or maybe more decisive, maybe that's a better word, decisive. Or not worrying so much about . . . not that you don't worry about people's feelings, but you say "Listen we are all professionals here, this is the decision, I'm here to help you get your head around it" but not, you know, worry too much about what people are saying. And that's challenging, that's a balancing act.

Roberts's perspective on organisational success and performance also indicated a people orientation as opposed to a task orientation. "One or two decisions" did not tend to define people's performance. Decisions were often "more complex and situational" than a black and white judgment on the person's decision performance would allow. Rather, "there's a fabric of things which affect somebody's career." This fabric was not built exclusively from decision results. In fact, Roberts believed that at least at Delta, "effort as opposed to results," that is., "working hard, working genuinely in the best interests of the company" had greater value. This could be seen as either a good thing or "maybe not something going quite right."

And I don't mean that results aren't important, but I mean that my observation is, that if you are seen to be working hard, working genuinely in the best interests of the company, if there's a decision which doesn't work out . . . that doesn't mean necessarily that you're penalized. Now in part I guess that's kind of a comment a little bit, and maybe it's a compliment to Delta, you know, it's not sort of cut throat environment, you know, where if you make a clearly bad decision, they don't pull out the big firing squad and so on. But I think there's also a kind of a subtext of the culture that is, well . . . I wouldn't say it's sinister, but it's maybe not as, as . . . It's that if you're shown to be working hard and being a team player, that's valued more than if you can show that you did something. You know what I mean, kind of like there's a little bit of a tinge there, maybe not something going quite right.

### *Preferences*

*Strategy-Structure Fit.* Roberts appeared to believe in a broad alignment between strategy and structure. This was apparent in his discussion of the firm's relatively recent branding initiative. As a summary, he believed that the firm's brand should consciously be linked to organisational processes and activities over and above the mere management of the firm's "visual look."

The initiative was led by the Corporate Communications Department and involved the marketing departments at the firm's Group, Individual, and Pension Divisions. The branding effort had accompanied the integration efforts following the Delta-Epsilon merger. It represented a desire by the company "for a consistency of image" because without it, the firm would be "fracturing the impression that people have of you." The goals of the effort encompassed the firm's "visual look" but equally important, the "customer experience."

The look of things is important, it's one element of how people understand you, whether they have a positive impression of you. But maybe more importantly, what the experience you give them, it forms their opinion whether they like you or not and so on. So we have always said to ourselves internally that . . . we're

going to get at the logo and all these things first and we're going to get at them as important, but it's important that everyone of us try to deliver an experience, provide service in the way we talk to customers or in the way we write letters or in the way we define our process.

In Roberts's opinion, the company did "a decent job on the visual" goals, but unfortunately "we have let the other stuff fall." The firm's "logo got a redo, all of our marketing material stuff, we completely re-launched it in every aspect." However, the effort had thus far failed to infuse organisational processes and activities with the brand.

I think if you were able to do a survey, look inside people's heads you will find there is a lot of confusion around: "Okay we understand what we think we mean when we're talking about brand, but now how do I use that to help me create a better claims process or how is it relevant to me doing my job of talking to people on phone? How do we use that brand and what we want to be to decide how our intake process has happened?" As simple as: "Do we have a national 1800 number?" You know, all of that stuff. . . . People might not agree with me because to agree with me would indicate that we are not meeting our objectives. But I would say that we are not doing that very well.

As an example, he discussed a specific incongruence between a core branding element and the nature of the form letters the firm sent "a lot" to claimants and other clients. At its core, the brand was "about service, about being easy to do business with, about being a little bit different, not being afraid to be a little different." But according to Roberts, "If you looked at our letters I bet you would say that they are pretty much the same as anybody else's letters. They're complicated, they use quasi legal language, they are cold."

If you had at the core of your understanding the brand and being easy to do business and so on, you would not have created a letter that is complicated, hard to understand, uses jargon, because all it will do is to confuse people. All it will do is make them go, "What?" All it will do is get them angry, right?

I think it's a noble goal we set out and I agree with the goal, it's to make everyone understand it so totally that everything they do, whether it's creating a financial report, doing a brochure, creating a process, creating a new form. In some high level or in some way that is tangible when you see the output of that work validates the brand. Anything else is discordant.

*Strategy-Structure Sequence.* Roberts appeared to consider strategy as the more important consideration in its relationship to structure. This view was apparent in his assessment of the firm's branding effort as discussed above. The core of the brand was a customer service based strategy that Roberts believed should consciously be reflected in the nature of every organisational process, role, and activity. Thus, structure should be aligned to strategy and not the other way around.

As noted earlier, Roberts did not believe the organisation was succeeding in infusing its structure with its brand. He thought the failure was due to the constraining influence the firm's present structure had over strategy. Specifically, Delta was "an insurance company and we do a lot of good things and we do a lot of things really well. We have lot of really smart financial people, we need them: actuaries, accountants." Although the Group Division was performing well, the other divisions in the company were not. Though he was "not completely negative on it," he thought that the branding effort was being shelved at least temporarily because "sales and profits and numbers and stuff, that's what we know. This other stuff, we kind of don't know. So it's easier to say that this other stuff is more important."

A preference for strategy's dominance over structure is also indicated by Roberts's discussion about the evolution of the role of marketing at the firm. Traditionally, industry participants distributed their products through benefit consultants that clients hired for help in designing benefit packages and selecting providers. However, Delta saw increasing opportunities to skip the intermediary, as "more and more" business was going "direct to a company, maybe the companies don't want the

consultant and all the fees.” The firm decided to go after this opportunity with a customer relationship focus. Consistent with this strategy, sales was decentralized to the regional level. As the status of the firm’s sales function grew, the marketing “department had been sort of marginalized a little bit, through no one’s fault or anything like that, it was just, it was really not a great sense of what marketing should be, or could do, or should do for an organisation.” After all, “it’s not like you can run an ad and get a benefits plan as a result of it at the end, it’s not like consumer marketing, it’s really more longer term relationship based sales.” Marketing was relegated to essentially a sales support function that included designing promotional brochures, developing presentation slides, and the like. Product management activities that would normally be undertaken by marketing were being undertaken “sort of de facto.”

There were decisions made about what kinds of benefits and how our benefits should change to reflect legislation which are essentially product management decisions but they were kind of done outside the marketing area and in fact maybe done by two or three different people who didn’t realise that that’s what they were doing.

With the Epsilon merger, it was becoming apparent that Delta needed to solidify its identity and present itself consistently in the market place. Recognizing this, Roberts proposed to centralize marketing activities. While sales would remain decentralized as part of the firm’s direct distribution strategy, the marketing department would be centralized at head office as part of its branding strategy. The department would continue to support sales, but would also look after communications and promotions, the firm’s internet interface with clients, and product management, all with an eye for a consistent portrayal of the firm’s identity. He also proposed to physically centralize the

function at head office because “it’s a fairly small department, there’s a lot of interplay in the work of the people” which he found difficult “if they’re separated geographically.” By the time of the interview, both proposals had been accepted by top management and were in the process of being implemented.

*Organisational Decision-Making Mode.* Roberts appeared to prefer decision approaches that were more entrepreneurial than he found at Delta Financial. Specifically, he preferred decisions to be more rapid than deliberate. To get there, he felt decisions should be more unilateral than consultative, more intuitive than analytical, and more incremental than all encompassing.

Roberts was clearly frustrated by the pace of decision-making at the firm, which was slow and apparently institutionalized in how the firm thought and did business.

Yeah, we certainly take a long time to make decisions. I think that would be true. I think many people would say that. Even people who take a long time probably would say that, “Gee we’ve got to get better at that.”

But yeah, we’re not quick to market with a lot of things. That’s part and parcel of how we think and how we do business.

Roberts appeared to attribute the slow decision pace at the firm to three practices. First, the firm was more consultative than he thought necessary. He seemed to prefer the sense of urgency other firms demonstrated by making decisions with the attitude that “we’ll manage” the “employee fallout.”

We tend to be very analytical and thoughtful, we ask everyone’s opinion on everything. And when you do that, it usually means a lot of opinions and less decisions, right?

And so I think our process in this whole brand thing . . . It was so long, you know we have this cultural thing about employee involvement in

everything we do, which is not bad but again the trade off is it takes longer. It's more confusing, people all give their opinion so you don't get the decision.

We certainly have a heightened awareness of employees, employee satisfaction and employee reactions, right? In other places that I have worked, somebody might say "You know what? We've really got to make this decision because we think it's the right business decision. And yes, there's going to be employee fall out here. We'll manage that the best way we can." I think we can point to ourselves in the past and may be it's changing for the better, I don't know, of saying, "Oh, were going to have employee fallout. We shouldn't really do it that way." You see what I mean?

Second, the firm was more analytical than necessary, and much of this tendency had to do with the financial background the business required.

We're an insurance company and we do a lot of good things and we do a lot of things really well. We have a lot of really smart financial people, we need them: actuaries, accountants, you know that's fundamentally what we do but that is sometimes different from having that intuitive side of it, right?

It's just that I think there is a more analytical approach to these things and I think brand is something that. . . . I understand why you want to be analytical but I also understand that someone's just got to let things be and be more intuitive.

Roberts saw the consultative and analytical tendencies at Delta as particularly problematic in large projects. As an example, he cited a multimillion dollar project to build a new claims support system to eventually replace the two old and largely incompatible systems at Delta and the former Epsilon. The system had "expanded in scope, it expanded in budget, and it expanded in time" and was about two years overdue by the time of the interview. He believed that the consultative and analytical approaches compounded the fact that large projects should probably be undertaken incrementally rather than waiting until all the pieces were in place to make decisions: "It was so big, that what we probably should have done is built it in stages and instead we said 'No, no. We'll try to build the whole thing,' and that became too onerous."

*Person-Organisation Fit*

Roberts's configuration-making preferences did not appear to fit largely with the practices at Delta. Though he liked the fact that the firm's strategy was beginning to make inroads into the firm's organisation structure, he was frustrated by the inimical effects that the firm's conservative structure and its "ponderous" decision-making style were having on the extent to which he believed strategy should infuse organisational activities. He coped with an attitude of "just accepting the things that you can't change," and doing "other things in your life to let your frustrations out."

In terms of fit . . . people would view me as generally outgoing, generally pleasant. I'm not a hard ass kind of person, right? So that good guy kind of thing, fit the culture, that's sort of thing, I think I work reasonably hard, I think I am, I try to be fair in dealings with the employees, I don't assume I know everything, so I think those are the things that are a fit. I think in terms of not fit, I get frustrated by the ponderousness of the processes, by that whole thing. And this is partly my own training too, in terms of my skills set. I am not a financial wizard; I am not really buttoned down financially so the level of detail that's required in terms of making some decisions frustrates me. That may be my fault, not the company's, I don't know. In terms of . . . coping, I think to some degree part of coping is just accepting the things that you can't change and understanding that it's not about winning every discussion, that I'm just one cog in the wheel, I'm just offering my opinion and will continue to offer my opinion as long as I think it should be offered, right? And I'll be passionate about what I believe in. In the end, the decision may go a different way and we've got to manage the best we can. I'm not an anarchist by nature even though I'm interested in doing new things. And you mature as an individual; you understand these are complex issues and not always a simple so you sometimes change your own views, the ones you put forward. I think part of coping is you know you do other things in your life to let your frustrations out.

*Paul Thompson – Director, Group Underwriting Policy*

Paul Thompson was responsible for maintaining the Group Division's underwriting policies, and ensuring they were consistently applied nationally. He reported to the Vice President of Finance and Actuarial.

Delta had a self-contained regional structure. This meant that functional personnel, including the firm's approximately 65 underwriters, reported to the Vice Presidents who headed the regions. Thus, Thompson had no direct reports. He considered the situation

. . . really nice in some ways. In other ways I have to use influence quite a bit because I don't have any direct power over people, I have to influence decisions and influence about 65 people across the country to be consistent and to put into place the rules and regulations, procedures and processes that I come up with.

Thompson also had to influence the sales people although they had no reporting relationship to him. Underwriting and sales needed each other and so he often found himself "in the middle of the two trying to make the business work and trying to help us make money."

Thompson did not consider it difficult not having direct authority over the firm's underwriting staff. In fact, he found influencing people "quite easy." He used to have a similar position at another company "where I had some direct influence over some people and no direct influence over the majority, so it's not a role I'm not used to." He was Chair of Delta's Underwriting Council which met every month and that gave him a forum in which to exercise his role.

I think it's one of my natural gifts. I didn't always have that gift, I think it's kind of a learned thing. I think it's a trust that you get from the people that you are not going to do anything to harm them or behind their back and you are

quite open with them. So it seems quite easy. And I'm open to challenge. They know that, they can ask questions or challenge any of the decisions that are made. Not that they'll necessarily get changed, but they at least have a voice. And we do have an Underwriting Council that I'm the Chair of that meets every month. So there are representatives from the underwriting managers across the country. We get a chance to talk in an open forum about anything and everything.

Thompson was 56. He was born in Toronto but grew up in Montreal. He graduated university with a major in psychology and minor in math. He spent his entire 32 year working career in underwriting except for the first two and a half that he had spent in the math department on the individual insurance side. Prior to joining Delta, he worked eight years at Omega Life in Montreal, and an additional 11 years in that firm's head office in Boston. Following that, he spent seven years in Toronto, part of it with Delta's Ontario regional operation. He moved to Albany in a head office capacity in 1996, about six years prior to the interview.

#### *Assumptions*

*Uncertainty.* Thompson appeared to consider uncertainty as a source of both opportunities and problems that had to be dealt with expeditiously.

In Thompson view, "the main substance" of the group insurance industry did not change much. However, around the core, the industry was "ever changing." He found the constant change interesting, and considered it "what kept me in the business for 32 years. It's good. It keeps you on your toes, it keeps you thinking." Thompson saw the government as one of the most frequent initiators of change. For example on the Medicare side, government would often "de-list certain services and look to the private sector . . . to pick up that slack." This presented insurance companies with opportunities.

In order to respond to opportunities, organisations had to be “nimble and quick,” and provide employees with “empowerment to make decisions and get ahead with it.” In Thompson’ experience, these were traits Delta Financial used to have that his former employer did not. However, he was “starting to get worried that we’re getting bogged down.” The problem was that Delta was “getting larger and maybe getting some of the poor habits of the larger companies.” These habits included decisions taking “an inordinate amount of time, so you’re losing time and money.”

What triggered the change in Delta was a size-doubling merger with Epsilon that had taken place approximately three years earlier. The integration that was supposed to have been completed in two years was well into its third year. There was uncertainty in at least three areas. First, there were “too many people for the amount of business we have.” Second, “you’re getting another culture” with different power structures and “it’s pretty tough to get those two together.” Third, the firm was still running two separate computer systems, and that did not “lend itself to having one process.” For Thompson, the uncertainty was problematic because it prevented the organisation from moving on.

Thompson was quite clear on the way to tackle these problems. The firm was becoming “that big ship in the sea that’s very hard to turn and that’s sad.” The firm had come “from being nimble, being empowered to making decisions” before integration to a situation where “people have become less willing to make decisions.” The firm’s leaders had to make “those hard decisions” or assign people the authority to make them in areas of contention.

It’s easy to be a yes person and say yes to everything because nothing ever changes. “Oh yes, go ahead and do that, oh fine.” You need someone to give a

direction and say “This behaviour won’t be tolerated anymore. Change this. You don’t just go off on your own.”

*Rationality.* Thompson appeared to view organisations equally as systems of tasks as they were of people. Early in his career, he had been far more task oriented than he was at present. Specifically, the underwriting function had ruled. Sales people were “just conduits to getting new business. They really weren’t part of a team. There was no team in those days, just a team of underwriters, it was we against them.”

The turning point had come in the U.S. when Thompson had a new boss from another company. That boss “had a whole new way of looking at things which was quite different from what I had grown up with.” He taught Thompson that “people who do the work for you or with you weren’t just pieces of meat and should be treated like humans.” Moreover, other people were a source of good ideas.

I think that was my turning point when this guy came in and gave me a whole new outlook. I had grown up under this regime and never had been exposed to this regime and I found, “Gee, it really is nice this way because you get to talk to people and you can talk to sales people, and my goodness, they are human beings and if you treat them like one, they’re quite open and they do have good opinions and they can bring things to the table.”

I mean I’d taken courses and the mumbo jumbo stuff but seeing it work, that people have minds and probably some good thoughts, so listen to them and if I listen I’m going to learn and by listening you can also change the way that you direct or influence them so it’s nothing I learned out of a book. It was actual experience and seeing it work that convinced me. I was one of those hard nosed types as far as being an underwriter in the way you dealt with people but this guy showed me a better way.

Still, Thompson did not lose sight of the fact that the organisation was ultimately in business and as such, had to make the hard decisions. As an example, Thompson was frustrated that “we have too many people . . . for the amount of business we have,” and

“there’s been no real synergy from the Epsilon integration.” What made it frustrating was also seeing “nobody at the top making those tough decisions or instructing his staff . . . to make those tough decisions.”

There’s always a story, there’s always somebody saying we can’t do that because there’s not enough [people]. Gee, let’s find a way to do that. It’s always you can’t do that because six jobs will be lost. I don’t like anyone to lose their job, just to lose their job but . . . . To me, ultimately it’s a business.

He realised “it’s not all easy where you have to tell someone that they’ve had a bad review or fire somebody. The first time you fire somebody that’s not fun, but it can be done in a humane way.”

### *Preferences*

*Strategy-Structure Fit.* Thompson appeared to prefer a loose configuration between strategy and structure. The preference was part of a management approach that Thompson developed from a series of organisational roles in which he “learned to influence near and afar.”

I’ve had influential roles, I’ve had direct roles, in the US. And in Canada I started in a dual thing where I had two bosses and I had two groups of people, one group I had to influence and another group were direct reports in another city. So you learned to manage afar, you learned to influence near and afar.

The preference showed up in Thompson’s discussion of policy enforcement. He favoured making a distinction between “sacred ground” policies and guideline policies. Sacred ground policies were areas where the message was clearly sent that “you shall not break these.” These policies included using specific structures or processes “that says this is what you’ve got to do.” Beyond these areas, Thompson considered other

policies as mere guidelines. In fact, “they can go off and bend the rules and do all that because that’s what I expect of them. . . . I want people pushing those guidelines.”

However, Thompson appeared to see three prerequisites to allowing people the flexibility to push the guidelines. First, they had to have a good grasp of “the total business” and “how their little job fit in the whole wheel.” Second, they had to have the judgment to discern when it’s a good time to go or not go “outside that box.” Third, the job itself must be appropriate as a forum for exercising judgment.

You don’t want for a simple claim, somebody sitting there and going “Well gee; maybe I’ll give them \$100 instead of \$50 even though \$50 is the maximum.” Now certain jobs, you want people thinking within their own job but not going outside the box. . . . When you get into a death claim, the person either died or didn’t die. And two things the death claim people look for. Were they covered by Delta Financial when they died? Yes they were, if so, do they have a legal beneficiary? That’s the two most important things for them. Other than that, there’s not much judgment to make.

However, in Thompson’s opinion, many jobs required judgment, and the higher up one went, the more judgment was required. As examples, he thought the marketing job called for “initiative and creativity,” and on the claims side which often left little room for judgment, disability claims often required it. In underwriting, the job was “not an exact science; it’s an art” where the real job began after completing the “structured part.”

Now think of all the things that aren’t black and white . . . . So you got that price. Now think of all the things that can influence that price into the future. Also think about what the sales person has to bring to the table. Is the group growing? Is the group shrinking? Is that type of industry good in today’s economy? Are they going to be buying and selling a lot of their subsidiaries? Lots of things can influence how you are going to make money in the future.

*Strategy-Structure Sequence.* In the relationship between strategy and structure, structure seemed to weigh more heavily than strategy in Thompson's mind.

As stated in the previous section, Thompson considered it important that employees have a good grasp of the big picture and their roles in it. This point came through in a comparison he made between the Delta and Epsilon cultures. While he liked the total business awareness among Delta staff, he was critical of the "assembly line mentality" of Epsilon's culture.

The cultures weren't quite the same. . . . The Delta Financial people were more aware of the total business and how things operated . . . and Epsilon was more like an assembly line mentality where I know what I do, my little piece of this widget. I don't know what happens to it before it gets to me and I don't care, and I don't know what happens once it leaves me or what the consequences are if I don't do my correct job on that widget, but I really don't care. . . . They were one little spoke, and weren't aware of the rest of the wheel and other spokes, and they didn't have to be.

However, Thompson's discourses on the big picture touched little on Delta's specific strategy for competing in the insurance business. Instead, they focussed on the importance of having the right structure. In Thompson view, the right structure maintained the integrity of the functional areas while encouraging teamwork between functions.

This perspective emerged from a discussion of what Thompson considered a poor decision by a former Director who headed the Ontario region. Thompson had worked in the region until 1996, when he left to take up his current post. While all the other regions in the country were organised by function, the Ontario Director had chosen a team structure. The region was divided into self-contained account teams with their own sales, customer service, claims, disability, and underwriting staff. The account

teams reported to one of three team leaders, who in turn reported to the regional Vice President.

Thompson had three problems with this arrangement. First, there was little communication within functions. In the structure, “there was nobody for those technical people to go to, to get their problems solved without a functional report somewhere.” Moreover, because of the separation of teams, “underwriters didn’t talk to each other unless they met in the washroom or the elevator [and] they might say ‘Hi.’” For Thompson, the absence of intra function communication did little to develop competence and judgment among technical people.

You have to learn to go outside that box and then you get judgment. . . . You learn that, but only experience will teach you that, and by being among your functional people so you can bounce things off them because they might have come across a situation that you’ve now come up with, and that’s how you actually learn.

Second, the advice of the technical people were not given due consideration. The team leader “wasn’t skilled in any of those jobs. The team leader wasn’t a sales person, wasn’t a claims person, wasn’t an underwriter, he was basically a manager of people.” Moreover, the Director favoured the sales function. Thus, “sales people were really making the decisions on what rates would be sold, not the underwriters” whose job it was to determine the “proper rate.” As a consequence, the region “sold a lot of business” but over time, it became evident “there were no profits in Ontario.”

Third, the structure encouraged competition rather than cooperation between teams. Performance was evaluated on the basis of one’s activities within the team. Problems occurred “when one team was busy and one team wasn’t busy.” Instead of

helping out the team that was busy, the team that was not “would try and get ahead of themselves rather than helping out.” This was natural because “they’re measured on their own performance.”

Thompson thought that the solution to these problems was to “have the underwriting reporting to a functional lead and the claims reporting to a functional person,” and still “have your team leaders if you want [as] people managers.” That way, the functional lead can look after both the integrity of the function and allocating available slack capacity where needed. He had raised this suggestion to the regional Director, who had stuck to his vision. Eventually Thompson left the region to take up his present head office position; the regional Director was fired; and the region was restructured as per Thompson’s suggestion.

*Organisational Decision-Making Mode.* Thompson’s preferred decision-making mode was entrepreneurial. He believed that every decision should be assigned to a specific individual. The industry was “under constant change” and needed the organisation to be “nimble and quick.” However, since the Delta-Epsilon merger the firm was “getting bogged down” by an increasing incidence of “decision by committee.” Thompson’s problem with this approach was “you don’t usually get . . . a decision, or it takes an inordinate amount of time, so you’re losing time and money.” A consultant group had recently observed that “You guys are too slow and there is no clear direction as to who can make those decisions.” Fortunately, the head of the Group

Division was “working on that now. He says this person is in charge of this, and this person is in charge of this, and it’s up to the regions to follow, implement.”

Thompson considered it important to make a decision only after having “your ideas well thought out,” and “armed with the . . . background information.” As an example, he discussed the approach his boss had taken recently in arguing successfully for a drastic reduction in the firm’s reinsurance activities for large life insurance policies, and 80% of disability policies.

[He] did his homework and he did everything ahead of time and anticipated the questions that would be asked. He had all the financial backing that he needed, he had models run . . . with our block of business with all the scenarios. Here’s what would happen, here’s what would happen if we did this. He had all the different choices, but of course he had the one that he made – this is the way to go. But he didn’t say that until he had all the information. He made an initial proposal but didn’t go back until he had all his homework done and he had the bids in. He did the first initial sell but then he had a final sell, and the final sell with having all the information. It was hard to dispute. I guess impossible because the numbers speak for themselves.

For Thompson, prior preparation included listening to people with an open mind. He believed that people, “no matter who they are, they have good ideas and one of them might be a great idea and help your organisation.” He thought that “a lot of people say they listen but they really don’t. They hear you but they don’t listen. Or they already have preconceived notions.”

Decision makers had to be prepared to make the “hard decisions” even at the risk of alienating people. In future mergers, he hoped there would not be as much “Gee, let’s look at what you have, what we have, and let’s choose the best or let’s put something and make a hybrid.” He thought there should be “more direction: ‘Gee, it’s

really nice you have this but let's get a plan to integrate and to move that business onto our systems and these are the processes that you'll follow.'"

It won't be done without some discussion but I don't think it will require the prolonged discussions that we've had before. . . . where currently and in the last acquisition it was more like, "Well, we don't like that or that's really nice, but we're still going to keep doing it this way," and nobody ever came to them and said "No you won't, we would like it done this way."

### *Person-Organisation Fit*

Thompson's configuration-making preferences had been consistent with Delta's practices just prior to the merger with Epsilon. Though he had no direct reports, he was national Director of Underwriting. The position allowed him to control the function's direction in areas he considered important while providing guidelines in areas he preferred that underwriters exercise judgment. He liked the fact that the firm's structure maintained the integrity of the underwriting function. Finally, the organisation was nimble and quick to make decisions in response to opportunities and problems that came up.

The change in fit came during the integration process after the merger with Epsilon. Thompson saw the organisation as being too long in a state of uncertainty. It was too "fat" for the amount of business it commanded, and it housed conflicting cultures and systems. Moreover, until recently, the firm's leaders were unwilling to make the hard decisions to stabilize the situation. Thompson perceived progress in the firm's decision practices, but was clearly frustrated by the pace with which change was being managed.

### Gamma Workers' Compensation Board

The Gamma Workers' Compensation Board was a provincial not-for-profit organisation that provided insurance services for work related injuries to organisations in Timor Province. Gamma provided injury prevention, compensation, and rehabilitation services for their clients. The organisation was fully funded by employer organisations that operated within the province (Gallagher interview). By paying the premiums, the employers received protection from work injury related lawsuits; for giving up their right to sue their employers, injured workers received compensation benefits at no personal cost (Whyte interview). In 2003, Gamma had revenue of about \$250 million, liabilities of approximately \$1 billion of which about 70% was funded, and 310 employees (Whyte interview).

Compared to private sector insurers, Gamma's external environment was relatively stable. Gamma held a monopoly for workplace accident insurance and so there were no competitors to contend with. Revenues were predictable because the law required employers to subscribe to Gamma's services (Gallagher interview; Whyte interview). Over the years, the main external source for change was court jurisprudence which periodically required organisational change (Davis interview).

However, Gamma's environment was more complex than the environment of private insurers (Gallagher interview; Power interview). First, Gamma was one of four major agencies in the workers' compensation system, the others being the Workers Compensation Appeals Tribunal, the Workers Advisors Program, and the Occupational Health and Safety Division within the Department of Labour (Power interview). There

was pressure from the provincial government for the agencies to cooperate, but with four sets of organisational objectives at play, it was a complicated dynamic (Power interview). Second, workers' compensation was a politically charged issue (Gallagher interview; Power interview; Whyte interview). Many employers considered the payments they made to the organisation as a tax (Power interview). Injured workers came into the system at a difficult time in their lives (Gallagher interview; Power interview). A change in the basis of compensation had increased benefits for injuries after 1996 and those who were injured before that time were exerting political pressure to make the changes retroactive, at significant potential cost (Power interview; Whyte interview). Being a public entity, the organisation operated in a fishbowl for the local news media (Gallagher interview).

In 2003, Gamma's strategy was focussed on providing excellent customer service (Gallagher interview; Whyte interview). For employer clients, this meant making the premium payment process as convenient as possible. With this in mind, the organisation had entered into a partnership with Revenue Canada for the latter to serve as Gamma's premium collection agent (Davis interview; Gallagher interview; Power interview, Whyte interview). For injured workers, the organisation took a case by case approach that focussed on injury prevention and rehabilitation services on the one hand, and on timely claims processing and compensation payments on the other (Gallagher interview; Power interview).

Organisationally, Gamma was structured into three main self-contained divisions (Power interview; Whyte interview). The Assessments Division served the

employers. Client Services handled the needs of injured workers. Finance managed inflows, outflows, and investments. The system for performance management at the corporate, divisional, and individual levels was the balanced scorecard (Gallagher interview; Power interview). As part of the system, desktop dashboards were installed at every computer that allowed employees to monitor individual performance on a variety of factors based on client surveys and efficiency indicators. The system also enabled managers to track goal performance at the individual, team, and corporate levels.

*Evan Davis— Director, Human Resources*

Evan Davis was Director Human Resources at Gamma. He managed a staff of seven, and reported to the Vice President of Corporate Services. The unit was a “full service HR department” that was responsible for regulations, training, staffing, organisational development, and payroll.” Davis’ specialties were labour relations and staffing. He negotiated the “two of the last two collective agreements as their chief negotiator,” and did “a lot of . . . one off organisation development work with managers . . . Directors, and VPs.”

Davis joined Gamma in 1997 or six years prior to the interview. He was originally hired to work on the HR component of the firm’s strategic plan. After eight months, he transferred to the “operational side of human resources.” He had asked for the transfer, in part because he was frustrated that “the first eight months here was just rework, rework, rework” when his natural inclination was “to move stuff through.” Also, he was seeing “a lot of things over in the HR Department that really, quite

frankly, were basics that weren't happening" that he believed he could address. As a "practical person," he found the HR post "a good fit" with his skill set.

And there were some big union issues, some big staffing issues, and stuff. I went over there and I put my head down, they put me in a little office which was the width of that bookcase, and when they put in my desk, there was no place for the chair, and . . . it was great! It was wonderful. Because the answer was that there was a whole bunch of stuff that you could come back and apply practical things. And that's really been a good fit for me.

Davis was 47 years old. He grew up in Newfoundland and obtained an undergraduate economics degree there. He moved to Ottawa for a second degree in business with a major in industrial relations. He had worked since 1983 in the HR field, first with Canada Post for 11 years, then with National Sea Products for two years prior to joining Gamma.

### *Assumptions*

*Uncertainty.* Davis appeared to consider himself much less risk adverse than the norm at Gamma. For him, uncertainty should be confronted rather than avoided, and dealt with sooner rather than later.

Davis thought he understood why people at Gamma tended to be risk adverse. First, the organisation was in the insurance business, which in his opinion was risk adverse. Second, being a quasi-government organisation with accountability to the public as "part of the social safety net" made the organisation risk adverse. Third, the risk adverse nature of the firm's work tended to attract a certain type of personality where "it's not necessarily a predilection to quick action" but "a very structured kind of approach."

When he was new at Gamma, one of Davis' frustrations was that "there's really all these things that you need to deal with, but because you're risk adverse, it doesn't necessarily make it on the table. It's a dead elephant." Sometimes, he thought the management team consciously did not deal with "the issues that are getting in the way" because they were risk adverse. One of those issues had been a counter productive culture in which negative "interactions among people" was the norm, until a former Vice President addressed it with a culture change program.

Over time, Davis came to accept the risk adverse nature of the organisation as "part of the business." However, he conceded that it "sometimes rankles you a little bit." As an example, Davis was presently in the process of "trying to get somebody on a fraud related issue." In his past life, "this person would have been gone." However, it was "different" at Gamma. He spent a lot of time keeping people consulted. The consultations were "part of managing your risk [and] their risk," and that was slowing things down.

It's because there's going to be an effect. It's a long-term employee, it's not money, it's time, it's a whole bunch of stuff. The person may or may not have a bad life but there's a story there like everything else. At the end of the day, as part of my role here, I'm the fraud policy person which took me a while to do, to operationalise. And part of the stuff is, I make sure it happens. They get it to me and say, "Pursue it." They have to give it to somebody who wants to do it. I would have had this stuff done a while back. But you have to check. That's the other part. Part of the stuff is that as you make your move through, you have to keep people consulted. It's part of managing your risk. It's for them managing their risk.

*Rationality.* Davis appeared to view the organisation both as a system of tasks and of relationships. He did not always carry this balanced view. He had always "had

this thing of being fairly straight with people, but the pleasant part probably only came in the last 10 years.” When he worked for Canada Post, he was involved in four strikes as part of management and recalled it being “a tough environment, very, very, very tough environment.” At that time, he was “quite frankly, ruthless.” However, his experiences at National Sea made him realise “it doesn’t have to work like this.”

And I can remember saying to somebody, “You’re almost in a place like Canada Post. They do something, management does something, the union has to do something, and it’s predictable.” And I remember going to National Sea which is a differently run company, it’s private, and saying: “They’ll do this, we’ll do that. They’ll do this, we’ll do that.” And I remember someone looking at me and saying: “You’re crazy. That’s not how we do things.” It’s a fairly bloodless way of looking at things and stuff. So anyway, they did something, I did something, and they never did anything else. It was like “Aha, I don’t have to do it that way. I can change.” It’s one of the things you realise; it doesn’t have to work like this.

There was “a fairly bloodless way of looking at things and stuff,” and there were advantages to being nice.

You just didn’t know if you are going to have to deal with this person somewhere else along the way, because that’s the kind of business it was. If you didn’t see him here today you were going to see him somewhere else.

By the time he came to Gamma, he was “direct, but basically . . . respectful.”

There were still times when he needed to be “a little bit more direct” when “it needs to be done, things need to happen.” But generally, like most people in the organisation, he now sought a balance between being task and relationship oriented. At Gamma “being too task oriented . . . at the expense of relationships, it doesn’t fly as well here.” On the other side, being too relationship oriented at the expense of the task did not fly either at Gamma.

But you know people will hold your feet to the fire here, if they're not being direct, you know, if a manager is not being direct and is being evasive, then the employees will call them on it.

Someone is not beyond calling somebody, someone is not beyond calling me, if I'm not doing the right thing, I'm able to call somebody on their behaviour if they're not cooperating, if they're not contributing as much as we need them to contribute.

The "direct but respectful" approach at Gamma had developed out of some culture work initiated several years earlier. The work had enabled the organisation to figure out "how we are going to work together." He recalled the process as having been somewhat uncomfortable, because it involved "taking the top off the bottom" which meant getting very personal. He understood the methodology, that "people will make a change when they see something fairly dramatic." However, his appreciation for relationships had limits. At this point in his career, he was only prepared to deal with work issues.

We had somebody particularly good in the skill that I call taking the top off the bottom. A lot of people bring personal issues to work. And these weren't all just work issues that people would unclot . . . I'm pretty well prepared to deal with work issues. I'm not prepared to deal with people's personal issues. And personal issues in the sense that quite frankly, this goes back a lot to the first stanza.

In Davis' view, the process had caused "a certain amount of angst . . . at an organisational level." Still, he concluded that the culture work "probably was . . . the right thing for the organisation" in that "we've got stronger performance out of it."

### *Preferences*

*Strategy-Structure Fit.* Davis appeared to prefer a loose strategy-structure configuration. Three indicators from the interview support this conclusion. First, he

believed he had found a “niche” at Gamma in which there was leeway “to a certain extent” to exercise his practical nature. In his view, the leeway was provided in part because “not everybody wants to do people work” and because he knew the human resources job. Moreover, he was not at a high enough level where he may find the level of scrutiny “difficult.”

I've found my niche here. If I was at another level I may find it difficult, but I've found my niche here. And my niche here is that they need a practical person to do the job. And they need a practical person who knows human resources on the job. So to a certain extent I've got a lot of leeway. And not everybody wants to do people work.

Second, he spoke positively of the organisation’s long term business plan that focussed on developing an organisational “infrastructure that would support a) decision-making, and b) just being more nimble to be able to respond to needs.” For the human resources unit, the implication of the business plan was a “strategy . . . . to create human capital for Gamma” in which the focus was the development of “core competencies.” The strategy allowed the unit the flexibility to spend “a significant amount of money” to train employees in a variety of skills, “transition . . . marginal employees,” and “[go] out and [get] people who are able to do the job because we don't have it inside.” Some of the unit’s programs were “very tough sometimes in terms of a unionized environment,” but were tolerated in light of the organisation’s long term business plan.

Third, he believed in accommodating what people are interested in, and good at, doing even when they were not necessarily paper qualified for the job. As an example, he had “an ex priest . . . . doing all of my human resource information work.”

And what we've learned here is that there's some things that someone's particularly good at and someone else is not. And we're basically large enough as a group that we can get people to . . . For example, someone here is very

good with computers. He's a humanist by training, he's an ex priest. You know, I've got him doing all of my human resource information work. And its different, he's developing a skill. . . . But I got a tell you it's minutia, I don't want to do it. But at the end of the day, he produces a great product. So we'll cut them some slack to do something like that and basically give some other stuff to other people that they're particularly good at.

*Strategy-Structure Sequence.* Davis appeared to prefer a configuration in which strategy dominated in its relationship with structure. He was critical of the situation at Gamma 10 years earlier when the political structure of the organisation had dominated. At that time, "Gamma here was a launching ground for ex politicians, a happy hunting ground," where "the system . . . was really run based on the needs of the people who ran the system." Even six years earlier, when Davis had arrived, "we did not have goals. There were no corporate performance measures that people came to tackle." As such, it was "easy" for the organisation "to get into the business of processing claims." Because "there's no profit motive here," the organisation became "less outcome focussed" and the process became "as important as . . . the end result. People came to work to process claims." Within that context, it became acceptable to evaluate performance based on a "smile sheet" where "if you were nice, you'd be okay. The smile sheet would say if you're here long enough; seniority accounted for something. And seniority was a proxy for success."

On the other side, Davis preferred the system initiated by the current CEO who had arrived 10 years earlier. The organisation had a "raison d'être" which was not the processing of claims but "at the end of the day . . . it's to service the client" who comprised injured workers and their employers. Gamma worked to satisfy injured

workers through such measures as making sure they received their pay cheques within 15 working days of submitting claims. And that “wasn’t going to happen by working harder, it was going to happen by a change of structure and change of technology.” Similarly, the organisation sought to make it as convenient as possible for employers to make premium payments, and had recently partnered with Revenue Canada to be its collection agent. The organisation surveyed both the injured workers and employers “a number of times a year” and made service adjustments based on the results. Finally, people were made accountable for their job performance, and skills became more important than the “smile sheet” in evaluating performance.

We've changed some of these jobs. Part of it was that being nice wasn't enough. You had to be skilled. And that's because every organisation needs to change. That has caused some issues because sometimes you had people who were good to people but the job is now gone beyond them. . . . It's quite common. We have a lot of times where we've seen employees drop back to somewhere where they can be competent.

*Organisational Decision-Making Mode.* Davis preferred decision approaches that were more rapid and practical than the norm at Gamma. As such, his decision-making preference appeared to be entrepreneurial.

As indicated in a previous section, the slow pace of decision-making at Gamma sometimes “rankled” Davis “a little bit.” In part, what slowed decision-making was a predilection in the organisation to consult others. While he thought that “we’ve got a good workforce” and saw the benefits of collaboration and teamwork, he sometimes thought the consultations went too far. He surmised that people sometimes consulted

mainly because “it’s part of managing your risk” and “it’s for them managing their risk.”

He appeared to think that more work than necessary was being “done at committee” at the organisation’s senior management level. The team approach was relatively recent, having come out of the recent culture work the organisation had undertaken. Previously, the CEO “really had a lot of fingers in the pie,” and “a lot of times people would say: ‘Gee, what does [the CEO] want?’ Because quite frankly, if you wanted to get it on the agenda, that’s where you had to go.” The culture work essentially moved the organisation more into a “corporate model” in which senior management would make decisions as a team. But “committee work requires that a lot of the decisions that are taken are consensus decisions.” And while consensus decision-making was often appropriate for “the big decisions,” Davis found the process “quite interesting for some of the small decisions.”

Further slowing the pace of decision-making was the thoroughness of the decision process. Given the combination of insurance, government, and social safety net characteristics of organisation’s work, Davis understood the necessity of the “very structured kind of approach” to decision-making at the organisation, and of having people who “like [to] get immersed . . . in the detail.” However, he found out early in his tenure at the organisation that that approach was not for him.

I do have a strategic bent, but I found the first eight months here was just rework, rework, rework. It was that foolish, you know. I recognise now that that’s what we needed to do for management to work. . . . It was not fun to rework the same piece of material five or six times, and then have someone rework it after. And I’m thinking, my hands are starting to shake when I am taking your pay cheque, because I’ve got it right, as far as I’m concerned, maybe

the first, maybe the second time, but not the fourth or fifth. I may exaggerate a little bit but really sometimes . . .

Being “a very practical person,” he also recognised that policy work did not come naturally to him. Instead, he was good at operations and was able to do that with a transfer to his current post.

I'm pretty much the hands on HR person. . . . It's a much better fit than me sitting and doing policy. . . . It's just like pulling teeth to get it done because it's not my natural inclination. But the other stuff is, when I got it I've got to operationalise it, and I like that. So it's a different skill set.

### *Person-Organisation Fit*

There appeared to be reasonable fit between Davis' configuration-making preferences and the practices at Gamma. The organisation had a strategy that guided structure instead of the other way around. In his position Human Resources Director, he had reasonable resources and the “leeway” to structure human resource practices to suit the strategy. While organisation-level decision-making practices tended to be slower and less practical than he preferred, his operational role allowed him to exercise his preferences.

Overall, Davis appeared to be happy with his job. It seemed likely he would continue to be happy for as long as he did not aspire for a higher position at Gamma.

A lot of this business is policy driven. And as you go higher in the organisation, you probably spend a lot more time on policy than you do the other stuff. So I've found a good niche. It's the best place I've ever worked, the best job I've ever had, whatever job I've got here.

*Matthew Gallagher – Vice President, Corporate Services*

Gallagher was Vice President of Corporate Services at Gamma. Corporate Services encompassed four support areas that included policy and planning, legal services, communications, and human resources. The department had a staff complement of 35 and a budget of \$2.5 million. Gallagher reported to the organisation's Chief Executive Officer and had "seven or eight" direct reports.

Gallagher joined Gamma in 1993, 10 years prior to the interview. He came in at a "relatively senior role called Director of the Policy Department," a brand new department at the time. His role had expanded based on a study that contained a recommendation for a reduction in the number of people who reported directly to the CEO, from 13 to "5 or 6."

Gallagher was 50 years old at the time of the interview. He was born and raised in Ottawa, Ontario. He held an undergraduate economics degree and a Master of Public Administration (MPA) degree. After obtaining his MPA, "just for fun" he took a one year Bachelor of Journalism program. His early career was as an economist in the international development field. He worked about 12 years with CUSO in Botswana and for the World Bank in Washington D.C. and in Cameroon. Subsequently, he formed a small consulting firm with a few friends that offered international development services. Prior to joining Gamma, he had returned to Botswana for a two year period "in a kind of middle management job, the head of a planning unit in a government ministry."

Gallagher's saw two threads in his "eclectic background": economics, which appealed to his structure of thinking; and public sector employment, which appealed to his value system.

So a bit of an eclectic background but essentially social science and I consider economics, I guess, my structure of thinking in that it teaches you to be analytical, teaches you to ignore sunk costs and think at the margin and try to find solutions and not worry about ancient history. . . . Cost benefit analysis, it's a useful construct for a lot of the work I've done in my career.

I was always more interested in public sector than private sector. Seemed more suited to my value system, how I wanted to contribute to the world and plus a bit more interesting. I like politics and I like public policy, I've always been interested in that.

### *Assumptions*

*Uncertainty.* Gallagher appeared to consider uncertainty as a source of opportunities for meeting challenges creatively. This attitude came through in two interview segments. The first was about the time he had spent with friends consulting in the field of international development. In describing the experience, he seemed to enjoy the process of dealing with the uncertainty of entrepreneurship.

I very much enjoyed my time when my friends and I set up this consulting firm because it was creative, it was exciting, it was entrepreneurial and the only way you ate was if you gave customer service. Because if you didn't please the customer by giving good quality work, you weren't going to get any contracts.

The second topic that suggested Gallagher liked uncertainty was change at Gamma over the decade he had been employed there. On the surface, the firm's business was "not that complicated" because first, it was a "compulsory monopoly," and second, it was "repetitive" in the sense that the organisation paid and tried to rehabilitate injured workers. However, on closer inspection, the business was complex

because first, it dealt with people whose “recovery and rehabilitation depend crucially on the worker’s attitude, background, their employer’s attitude and behaviours, what industry or what geographic location they are in.” Second, the business was in the public sector, which meant “that at least in relative terms we are in a fish bowl.” The organisation not only had to satisfy direct customers, but also government legislators, the media, and the general public.

Within this context, Gamma used to be “a relatively old fashioned bureaucratic organisation” that was “a bad version of a government department.” Now, the organisation was “a relatively dynamic, innovative, public sector agency, public sector insurance company.” Though the organisation was “owned by the government . . . we do not operate like a government department. We operate like an innovative customer centred insurance company.” Gallagher recalled that getting the organisation to this point meant having to deal with “lots of change . . . and lots of interesting issues” over the last decade and in the foreseeable future.

It’s a place on the move, it has been improved dramatically in the time I have been here, rewarding if you, if you like that, lots of change. I love that. Huge amounts of change, we’ve had new legislation, reorganisation, all this performance measurement stuff, new challenges around chronic pain and going to the Supreme Court of Canada, different ministers come and go, lots of change. Always new issues coming under the radar screen and because where I work I get to deal with most of them – corporate information, security is a big deal these days, protecting information. Saskatchewan had a crisis there [with] Co-operators Insurance. So anyway, we are dealing with that and lots of interesting issues. This whole thing of planning the whole system now, trying to look at it from the customer perspective, cooperate with other agencies, all good stuff.

*Rationality.* Gallagher appeared to consider the organisation as a system of relationships among people more than as a system of tasks. The main task was to satisfy the requirements of two client groups: employers who paid the premiums, and the injured workers who made claims on the system.

In fulfilling these requirements, Gallagher saw the organisation's "expertise [as] the knowledge and attitudes and motivation of our staff." In order to maximise organisational performance, he considered it important to minimise the motivational impediments to the people's work. With this in mind, Gamma had initiated an organisation culture assessment and change program several years prior to the interview. Gallagher recalled that at the time the culture was

... passive aggressive. ... So people were working hard but were not supportive of each other and were not getting much reward from working hard and they weren't getting a lot of good feeling for all their hard work. So it's not that the people were lazy or incompetent but they were stressed out and ... we weren't achieving the synergies or whatever you call it that you could if you had a more open constructive kind of working relationship. You know lots of organisations have this problem, people in their little silos and departments, jealous of their prerogatives and all that kind of stuff.

Meanwhile, in the years prior to the culture analysis, Gamma's objective performance was "going in the right direction," in terms of "our finances, our customer satisfaction surveys, our measures of how we quickly we get the check out the door and pay injured workers, that kind of thing." However, Gallagher saw that "it had been at the cost, to some extent of human toll within the organisation." Thus, though the firm appeared objectively to be accomplishing its tasks, Gallagher saw "it wasn't as happy a place." Left unchecked, there might have been a "some kind of crisis of resignations, or of stress leaves or of who knows what and we had had a certain amount of that."

The situation was unfortunate because “you know, you spend a lot of time at work, you want to be happy as you can be. You want to be professional but you want to be motivated.” So the organisation undertook “a huge amount of remedial work” to move from a “passive aggressive culture to the . . . open, honest, affiliated, constructive, high performance culture where if you have an issue, you go talk to the person about it. You don’t simmer and talk behind their back.”

The culture work benefited the organisation in two ways. First, people became more productive “because all the time you’re spending dissatisfied or rumour mongering or sulking, or whatever the word is, you are not spending on being a productive person.” Second, the organisation became better able to harness the knowledge of its staff. Employees had “a much greater ability to challenge” that was “crucial to an organisation. Because if people become yes people, you don’t get the critical thinking that you need.”

In Gallagher’s opinion, the culture work was succeeding, and he seemed to enjoy the results tremendously.

The culture, this is a lovely . . . . Day to day people are, it’s just that kind of place, a good group of people, they are committed, they are smart, they are friendly, we care about each other, there’s all that, it’s just like a nice family feeling. Lots of people remark on that when they come here from other organisations, or when they are about to leave to go somewhere else, there is a definite family feeling, one big family to a large extent. Great!

### *Preferences*

*Strategy-Structure Fit.* Gallagher appeared to prefer a broad alignment between strategy and structure. Gamma’s goal was to provide “excellent customer service.” He

believed that in delivering the service, “what gets measured gets managed.” Thus, he considered it important to devise and monitor service performance indicators for all facets of the organisation, from the corporate level to the operational.

When he had first arrived at Gamma, there had been “really no formal . . . corporate performance measures” other than aggregate financial reports. He had found this disturbing, particularly because as a public sector organisation, Gamma was accountable to its many stakeholders and there was “a higher standard of ethics and transparency.” Gallagher felt the organisation “needed to adopt a rigorous system of measuring performance and then managing to achieve the targets that were set with respect to the measures that were agreed to.”

In 1996-97, the CEO initiated an effort to devise performance measures at the corporate level. The measures encompassed targets and performance for organisational finances and client service that included, among other things, turnaround on new claims and survey indicators of client satisfaction. Several years later, Gallagher took a leadership role in collaborating with the organisation’s other Vice Presidents to drive the corporate measures “right down to the front line.”

The effort was progressing as planned. Many corporate performance measures were now translated into front line employee measures. With “cutting edge” software, employees had the ability to monitor individual performance, including the results of customer surveys that indicated “how your customers that you served last month liked the service.” Supervisors and other managers had the ability to monitor individual as

well as aggregate performance results. As an example, Gallagher described how the system handled the organisation's turnaround target of 15 days for claims.

And so in fact on my desktop I can click and find out how every single individual case worker in Gamma did last month on issuing those cheques. What percentage of the people that they issued cheques to got it within 15 days. So it's a very direct, it's at an individual staff members level, we roll it up so people working in teams, we roll up into what call geographic units, so our central or north shore unit, we can measure it at that level, and then we can measure it to the whole organisation.

The system was benefiting the organisation in important ways. It allowed the organisation to monitor progress toward goals. It enabled management to identify top and other performers "which is important for human resource development and human resource management perspective." It allowed the Board of Directors "to play their governance function because they can make sure that management is doing its job, because they now have . . . quantitative indicators of performance." Overall, the system improved transparency and accountability to the organisation's stakeholders.

Gallagher felt that while many organisations talked about the scorecard approach, "we have actually done it." Consequently, in addition to benefiting performance management at Gamma, the scorecard system gave the organisation "a bit of a name as being innovative" which Gallagher found "nice."

I have given talks at conferences, I have been asked to go and speak at conferences on this. I got a call from a consultant from IBM. A lot of people talks about this balanced scorecard and drive it down to the front line and we have actually done it. And so for the relatively few people who might really care about it, we got a bit of a name as being innovative . . . It's nice to get a call from some conference organiser that "hey, I have been snooping around and your organisation is seen as a leader in this area."

*Strategy-Structure Sequence.* Gallagher appeared to consider strategy as the appropriate determinant of structure and not the other way around. In his view, the organisation's main goal was to provide excellent customer service to the employers who paid the premiums, and the injured workers who made claims on the system. The strategic focus differed between the two groups. For employers, it was to make it "as painless as possible...as convenient as possible" to pay their assessment rates. For injured workers, it was to provide timely processing of claims as well as rehabilitation service to help them return to work as soon as possible.

Gallagher considered it important to meet these requirements even if it meant rearranging the bureaucracy. His push for the balanced scorecard approach as discussed previously indicated this priority. In making people aware of Gamma's service focus, it was not enough to talk about it. Rather, the organisation must measure service at the corporate, team, and individual levels. Deviations from service targets must be addressed not by changing the targets, but by examining and making the changes necessary to operations and individual behaviours to achieve targets.

Well, if they are doing poorly. . . . They meet with their manager and they talk about the barriers, so we don't say "You're terrible, get to work," but "Let's examine . . . the root cause." So you are sick for a week . . . . We have somebody back fill for you. You are inexperienced; you have inadequate training in how to calculate the wage replacement rate. Okay, we have a one day training course to solve that problem. You are in over your head, you have reached your level of incompetence, this isn't the job for you. . . . So it's an analytical, remedial approach first, but the solutions are many and varied.

A second indicator that Gallagher considered strategy more important than structure is provided by his discussion of an organisational decision to "fundamentally

alter the way that employers pay us the premiums that they are required by law to pay us.” Essentially, the organisation outsourced the collection activity to Revenue Canada.

In the previous system, Gamma required employers to make premium payments on February 25 every year. Payments were based on estimates of annual payroll the employers made at the beginning of the year and an assessment rate Gamma calculated. Employers generally did not like two things about this system.

Number one, cash flow: Paying in advance, especially if you are an employer that has his payroll concentrated in the summer months, like tourism, logging, you name it. “I’m going to actually earn my money and pay my wages in the summer months. Gamma is making me pay in February. Let’s go borrow money from the bank or do whatever to pay that bill. I don’t like that.” Number two: A lot of firms found it hard to estimate accurately what their payroll will be for the year and yet we would come along at the end of the year and if you had been inaccurate, you had to pay some kind of penalty. So not many employers liked that system.

However, the system had not been designed for the employers. Rather, it had been designed for the bureaucracy. This “was not a voluntary transaction. They must purchase the insurance. [It] was convenient for us [that] we got the money up front.” It was convenient and simple “to get two cheques a year from the firm, one at the beginning and then a reconciling one at the end.” Gallagher thought “it was kind of classic [that] the system was designed to suit the bureaucracy and not the customers.”

Several years earlier, the Vice President who was responsible for assessments analysed and thought about the situation and ultimately came up with a system that would address the employers’ concerns. Gamma would outsource the collection function to Revenue Canada.

So we have effectively become just another box on the form that employers have to fill out anyway for Revenue Canada. So when they are filling out that form and figuring out how much they owe for employment insurance and

Canada pension, which are also percentages of payroll, they just figure out how much they owe for workers compensation and then they send their money to Revenue Canada. So they act as our collection agent. So from the employer perspective now they are paying after the fact instead ahead of time and they are paying in a familiar convenient manner because they are used to dealing with Revenue Canada for many years. And we just become another little item for them. So we do a lot of surveying of our customers and they love this new system.

On the surface, the partnership arrangement simplified Gamma operations, but in fact, it had made things more complex.

So it's simpler for the firm, but it's a much higher volume of transactions for us. We used to get two cheques a year. . . . Now we are getting a minimum of four a year, some firms are quarterly . . . most firms are monthly, but quite a number of firms are bi-weekly or weekly. So our volume of transactions increased I think it was 16 fold.

Nonetheless, Gallagher considered the partnership a success. Though the organisation "was still the only Workers' Compensation Board in Canada that has that partnership with Revenue Canada," he thought "it's about to be spread to others." More importantly, the system had Gamma's structure being led by a customer focussed strategy, instead of the other way around that was the case previously.

*Organisational Decision-Making Mode.* Gallagher preferred collaboration as an organisational decision-making mode. He had worked at the World Bank 20 years earlier. It had been a "huge place, five or six thousand employees, very structured and people opening vast procedure manuals and following the letter of the law, and very high hierarchical and sort of authoritarian kind of environment." He found he "didn't like that [and] didn't thrive in that environment."

He liked the environment at Gamma much better because it harnessed the abilities of people. There was “a much greater ability to challenge and have constructive open conversations even though they are about disagreement.” He thought this ability was “crucial to an organisation.” Gamma had a “lot of smart, dedicated people,” and to get “the critical thinking that you need. . . . We want every one of them to be actively involved in, trying to make this the best place we can be.”

The kind of collaboration Gallagher preferred had three characteristics. First, the collaboration had to be both vertical and horizontal. When he first started with the organisation, the structure was “hub and spoke,” with “the CEO at the centre and his direct reports bouncing ideas off of him, discussing things with him and then back out to implement it.” So “it was more one on one” at that time. After “some culture work,” the organisation became “more collegial” where people communicated laterally as well as vertically as a matter of practice.

Second, the collaboration had to exhibit team play. This meant that people had to contribute in common to Gamma’s customer service goals. “The only way the organisation can be successful, the only way we can deliver that customer service is if everyone is working in the same direction and in a positive way, so it’s very important to be a team player.”

Third, the collaboration had to be honest and respectful of other’s positions. This meant “not just go along and get along and be friendly and happy and superficial and agree with everything that people say to you.” It meant disagreeing respectfully when one believed it would benefit organisational goals to do so. The attitude had to

encompass not just peer to peer relations, but also superior subordinate communications.

It doesn't mean that the boss, whether it is CEO or the VP in their area doesn't have the final authority, but before you exercise your authority, allow those who report to you and especially those on the front line who deal with the customers, to have input.

### *Person-Organisation Fit*

Gallagher's configuration-making preferences appeared to fit Gamma's current practices. His preference for a broadly aligned strategy-structure configuration was being realised at the organisation by the balanced scorecard initiative he was leading. Strategy was driving structure at the organisation, which he preferred to situations in which bureaucracy dominated organisational direction. Finally, the firm encouraged the kind of respectful but honest collaboration he preferred as a matter of practice.

In addition, Gallagher appeared to really enjoy and appreciate being part of the public sector with a mission he considered valuable to go by.

I love our mission. I think helping injured workers get back to work is a great thing to do with your life. We make the world a better place everyday, because these people are hurt, they are confused, they are needy. In many ways, they need psychological support, they need money, they need advice, they need medical and health care services and they come to us and we help them get all of that and we treat them nicely and make them feel better and reassure them while this is all going on and then they get back to work and get on with their life. And lots of them – taped to my door there – write letters and thank us. What a great job to be in. What a great line of work to be in. You visibly see people going from bad to better. From hurt to healthy, from unemployed to employed and they thank you for it. It's great, so I consider that I work in a place I can believe in the basic mission of the organisation. I'm not selling tobacco; I'm not operating video lottery terminals. I could not do that. I couldn't do those things, so that makes it a great place to work.

*Sarah Power – Director, Public Relations*

Sarah Power reported to the Vice President of Corporate Services and had a staff of five, with an additional seven expected in 12 months. At the time of the interview, Power was also Acting Vice President of Prevention Education, which had a staff of 40. The former Vice President of that department had been named Acting CEO a day earlier after the former CEO left the organisation. The Prevention Education Department had transferred to Gamma about two years earlier from Timor Province's Department of Environment and Labour.

Power was 44 years old. She was born and raised in Timor Province, where she graduated with a university degree in public relations. She was halfway through an MBA program in the province before moving for a job. Her work experience included employment with Canada Post "doing media relations and management," an ad agency, and the Western Regional Health Board initially "doing public relations" but "ended up in human resources and labour relations." She joined Gamma six years earlier.

Power considered herself an experienced public relations person. Like "every public relations person," she had spent "years writing the employee newsletter and all that kind of stuff." One needed to know "how tools are going to work . . . if they're going to work at a basic level," and she had that knowledge. However, at this point Power liked to work "at a strategic level" and was really "really big on vision... Where are we going?" and was "not too good at the detail work." "Part of the reason" she had taken the job at Gamma was "because communications is at the Executive table."

So when you're making business decisions you're going to think about communications the same as you think about human resources, the same as you

think about finance. I'm not interested in working for a company that does not think about issues at that level. Because I'd just be frustrated, and who wants a frustrated employee? So that was part of the agreement when I came to work here. If that's what you're looking for, somebody that could operate at that level, then I'm the person.

### *Assumptions*

*Uncertainty.* Power appeared to see uncertainty as risky for the organisation but as a source of personal opportunity to exercise her skills.

At an organisational level, the source of environmental uncertainty for Gamma was the complexity of external factors that affected the organisation. Workers' compensation was "a complex business" in "a complicated system." First, four major agencies were involved: Gamma, the Workers Compensation Appeals Tribunal, the Workers Advisory Program, and the Occupational Health and Safety Division within the Department of Labour. At the urging of government, an organised effort was being made to bring the four agencies into a coordinated system. A business plan had been developed and "it's great to plan, but it's hard to implement."

It's a tenuous relationship. Parties are structurally meant to be independent. . . . They're not set up to work together. Their objectives are different and yet they are trying now to come together and cooperate. And it's difficult when you've had a mind set of that need to be separate to think of the ways you can still be independent and yet be cooperative. So it's been a challenge.

Moreover, Gamma was working in "a very charged environment." It was "a political issue . . . a difficult issue."

Employers have to pay, they view it as a tax, and we all love taxes. And workers are coming to us at one of the worst points of their lives. They've had a difficult injury. They need funds, they need money, they are injured, they are jeopardized, so people are coming to us at a very difficult point in their lives. . . . We also have a group of people who were injured before 1991 when the

benefits were not as adequate as they are now based on the different systems. . . . So they have a lot of anger and issues around that with very little resolution. . . . A lot of that is directed to us. . . . And you know people in Timor have a great sense of entitlement as to this government looking after them so it makes it an interesting environment.

The complex environment made change at Gamma an ongoing activity. It was the combination of external and internal organisational challenges that had attracted Power to Gamma.

There are two things that I like on the communications side which is where I spend most of my time. Two things I really like to do. I like to work in an organisation that is going through change at an internal level and is going through conflict at an external level. And as a professional I thrive with helping organisations deal with those two things – two things that I'm just really good at.

While she thrived in helping organisations deal with uncertainty, Power appeared to consider personal uncertainty problematic. She found it “hard to make the decision to change” and it took her a while to make up her mind about the Acting Vice Presidential role she was carrying concurrent with her Director role. However, once she made up her mind, she did not “torture” herself second guessing the decision.

I was talking about this with my husband last night, that ironically for somebody who has helped people cope with change my whole life I don't like it. And I find it hard to make the decision to change. But once I have, I go forward. And so in taking on the prevention side, once I had decided that it was a good idea to do it, even though I had no idea how to do it, then off I go. But making the decision was hard. I'm probably pretty typical. . . . I don't think I'm different than anybody else. But I see the difference with me and other people in that once I've decided, I go. A lot of people torture themselves with the decision for a really long time.

Once she made a decision to change, Power accepted and dealt with uncertainty that came with the decision. Though she did not know the “technical stuff” about prevention, she was confident she could find and manage people who did.

I don't know about occupational health and safety. I don't know what the standards are, that technical stuff, I'm never going to know all that and I don't know all of that. But I still think I can lead the department because I could hire people who know how to do that and I have a vision for what we need to achieve and I have people who can develop the tools. . . . I don't know how all the tools are going to work but I still think I could do it.

*Rationality.* Power appeared to view the organisation as a system of relationships. Specifically, she thought that relationship skills were the key ingredient to accomplishing organisational goals. This view was apparent in her discussion of two relatively recent Gamma accomplishments.

The first was installing a partnership with Revenue Canada for the latter to serve as Gamma's collection agent for premium payments by employers. Power considered this accomplishment "phenomenal" because, among other things, it had required convincing "the kings of bureaucracy, Revenue Canada . . . to change the Income Tax Act." The former CEO and Vice President of Assessments (now the Acting CEO) succeeded in the effort because they had "those kinds of relationships" with external stakeholders through which "you can make things happen." For Power, the former CEO was the "king of that kind of relationship building" and the Acting CEO "would be like the prince."

Convincing them to do things that are outside their realm of experience. Within government, when you deal with bureaucratic people who are very caught in how we currently do things, there's great comfort in your current process. Our world runs on policies and procedures and that's just the way you do it. So to get people to move out of that box, and be convinced by the opportunity that it brings, it's a lot. It's a lot, and you can find a few visionaries everywhere, but it's a lot for people to do that. And [the former CEO] has the capacity to get people to do that.

Internally, the change had been an even “tougher challenge,” particularly “the high level of how this is going to be better for everybody and translating that down to the person who has to process the form.” It required employees to “throw out everything they knew, bring in all new processes, essentially learn on the job.” But the former CEO had the internal relationships and the “personal charisma” to get it done.

They had a tough time bringing people along internally [but] in the different organisations I've worked with, seeing people in the leadership role, to me [the former CEO] is one of the finest in doing that. . . . [He] can do it with his personal charisma. [He] has personal charisma to do that. If [he] tells you that you can do it, you believe him.

The second Gamma accomplishment Power discussed was the installation of a new performance management system for its front line employees. The endeavour was part of a balanced scorecard the organisation was using to manage overall performance. The performance management system placed the individual employee's key service performance factors “on a dashboard that comes up on your computer,” including “the length of time somebody is on claims based on the seriousness of the injury [and] how quickly we return phone calls, all kinds of service factors.” The system allowed the employee, supervisors, and managers to monitor performance.

So once a week, it comes up with all of the different factors and whether you're green, you're right on target based on the targets that we agreed with our employees were appropriate, whether you're yellow if you are close to not meeting the target, or whether you are off target, then it's red. My own performance, my personal performance, comes up on the dashboard every week with the tabulation of the claims and the information on what I processed last week.

Installing the system had been “a challenge” particularly within the context of “the public sector, in a unionized environment” where “it's very unusual that they would agree to that kind of measurement tool.” However, “many front line staff” had been

involved “in the development of the measures, the development of the targets, the development of the tools.” So when the union “pushed back and said that ‘the case managers won't like it’ . . . but half the case managers were on the team and they were the ones that set the targets.” For Power, the extensive participation was been “why it worked.”

The person who “championed the process” of getting front line participation had been the Vice President of Client Services. It had not been easy, but the VP had been equal to the task, being “very smart, [with] credentials up the yin-yang,” and very well liked.

She just as a human being has a wonderful outlook on life. She's very positive, she puts smiley faces when she signs her name, just that sort of energetic personable person. And very, very positive outlook on life. It's really nice to be with somebody like that, as opposed to somebody with a negative outlook, afraid of what is going to happen around the corner. [She] is the opposite of all that. So you like to be with her. And she's fun and interesting on a personal level and a professional level. She's just nice to be around. And I think she's able to translate that into leadership.

You want to be [her] friend. You can't help but love her. And she made it work. . . . [She] was able to make people believe, help people believe that this was going to make their jobs better.

### *Preferences*

*Strategy-Structure Fit.* Power appeared to prefer a broad alignment between strategy and structure. She provided three indicators of this perspective. First, she thought Gamma's partnership with Revenue Canada for the collection of premiums was internally consistent with the organisation's service focus. The employers had been unhappy about the collection process.

They hated paying in advance, they hated estimating the payroll, and having to pay a penalty if they didn't estimate it right. They also had to pay in March, which in construction, as you can imagine, is a big industry for us. They're paying it at the time of year they have no money. And so they just hated the payment process.

As such, the partnership with Revenue Canada was "an easy sell" to the employers "because they hated" the previous system. "They thought it was great" and for Power, that was consistent with providing good service.

Second, the decision to implement a desktop performance management system all the way down to the front line employees was internally consistent with the organisation's service focus. In the past, performance measurement included a "survey our customers once a year." The problem with that system was that "for front line employees the connection between what you do every day and the corporate performance measures" was weak. "There was an understanding but there wasn't a true connection." As such, it was difficult to pinpoint individual sources of performance problems. One could think "you know, I'm brilliant, I'm doing great, you're the problem. Clearly those numbers weren't talking about me."

The new system improved the connection between client service and the individual performance of employees. It allowed the organisation and employees to monitor, and quite importantly, do something about service performance anomalies on a weekly basis.

But to me, a significant piece at the end was this data that now I as an employee, I as a manager now have for all my staff, [is] that we can actually manage the service and the satisfaction with the service every week on our computer.

If we discovered that you're always red [not doing well] because you don't have the skills, because maybe we promoted you for job you didn't have the skills to do, then we have a process that we go through to manage that...And for the good performers, they then thrive because we were not

always good in keeping with them in the reward and recognition part [but] having everything be green and my managers see that, that's a good thing.

Third, Power was concerned about the misfit between how “our operational departments operate as silos” and the organisation’s service focus. What was required was “a more integrated approach” that she hoped would come as “the next evolution.” She thought it was “to the detriment of the people in those departments and the service that we’ve offered to our customers that we’ve continued in that model.” The problem was that when customers came to Gamma with issues, too often they were met with “I really don’t know about that part. You need to talk to somebody else. We can talk to you about your claim. We can’t talk to you about your account.” In Power’s mind, this was inconsistent with the firm’s service focus. Although “we in our minds it’s very clear that here is assessments, here is claims. . . . But if you’re a customer? ‘You’re all on the Board. There’s no difference. We don’t care.’”

It’s not the insurance agent model. I have my car insurance through Don at the auto insurance place, and if I have an accident I call Don. If I don’t like my renewal rate, I call Don. I call Don about everything. Don tells me about everything. But we don’t have any Dons here. We have Don and the other Don. We have two people that have to do that. To me, it’s better service to have that full service all in one person. And we could approach it even at an executive level that way but we don’t right now. But we will. It’s the next evolution.

*Strategy-Structure Sequence.* It was clear also from Power’s discussion of the Gamma-CRA partnership, the new performance management system, and the organisation’s silo structure that she considered it appropriate to have strategy dominating structure.

For Power, the CRA initiative was “the implementation piece” of the decision to have a “service driven” strategy. The partnership may have been convenient for the employers, but not for the organisation. In fact, it had required even more structural difficulty than had been anticipated. Still, for Power “this was a significant, significant initiative . . . . a wonderful thing” in terms of the organisation’s service focus.

It cost the company a significant amount of money to deliver that and we didn’t generate revenue because of it. It wasn’t like that. We probably got less revenue because people were not paying in advance. . . . so purely a service driven process.

We could have processed those payments ourselves, we could have hired more people to do it, you know we could have bought computers. . . . But going with Revenue Canada probably was more difficult because we had to adapt all our processes to theirs instead of making up our own. It was more arduous. . . . It’s only my personal view, but we weren’t thinking about the service piece. We had to service people completely differently. When they had questions when you only bill them once a year you handled those questions once a year. . . . [Now] 12 times a year you have to handle those questions. Twelve times a year you have the opportunity to make mistakes 12 times and for our big customers, some of them pay every week. So the whole service piece of it, how we were going to keep all that machinery going, I think we underestimated all that.

The performance management initiative had also entailed a significant structural change. It was a commitment “to use technology to serve people better,” and it had required a lot of money and training. It had also changed the nature of people’s jobs. As an example, supervisors’ relationships with subordinates changed considerably. They used to be “super case managers” who got promoted because they were “very good at their jobs.” And “when as an employee you had a difficult case, your manager made the decision for you.” Now, being much more service performance focussed, “the management job is very, very different [and] some of the managers struggled with it.”

It’s a completely different relationship, it’s a completely different conversation between managers and employees.

Where before I might have had to look at the case files on your desk, see how you're doing managing those claims and I might evaluate your business based on that size of the pile on your desk, it kind of took all of that out, that subjectivity out, and now it's based on the true numbers. So you and I would have a discussion really about service and about things that are important as opposed to symptoms which can happen when I look at the piles on your desk. . . . Was that time more in the end? I don't know but that time spent was different.

Finally, that Power appeared to be seriously contemplating how to change the organisation's silo structure into an account structure to better serve clients indicated a belief in the dominance of strategy over structure. It may be "better service to have that full service all in one person . . . . even at an executive level," but the implications of such a change in the organisation's political power and operating structures were enormous.

*Organisational Decision-Making Mode.* Power appeared to prefer a collaborative decision-making mode with two characteristics. First, the collaboration was consultative. She looked favourably at the fact that "understanding . . . the needs and wants of the frontline people" was "very important" at Gamma. Though it might take longer, "having buy-in from the staff" was important. The consultations that had taken place in designing the performance management system was "why it worked."

We don't make decisions at the senior level independent, technically, of how we think the impact is going to be on frontline staff, we want to know that. [The former CEO] was the ultimate leader in that. If we are thinking of something up here, he wants to know every step of the way what the frontline people think about all that.

Second, the collaboration empowered people. Power looked unfavourably upon the practice of the “senior team” being “pretty good on delegating responsibility but . . . not the authority” to make decisions in the area of responsibility.

So I can ask you to run a project, I want you to do all the work, I'll give you lots of leeway to do that but I still need to be in charge. And I struggle with that. If you're going to give somebody all the responsibility give them the authority too.

For Power, empowering people was “about corporate responsibility.” Giving people the authority along with the responsibility enabled them “to grow to be better people. And they'll decide whether or not they'd like to be a manager. They'll have better skill sets, it will make them more marketable.” She consciously tried to practice that belief, and took responsibility for the consequences.

I am accountable for things that happen in my department. So whether or not I made the decision, I gave the person the authority to make it so I'm still responsible. Now, I may tell them I'm not happy with what they did in the course of that but in the end I'm still responsible for what happens, or I feel accountable. . . . And that has happened. . . . I might have made the decision differently but to me I gave them the authority to do that so it's all one and the same.

Power also looked unfavourably upon the practice of micromanagement, which she appeared to view as disempowering. She sometimes found her immediate superior acting that way. Though her superior was “probably one of the smartest men I have ever met and has an insight that I've relied on,” he sometimes made her “nuts with the detail.” She had been reporting to him for six years and acknowledged that “we make it work.” They had done a “360 review” two years earlier. Power had found it “illuminating to see . . . the things that he needs in an employee,” and that had helped her “crack the code on some of that.”

Sometimes I have to think about what kind of information he needs, to be reassured that the how it's all going to happen.

Because I'm thinking, "Why would you want to know the details about how I'm going to deliver a brochure? What day I'm going to do this. Why would you want to know all that? I know all of that. Why would you want to know?" Well, he needs to know all that. It makes him feel better to know that I have thought of all those things. So anyway, that's what I try to do.

### *Person-Organisation Fit*

Power's configuration-making preferences were largely consistent with practices at Gamma. She preferred a broad strategy-structure alignment in which strategy dominated structure, and the organisation had moved in that direction over the course of her employment there. She liked the consultative decision-making approach at Gamma, but not practices that disempowered people. Overall, she appeared quite happy with her position as Director of Public Relations and the career implication of being named Acting Vice President of Prevention Education. Both roles had the components she seemed to like in a job.

And this is the longest I've worked anywhere. It's those two pieces, one which is probably more technical – dealing with change, dealing with conflict. And the other which is strategic. And the job involves both of them. I can't believe I've stayed here this long, and in the same job. I'm different now but basically it's been the same job all these years. My family says my career is dead.

### *Allan Whyte – Chief Executive Officer*

Allan Whyte was the Chief Executive Officer of Gamma. Gamma had budget of about \$250 million, liabilities of approximately \$1 billion, and about 310 employees. He was appointed by the Board of Directors and reported to its Chair. He had four operations direct reports and two staff reports.

Whyte had joined Gamma as CEO in the early 1990s. He was the longest serving active CEO among all the Workers' Compensation Boards in Canada. The "normal life span" of Board CEOs across Canada was "about two years." There were "three people in the country [who] are at five and everybody else [is] less than two years." Whyte was "the only guy at 10" years of tenure. He considered himself lucky to have had "good Chairs and Boards" because "it makes all the difference."

At the time of the interview, Whyte was grappling with an issue that made him consider his future at Gamma. Over his tenure, he had presided over a successful financial and cultural turnaround at the organisation. Third party customer service and staff surveys were positive. Whyte had an employment contract with "incentives in it for me to stay" another five years. However, over the years Whyte had developed "sufficient baggage" that made him wonder how effective he could continue to be as the organisation's CEO. Among other issues, he had become "the focus point" of discontent by some in the injured worker community. Due to a Gamma change in the basis for compensating injuries, injuries sustained since 1996 generated greater financial benefits than injuries sustained previously. Now "everybody wants that who are in the old system and so they've been hammering away consistently. . . . [They] blame me . . . and the politicians aren't happy." But "government is saying and business is saying that wasn't the package they had been in [so] don't charge today's employers for yesterday's accidents." So although Whyte "would love to give it . . . it is at least 250 and if not, a 500 million dollar price tag."

Whyte believed “deeply in public service” and in “trying to prove that public service can do a good job.” He had grown up “listening to the CBC national news” and started serving the public early, having been “involved in the YMCA . . . the Red Cross . . . politics as a kid. I was 10 years old, I was putting up . . . signs.” After obtaining a Master of Public Administration degree in the 1970’s, he had “worked in the leader of the opposition’s office in Ottawa, worked in the Finance Department in Saskatchewan,” and held “progressive senior positions in the Government of Saskatchewan.” Then he “came home” to Timor in the mid 1980’s, where for the next five years he held a university position that gave him “a chance to step back and reflect on things” prior to joining Gamma. Looking back at his experiences, he considered himself “fortunate to have been mentored by some great people [and to] have had a lot of exposure at the senior and operational ends.”

### *Assumptions*

*Uncertainty.* Whyte appeared to consider uncertainty as a source of personal opportunity. He considered himself “very lucky” to have had “one opportunity after another” throughout his career. He held a positive view of opportunities, seeing each as a chance to succeed or correct previous errors, rather than a chance to fail.

I have just had opportunity after opportunity, so I am a positive person. I look at every opportunity, everything that happens, even some negative things. You know, something okay is going to work out, so if you look at life positively, you will find a positive way to do it. Even if I got fired tomorrow, well, I would have had 10 great years, right? And what I would be concerned about is if you haven't had any opportunity, you know, you haven't done something well and you haven't had a chance to correct.

That Whyte considered uncertainty as a source of opportunity was indicated by his decision to join Gamma 10 years earlier. At that time, the organisation was doing poorly, and the types and magnitude of the issues facing the organisation made turning the situation around very uncertain. According to Whyte, "We were giving money to people with no legislative authority. We were not acting as an insurance company. We were acting as a welfare agency." Gamma was a monopoly, which was "terrible management wise because you think 'I don't care what I do . . . they've got to come.'" The "history" of the organisation was such that "whatever you do, we will make things okay for you, the staff person, as opposed to . . . our customer." As a result of these and other issues, the organisation had only "27% of the money we were supposed to have in 1993" as reserves. Projections indicated that even with proper management, 45 years would be required to "pay down the unfunded" liability.

Whyte had taken the post and 10 years later, the situation had turned around. Gamma was now 72% funded and was projected to be fully funded in "probably another . . . 15" years. The monopoly mentality had now been replaced by the attitude that "your job is customer service." Third party surveys by Corporate Research Associates indicated that in terms of both client satisfaction and staff morale, "we are performing as well as, if not better than" other Workers' Compensation Boards across the country and even "similar private sector organisations."

While Whyte appeared to have been excited by the challenge of turning Gamma around over the past 10 years, he did not appear to be as excited about the prospects of transitioning "to managing a steady state environment." Within this context, Whyte

appeared to view uncertainty as a greater source of challenge and opportunity than relative certainty.

In terms of my vision, you know, there comes a point in time when you've done it, you want to do something new and you are not as excited, perhaps as I might have been. And you've also got people who are ready to grow and I'm going to be the impediment there, right?

I think there is a time, you know. And can I make a transition to managing a steady state environment? I think I can and we'll see. It's a real challenge, it's a challenge.

*Rationality.* Whyte appeared to consider the organisation more as a system of relationships than a system of tasks. This conclusion is based on Whyte's reflections about his own attributes and a comparison of the attributes of those who tended to succeed and fail in the organisation.

Three of Whyte's self-perceived attributes had a relationship focus. First, he had the ability to "connect with people." He had just come back from vacation and he "must have got at least 25 emails, people saying 'Welcome back.'" And he was "stopped at least 15 times in the hallway with people saying 'Here's what's going on.' because people are concerned and you make a contact, you have a relationship." As CEO, relationships had enabled him "to tap into what the external people were saying and what the internal people were saying, and create a picture on how to move forward."

Second, maintaining trust was important to Whyte. One developed trust "by being consistent." It was not enough to say that "the job is customer service" once and expect people to trust you were serious. One had to "reinforce it and reinforce it." Equally important, one developed trust by admitting mistakes. Being able to say that "we've screwed up, we'll try again. . . . That builds trust."

Third, Whyte felt a deep sense of responsibility towards his staff. A few months earlier, he was at Dieppe in France, where “on one beach in particular,” Canadians had “lost 65% of the soldiers.” He had gone to that beach and “just started crying.”

Because I was thinking of what it must have been like to have been the sergeant of a platoon that when that door opened, and you saw where you were taking your men, it would have been an open Hades. . . . They had a beach that was as wide as are building, flanked by immediately steep hills with gun emplacements. . . . These guys were just mowed down. . . . So here you were, a leader of people who trusted you, right? And you took them into a trap. So I really see part of my role as being one to say, “Where am I taking these people?” So that's a very, very, very significant thing in my life.

Whyte's discussion of key factors for individual success within the organisation also indicated a view of the organisation as being largely a system of relationships. For Whyte, you had to understand “the broader context within which you are working: the political context, the human context, the process context, and then serve the very micro level context of petty politics within an office.” The people who succeeded “have the bigger picture” and in addition “they have the ability to communicate with staff and connect with the staff, and to cause staff to work as a team so they get together to deliver.” On the other side, the people who failed were “limited in their perspective of the world” in a way that precluded seeing “other people's concerns.” Some people thought “too much of themselves,” and “always talk about their good ideas” without “giving anybody else credit.” Consequently they did not “attract [the] people” who worked with them.

### *Preferences*

*Strategy-Structure Fit.* Whyte appeared to prefer a broad alignment between strategy and structure. Early in his tenure, he had decided it was important for the

organisation to focus on customer service. Gamma customers consisted of both the employers who paid the premiums and also the injured workers. Thought the organisation was technically “completely funded” by money received from employers in the sense that “there is no money from government,” the employer “buys from the worker the right not to be sued.” To that extent, Whyte considered that the money that supported the organisation came from both parties. With the two client groups in mind, it seemed important to Whyte that all aspects of operations – including the organisation structure, staff hiring, information and reward structures, and day to day communications – were geared toward service to them.

Gamma had separate divisions for each of the customer groups. The Client Services Division was responsible for injured workers, while the Assessments Division focussed on the employers. Because customer service was a task for everybody, teamwork was “an objective.” There was no place for silos, and over the course of Whyte’s tenure, those that “were built” were “broken down.”

Being in public service and believing that Gamma’s purpose was to serve its clients, Whyte considered it important to hire people with a service attitude. He looked for a service record when he interviewed people. He believed “deeply on that volunteer side,” and was not particularly interested in people who had not done it. In Gamma’s service team based environment, it was important to “want to serve. And of course, when you get to these positions, the time constraints are huge. And you’re not going to have a lot of time left to do it so you want people who’ve done it before, and they do that. It’s been part of their lives.”

Gamma was now “measuring everything” that had to do with customer service. For example, the organisation now had a “management system which is really good” that allowed the organisation “to determine what the particular individual staff member is doing . . . how well every staff member is doing in terms of managing his or her claims.”

Whyte understood the importance of reinforcing desired behaviours. Early in his tenure, he had obtained a raise in staff salaries to make them more comparable to the salaries at other Gammas in the country and private insurance companies. However, the organisation had no bonuses and limited reward options. So as rewards, he would “send people flowers,” give them “nice denim shirts.” Recently, he noticed that people were “uptight,” and decided to “give everybody a fleece jacket” with “Team Gamma” and the Timor logo on it.

Perhaps the most important reinforcement for Whyte came in the form of the day to day communications that took place at the organisation. He found it necessary to communicate the service message “everyday, everyday you talk about why we are here.” He recalled saying early in his tenure that “Your job is customer service. . . . And my big mistake was, I went out and said that once, and I thought everybody would do it. And guess what? We had to reinforce it and reinforce it.” Eventually, he “got the staff to talk about, ‘How would you like your brother, your sister, or son or your daughter to be treated if they were injured?’” After 10 years, he thought the message “has probably been driven down to the floor,” but it had taken a long time, and “you can't just do it all yourself. You need everybody else to do it.”

*Strategy-Structure Sequence.* Whyte clearly saw strategy as the dominant variable in its relationship to structure. As discussed in the previous section, he first identified the firm's strategic focus and then pursued the structures that would be internally consistent with that focus. The organisation's strategy was to serve the needs of two customer groups: the employer and the injured workers. Gamma carried a divisional structure designed around the two client groups. Instead of being functional, the structure had stand alone divisions for each of the client groups. Teamwork was encouraged for the objective of customer service. Whyte hired with a service orientation in mind. Service performance was tracked widely including at the individual level. Whyte reinforced service performance to the extent possible through non monetary incentives and through daily communication with employees.

The present strategy-structure sequence was the reverse of the sequence in the past. In the past, structure seemingly dominated. In Whyte's words:

The history and this organisation was that whatever you do, we will make things okay for you the staff person, as opposed to okay, we are going to make things okay for our customer: A very different mindset.

Some people . . . thought they were coming here to a bit of a retirement position, and this was not where we were going. We're here to service the customer. The reason the job exists is for you as opposed to the reason the job exists is for our customer. The reason all our jobs exists is to service the customer as opposed to make it comfortable for us.

As an indicator of his preference for the primacy of strategy, Whyte supported the organisational decision to partner with Revenue Canada in collecting premiums from the employers. The employers had been unhappy about the previous system, which required payments made at the start of the year based on projected payroll for the year, and at year end based on a reconciliation of the projected and actual payrolls.

Pressure for change had been “from loggers, from the tourist industry and from the construction industry” who “don’t even get any money until four to five months into the year, sometimes six to seven,” and who therefore had cash flow concerns with the system. Instead of that system, they wanted to pay their premiums as they paid their staff. But while this change would have been convenient for them, it would represent a major change for Gamma because “to do that is a huge computer system adjustment and it means you're going to lose some money too, right? Because instead of getting all our money up front we get the money over time.” Nonetheless, the organisation pursued the request.

We could not afford to build the computer system ourselves. . . . So we said “How could we do it?” And we looked for some partners. . . . We could have gone with a Timor Government only programs or we could have gone with the program that lets us do it with Revenue Canada. . . . We decided to do it through Revenue Canada . . . because it had so many more access points . . . for the public, banks, electronic commerce options

Now, “employers pay us just the same way they pay CPP premiums, employment insurance premiums and taxation arrangements, they are all off the payroll.” For Gamma, there was “a huge change” in the way business was done.

[We] used to get the check every month and instead of just registering everybody and collecting the money once a year, now you have to do it 12 times and in some cases weekly, for large employers because they pay weekly. . . . And we ran into some problems because I said to keep it at this amount of money and we could not do it. We had to put more staff to help out with some of the problems that had developed. . . . Revenue Canada thought they only had 4 remittance types when in fact they had 14. . . . So we built a computer program for 4 and in fact they had 14 – so all kinds of problems.

*Organisational Decision-Making Mode.* There were elements of collaboration and entrepreneurship in Whyte’s decision approach. According to Whyte, most

significant decisions at Gamma were of “a collective nature.” For such decisions, the Board of Directors had to provide formal approval. In addition to consultations with the Board, Whyte liked to listen “to everybody’s point of view,” including his management team and the employees who would be affected by the decision. Through these consultations, he was “able to tap into what the external people were saying and what the internal people were saying, and create a picture on how to move forward.” While the desire to consult is a feature of a collaborative decision approach, three attributes of Whyte’s decision approach appeared to be entrepreneurial in nature.

First, he held what might be described as a “trial and error” attitude to the decisions he made. Though he liked to consult with others before making a decision, one of his “biggest faults” was that he did not “ensure that I’ve listened to everybody’s point of view.” Instead, when pressed for time and with “so many different experiences” to “sort of see where it's going,” he made the decision “based on what knowledge I have at the time and my gut.”

The problem he saw in this approach was that “sometimes my gut is wrong” and felt “bad particularly if it’s been a negative thing for people.” Having said that, when he did make erroneous decisions, he considered it important to admit to them, address the consequences, and learn from the experience.

And learning from your mistakes probably is the most important thing. My view is that if you can say, “Gee, we’ve screwed up there. We’ll try again.” Huge, huge, very positive thing to sit back and say you know we tried to do this and it didn't work.

Second, Whyte went ahead with decisions that he seemed to realise might stretch the organisation’s resources and capabilities. A case in point was the decision to

pursue the organisation's partnership with Revenue Canada. After securing legislative clearance "on the floor of the House . . . in 1995," among other things the organisation had to "write this computer system, get the policies, train the staff so that we can deliver this new system." Those tasks were going to take "a long, long time anyway, because we had to push really hard so a lot of people got really tired." From that experience, Whyte had learned that:

When you are driving to an objective, you got to make sure you have the right resources, scope, time and resources and we didn't have enough time and resources, but we did it. So we pushed people really hard.

At the time of the interview, the organisation's capacity was again in the midst of being stretched. One of Gamma's goals was to raise the proportion of claims that were paid to injured workers within 15 days to 90% this year. But among other things, there was "a huge number of claims coming in that are clogging our system," it was "too much for us. . . . Our staff is overwhelmed right now." So Whyte was contemplating informing the Board of Directors that "we cannot deliver it in 90% of the cases because of the other things we're doing."

Third, in turning the organisation around, Whyte had been comfortable being the "the person on the floor changing culture" and through it all was "a real pusher." His direct connection "at the front line" sometimes caused problems with middle managers who became "uptight because they think I'm second guessing them." He would "grill people on why," and at "one point in time" may have been "just too harsh" toward his direct reports because he was "not very successful at . . . backing off a bit." He drove

people “crazy” because “every now and then” he did “brick and mortar checks” that some interpreted as lack of confidence in their work.

An issue will come to the floor and I'll have to go down on it, right down to say, “Show me the plans. The plans called for . . .” Because we're building an out house beside the ocean. The plans called for galvanized nails. And I get to the work site and find that there's no galvanized nails, I will say “Tear off all the wood. Take out the un-galvanized nails and put galvanized nails in because in two years you're going to get rust running down your clapboard. And you don't want that. And in five years the heads are going to fall off and the wood's going to fall off. And so let's build for the long term, let's not build for the short term.” You have a long-term deal here. If you don't have a long-term view you'll get killed...

#### *Person-Organisation Fit*

At the time of the interview, Whyte's preferences for a strategy-structure configuration in which strategy dominated broadly appeared to fit the organisational practice at Gamma. However, the organisation was transitioning into a steady state situation where Whyte's entrepreneurial decision preference did not appear to be the best fit.

Whyte had done very well in the decade he presided over Gamma's turnaround. He had been able to “capture . . . what the external people were saying and what the internal people were saying, and create a picture on how to move forward.” He had been able to implement that vision.

Gamma still had challenges ahead. However, the organisation appeared ready to meet them without Whyte, and he appeared to be ready to move on.

Am I still a good fit? There are things that need to be done at the broader level, such as . . . building a link between the health care card, the driver's license or the community service program and the federal HRDC. So that everybody who requires some medical treatment funded through the government of Canada or

through services or through ourselves, you can share that information. We have tremendous opportunity with technology to be able to take out the transaction costs, and that's where my intellectual effort and my vision can offer something.

I don't need any longer to be the person on the floor, changing the culture. Because I have two very strong VP's changing culture, one may be too much and two others, a chief financial officer who's just solid and bright, so I've got a great team. I mean I can afford to go away effectively for four months because I take a month's vacation along with it and not worry. To that extent it's a good fit because the place runs itself. But at some point in time, you know it's time to move on and let others grow, to let the baggage go away.

### Summary Tables

Tables 9-12 summarize chapter findings by organisation. Every table contains brief descriptions of the organisation's apparent assumptions and practices (as commonly perceived by the respondents) and the respondents' individual views around the research variables.

**TABLE 9**  
**Summary of Assumptions, Practices and Preferences, and Person-Organisation Fit at Alpha**

Organisation or Respondent, Position	Uncertainty Assumption	Rationality Assumption	Practiced or Preferred Strategy-Structure Fit	Practiced or Preferred Strategy-Structure Sequence	Practiced or Preferred Decision-Making Mode	Person-Organisation Fit
Alpha	Source of risks	System of relationships	Broad fit	Strategy first	Collaboration	
Bennett, Director, Competency Development	Source of personal opportunities	System of relationships that facilitate some agendas over others	Broad fit that extends to leader qualities and behaviours	Strategy first, as a dominant influence on structure	Collaboration including politics that facilitate organisational goals	Good fit with emerging practices
Caines, Senior Manager, Strategy Development	Source of risks that need to be managed rather than resisted	System of hierarchical relationships that require navigation	Broad fit that includes people's behaviours	Strategy first, as a guide for structure	Objective and team collaborative	Good fit with emerging practices
Edwards, Senior Vice President, Corporate and Legal Services	Source of exciting opportunities	System of relationships and networks	Moderate fit that does not impugn individual autonomy	Two way sequence where each shapes the other	Collaboration that is positive, informal, and participative	Good fit in an outlier role; poor fit with organisational fit and decision practices
Qadoumi, Manager, Systems Support at Alpha Consulting,	Source of organisational risks and personal opportunities to demonstrate creativity	System of tasks for organisational success; system of relationships for individual success	Narrow fit that provides individual autonomy in achieving goals	Two way sequence that considers business and technical level needs	Vertical collaboration between superior and subordinate	Good fit with current role; poor fit with the organisation's top down bureaucracy

TABLE 10  
Summary of Assumptions, Practices and Preferences, and Person-Organisation Fit at Beta

Organisation or Respondent, Position	Uncertainty Assumption	Rationality Assumption	Practiced or Preferred Strategy-Structure Fit	Practiced or Preferred Strategy-Structure Sequence	Practiced or Preferred Decision-Making Mode	Person-Organisation Fit
Beta	Source of opportunities	System of tasks	Narrow	Two way	Entrepreneurial	
Dixon, Vice President for Beta Medical	Source of opportunities that require anticipation and positioning	System of tasks with an economic motive	Narrow fit that provides individual autonomy in goal achievement	Strategy first, as a guide for structure	Entrepreneurial mode based on knowledge of the business and an action orientation	Good fit with role as head of a business unit
Mitchell, Senior Vice President, Human Resources and Legal Services	Source of organisational risks and personal opportunities	System of service relationships	Broad fit with a process focus for the firm; loose fit as a personal preference	Two way sequence where each shapes the other	Rational and systematic for the firm; Collaboration as a personal preference	Good fit personally; poor fit between preferences for the organisation and existing practices
Price, President	Source of organisational and personal opportunities	Both a system of tasks with an economic motive and a system of family relations	Narrow fit that provides flexibility in achieving goals	Strategy first, as a guide for tactics and structure	Collaboration based on rapid communication and decision timeliness	Good fit with role as head of the firm
Sharpe, Senior Vice President, Information Technology	Source of personal and organisational opportunities	System of relationships that require navigation	Narrow fit that accommodates the emergence of the knowledge worker	Strategy first, over embedded structures	Collaboration that maximises use of available skills while respecting the need to make decisions in a timely manner	Good fit with current role and emerging practices

TABLE 11  
Summary of Assumptions, Practices and Preferences, and Person-Organisation Fit at Delta

Organisation or Respondent, Position	Uncertainty Assumption	Rationality Assumption	Practiced or Preferred Strategy-Structure Fit	Practiced or Preferred Strategy-Structure Sequence	Practiced or Preferred Decision-Making Mode	Person-Organisation Fit
Delta	Source of opportunities	System of relationships	Narrow	Strategy first	Collaboration	
Lee, Director, Group Accounting Services	Source of career opportunities	System of sales and coaching relationships	Narrow fit based on an attitude of company ownership	None; they should follow patterns in the external environment	Collaboration based on customer needs and respect for employees	Good fit with existing practices
Paulson, Vice President, Group Disability Claims	Source of personal and organisational opportunities	System of relationships with coworkers, employees, and customers	Narrow fit that provides operational flexibility to achieve goals	Strategy first, as a decision guide for structure	Collaboration and influence	Good fit except in level of desired influence
Roberts, Vice President, Group Marketing	Source of organisational opportunities	System of people in which effort is important	Broad fit that encompasses all processes and activities	Strategy first, as a guide subject to structure's constraints	Entrepreneurial mode where decisions may be unilateral, intuitive, and incremental	Good fit in an outlier role; poor fit with organisational fit and decision practices
Thompson, Director, Group Underwriting Policy	Source of both opportunities and risks that require rapid organisational action	Equally a system of tasks and people	Narrow fit that distinguishes between sacred and guideline policies	Structure first, that maintains functional integrity regardless of strategy	Entrepreneurial mode that reflects a willingness to make tough decisions	Good fit with past organisational practices; poor fit with merger integration decision practices

TABLE 12  
Summary of Assumptions, Practices and Preferences, and Person Organisation Fit at Gamma

Organisation or Respondent, Position	Uncertainty Assumption	Rationality Assumption	Practiced or Preferred Strategy-Structure Fit	Practiced or Preferred Strategy-Structure Sequence	Practiced or Preferred Decision-Making Mode	Person Organisation Fit
Gamma	Source of opportunities and risks	System of relationships	Broad	Strategy first	Collaboration	
Davis, Director, Human Resources	Source of risks that need to be dealt with expeditiously	Equally a system of tasks and people	Narrow fit that provides flexibility and autonomy	Strategy first, as a decision guide for structure	Entrepreneurial mode, rapid and practical	Good fit in a niche; poor fit with organisational fit and decision practices
Gallagher, Vice President, Corporate Services	Source of opportunities for creative thinking	System of relationships with coworkers and customers	Broad, pervasively measured fit	Strategy first, as a dominant influence on structure	Collaboration that is both vertical and horizontal, team oriented, and honest	Good fit in all areas
Power, Director, Public Relations	Source of organisational risks and career opportunities	System of relationships in which people skills are important	Broad, pervasive fit	Strategy first, as the goal that structure implements	Collaboration that is consultative and empowering	Good fit in all areas except perceived silo structure
Whyte, Chief Executive Officer	Source of personal opportunities	System relationships based on trust and responsibility	Broad, pervasive fit	Strategy first, to define a purpose for structure	Collaboration for Gamma; Personally entrepreneurial – hands on, stretches resources, and values learning	Good fit with transition practices; poor fit with steady state management requirements

## CHAPTER 4 – FINDINGS

The previous chapter provided thick descriptions of the individual cases upon which this study is based. In this chapter, the emphasis shifts to providing ‘thick interpretation’ (Denzin, 1989) of the descriptive data, specifically of the patterns and themes I found from comparing and contrasting the individual cases.

As discussed in Chapter 2, meaning and meaning construction emerged as underlying themes across the cases and that based on this insight, I used a symbolic interactionist lens to expose patterns in the data that address the study questions. As previously noted, symbolic interactionism assumes that human acts are undertaken on the basis of the meanings that objects have for the person, and that meanings are formed through a process of interpretation in which the person takes into account his interactions with other persons and with ‘self’ (Blumer, 2004; Meltzer, Petras, & Reynolds, 1975).

An analysis of the respondent accounts from a symbolic interactionist perspective rests on three assumptions. First, the respondents find configuration-making problematic. That is to say, they consider strategy-structure fit, strategy-structure sequence, and organisation decision-making as objects for managerial meaning-making and action. Second, the respondents carry particular meanings of fit, sequence, and mode that they engage when confronted with relevant organisational situations. That is to say, the preferences managers have for a particular type or level of fit, sequence, or mode are based on the meanings the variables have for the managers. Third, I can reasonably infer the said meanings, as well as their antecedents and consequences, from the respondents’

interview narratives. This assumption raises issues around the validity and reliability of the study that are addressed in the section on study limitations in Chapter 5.

This chapter is organized as follows. First, I identify the nature of configuration-making preference by way of the patterns of meaning I glean from the respondents' accounts. Next, I identify the antecedents of configuration-making preference through the joint and individual realities that, based on the accounts, appear to influence the meanings just mentioned. Finally, I discuss the consequences of the meanings by way of the apparent actions the meanings produced as well as the meaning-making impact of the actions.

As discussed in Chapter 2, there are no established procedures for gleaning patterns and themes from qualitative data (Boyatzis, 1998; Patton, 2002; Ripley, 2004). In doing so, the procedure I followed involved listing respondent comments in the particular area under consideration, and studying the comments for underlying patterns and themes.

Every section is discussed in the following approach. First, I briefly discuss the tenets of symbolic interactionism that relates to the section. Second, using concepts and terminologies from the tenet just discussed, I elaborate on the findings. Third, I support and ground the findings with the relevant cross-case data from the previous section.

Before proceeding, an introductory remark from symbolic interactionism is in order. The term *act* is of particular significance to the symbolic interactionist. Acts are meaning-making activities initiated by objects that cause the person to take pause, think, construct meaning, and take action on the basis of the constructed meaning (Shibutani,

1961). Such objects include everything that people might note, such as physical objects, other persons, institutions, principles and ideas, actions, events, and situations (Blumer, 1969). Thus, acts are essentially problem-solving processes in which the person confronts a disturbing object, makes choices, and takes actions on the basis of the choices made (Hewitt, 2003). Meltzer (1967) notes that while every act contains actions, not every action is part of an act – actions that are taken automatically, that is, without thinking, are excluded. Meltzer (2003) also suggests that every act is part of an interlacing pattern in a stream of prior and intended acts.

#### Meanings of Configuration-Making Preferences

This section is premised on the idea that the nature of an object is provided by its meaning. According to symbolic interactionism, meaning is not inherent to objects; rather, it is indicated by the person's response to the object noted (Hewitt, 2003; Meltzer, 1967; Prasad, 2005; Stryker, 1980). Moreover, meaning-making is enabled by the capacity of the mind to process complex information rapidly into categories that make sense for the individual (Hewitt, 2003).

Human meaning encompasses but is not restricted to the simple description or definition of the object. The simple description is only one element of meaning. Meaning also encompasses the significance of the object for the individual (Hewitt 2003; Meltzer, 1967). This second element of meaning is inferred through a cascading process of interpretation in which the person considers the object as a sign or symbol for another object that might in turn symbolize other objects (Meltzer, 1967).

To illustrate the difference between ‘meaning as simple description’ and ‘meaning as significance’, I will expand one of Melzter’s (1967) scenarios. Within the context of an argument with person B, person A clenches his right hand into a fist and bends the arm at the elbow while swinging it back. From person B’s perspective, the simple description of that gesture is that person A is pulling his arm back. The significance of that gesture might be the cascading interpretation that: person A intends to strike him; by striking him, person A intends to hurt him; and by hurting him, person A intends to humiliate him. An important point is that the significance of person A’s gesture rather than its simple description will drive person B’s reaction to the gesture. While meaning as significance proceeds from meaning as description, it is significance that drives human behaviour.

Based on this position, the following is a discussion of the meanings of strategy-structure fit, strategy-structure sequence, and decision-making mode as gleaned from the study’s participants. From this discussion, Table 13 at the end of the section lists the preferences and corresponding meanings of the study variables respondent by respondent. To provide a frame of reference for discussing each variable’s grounded meanings, I preface the discussion with the variable’s theoretical meanings.

#### *Meanings of Strategy-Structure Fit*

As discussed in Chapter 1, fit in configuration theory refers to the extent of the alignment between organisation strategy and structure. According to the theory,

organisations whose strategies and structures are internally consistent will tend to outperform organisations whose strategies and structures are not internally consistent.

Consider two organisations A and B. Organisation A has a cost leadership strategy and a functional structure. In a cost leadership strategy, the idea is to work on lowering the firm's costs below those of the average competitor in producing similar products. In a functional structure, the idea is to improve efficiency through specialization and standardization of operating procedures. The cost leadership strategy and the functional structure are internally consistent because they share a common concern for efficiency. Organisation B also has a functional structure, but has a strategy that is focussed on being responsive to the product or service needs of different national regions. Because responsiveness strategies are geared towards customization while functional structures are geared towards standardization, organisation B's strategy and structure are not internally consistent. The differing goals implicit in the firm's strategy and structure could lead to conflicting internal priorities, slow decision-making, incoherent organisational actions, or other conditions that are detrimental to organisational performance. According to configuration theory, organisation A will tend to outperform B.

Based on the above, the theoretical meaning (i.e. the significance) of strategy-structure fit is not mere internal consistency between the two variables, but also encompasses the idea that fit facilitates superior organisational performance. As discussed below, the meaning of fit as 'facilitator of performance' is well represented in

the accounts of the previous section. However, also revealed by the accounts is a meaning of fit as 'constraint on performance'.

### *Fit as Facilitator of Performance*

Based on the accounts, Caines, Bennett, Roberts, Whyte, Gallagher, and Power show a preference for broad fit between the elements of strategy and structure. In addition, Edwards and Mitchell also see a broad fit as potentially beneficial for the organisation, though not personally for themselves. Driving these respondents' preferences for broad fit is an underlying meaning of fit as facilitator of performance. In this meaning, fit is seen as a means of preventing or removing obstructions and difficulties surrounding performance achievement. In symbolic interactionist language, fit is interpreted as a symbol for conditions that are achieved in the process of preventing or removing the performance impediments.

I glean three such symbols from the accounts. First, fit symbolizes the connection between the results and the means of obtaining them. The logic here is that organisational results are a product of organisational processes. If an organisation wants specific performance outcomes, then it should specify the processes through which the outcomes will be obtained. Thus, Caines and Bennett were pleased with Alpha's recent concern with aligning the "what" with the "how", and that the "how" encompassed the people perspective, including desirable leadership values, qualities, and behaviours. They viewed as favourable Alpha's plans for developing desirable leader traits, measuring leadership competencies, and including leader behaviours in the firm's reward systems.

Similarly, Mitchell considered it important for Beta to develop a “systematic process” orientation in which decisions would not be taken without clear decision criteria, and process controls would be in place to spot and address potential problem areas.

Second, fit symbolizes a chosen focus of organisational effort. In the absence of fit, the focus may become fuzzy, and parts of the organisation might begin working against each other in different directions rather than together in the direction of the chosen focus. For Bennett, it was important at the time of the interview that Alpha was “brutally focussed” around the corporate idea of being a Southern Canadian, telecom-centric organisation. For him, this idea had to drive all parts of the organisation, including rejecting the kind of innovation and creativity in people that had in the past led the firm to diversify its products and services. For Gallagher, Whyte, and Power, the chosen focus for Gamma was customer service, and reinforcing that focus required adjusting structures at great cost and effort, teamwork that had no place for silos, hiring people with a service attitude, measuring everything about service production and outcomes, and rewarding customer oriented behaviour to the extent possible. Roberts considered Delta Financial’s brand such a focal symbol he felt it should infuse all of the firm’s processes and activities, including the nature and tone of the form letters sent to clients, and employee thinking about their individual roles in delivering the firm’s brand.

Third, fit symbolizes transparency of expectations and accountability within the system. The logic of this meaning is that not knowing what is expected and who is responsible for the expectations in various parts of the organisation make it difficult to obtain consistent performance across the organisation. There should be no surprises in

what is expected and in how successful one has been in accomplishing them. Thus, at Beta, Mitchell favoured replacing the seemingly arbitrary approach at the firm with a professional management approach that would document expectations, make them transparent, and reward or punish employees on the basis of accomplishments. At Alpha and Gamma, Caines, Edwards, Gallagher, and Power all spoke highly of balanced scorecard efforts at their respective organisations. At Alpha, the balanced scorecard specified desired outcomes from a wide variety of perspectives, and those responsible for achieving them at various organisation levels. At Gamma, the scorecard was developed to the point of allowing managers to monitor organisational, unit, and individual employee progress toward goals, and employees to measure their individual progress, all through desktop dashboards located on personal computers.

#### *Fit as Constraint on Performance*

As discussed in the accounts of the previous chapter, a second group of respondents that included Qadoumi, Edwards, Mitchell, Price, Dixon, Sharpe, Thompson, Paulson, Lee, and Davis showed a preference for a narrow strategy-structure fit. What appears to drive this preference is a meaning of fit that considers a broad alignment between elements of strategy and structure as a constraint on performance. In this meaning, fit is seen as a network of restrictions that prevents the organisation from taking actions outside the prescribed fit even though these actions would enhance organisational performance. Thus, fit is interpreted not as a facilitator of, but as an impediment to, performance.

These respondents were not advocating that organisations deliberately build misfits into the strategy-structure relationship. Rather, they were advocating not prescribing alignments beyond a maximum level that is considerably lower than that prescribed by those in favour of broad fit. For Qadoumi and Edwards, that maximum encompassed goals but not the means. Similarly, Dixon favoured specifying required results but not the tactics used to obtain them. Thompson supported the idea of having few “sacred ground” rules at the core of many layers of loose guidelines.

The meaning of fit as constraint on performance subdivides into two underlying interpretations. The first interpretation is that fit symbolizes organisational rigidity. This is problematic for Qadoumi in light of his exposure to change in the field of IT consulting and to the physically detached nature of virtual teams; for Dixon who perceived the medical business as fluid, competition as fierce, customer expectations as fickle, and regulations as changing; for Davis who perceived customer needs and regulatory requirements as unstable; and for Price, Thompson, and Lee, who would have agreed with Paulson that their organisations were facing a “dynamic environment that is ever changing.” Under these external conditions, the respondents appeared to see organisational fit as creating rigidities that hamper performance, instead of facilitating it through what Qadoumi, Price, Paulson, and Lee referred to as “flexibility”; what Paulson and Lee appreciated in Delta Financial’s policy of being a “thinking organisation” that allowed people to depart from normal practice if it was good for the organisation; and what Thompson and Davis described as being “nimble and quick”.

The second interpretation underlying the idea of fit as constraint is that it symbolizes loss of personal autonomy, with negative implications for individual and ultimately, organisational performance. This view was apparent in Qadoumi's preference for his superiors to agree with him on goals, and then to leave him alone; Edwards who saw himself as results oriented and "not as heavily process oriented as a large organisation tends to be"; Mitchell who personally "loved" the autonomy provided by the loose entrepreneurial systems at Beta; Dixon who did not believe in "baby-sitting" people for whom the results expectations were clear; and Lee who believed in allowing people to think like they owned the business. In addition, for Sharpe this was the age of the "knowledge worker" who would not be attracted by firms he described as "military," and who needed little more than delegation and a few incentives to keep them focussed on organisational goals.

#### *Meanings of Strategy-Structure Sequence*

The meaning of strategy-structure fit as performance enhancing raises the question of how strategy-structure configurations are created. As discussed in Chapter 1, an area of configuration-making that has occupied theoretical and research attention is the issue of which temporal sequence between the two variables results in better organisational performance.

One line of thinking is that strategy should be established before structure. In this line of thinking, strategy is seen as a goal and structure as a means for accomplishing the goal. Therefore, strategy should be formulated first and used as a criterion for designing a

structure that would best implement the strategy. A second line of thinking starts with the idea that in fact, structure precedes strategy whether or not one likes it. That is to say, the structure that is in place biases the strategy formulation process by imposing constraints that affect the decision options and processes considered. Therefore, the integrity of the structure should be examined and established first, as a condition for formulating an effective strategy. Still a third line of thinking considers strategy and structure as mutually interdependent. This line of thinking considers strategy and structure so inextricably linked that the appropriate directionality between the two really depends on the point of examination. Sometimes it is clear that performance improvements are possible with the current strategy, provided certain adjustments to structure are made. At other times, it might be wiser to make a strategic adjustment to accommodate a current structure that appears to be working well. As a matter of practice, organisations should periodically examine both strategy and structure for changes in one, the other, or both that might be needed to maintain a coherent organisation configuration.

Based on these lines of thinking, I glean two theoretical meanings of strategy-structure sequence. Though apparently divergent, the first two lines of thinking – that either strategy should precede structure or vice versa – share a common interpretation of sequence as the correct order of steps in configuring the organisation. In this meaning, the relationship between the two variables is seen as having one arrangement that yields better performance than the other. The second meaning I glean (from the third line of thinking above) is that sequence is a reciprocal process of mutual adjustment. In this

meaning, strategy and structure are seen as being engaged in a relatively continuous cycle of informing and adjusting to each other.

As discussed below, the meaning of sequence as the correct order of activities is affirmed in the accounts of the majority of the study's respondents. Three respondents appeared to subscribe to the meaning of sequence as mutual adjustment. In addition to these two theoretically supported meanings, a third meaning, of 'sequence as synchronicity' is revealed by one respondent's account.

#### *Sequence as Correct Order*

The meaning of sequence as the correct order between strategy and structure is supported by the accounts of 12 study participants. In these cases, sequence is considered a dichotomous process that commences with the need to establish or recognise the nature of one variable prior to considering the nature of the other. In considering the second variable, the nature of the first is used as a criterion for decisions on the nature of the other.

Within this meaning, two distinct images of configuration-making are reflected by the respondent accounts. In the first, sequence is portrayed as a two step process in which choices of goals and means are made in that order. The participant accounts that portray this image depict strategy as the goal, and structure as the means for accomplishing it. For example at Alpha, Bennett viewed strategy as a choice between product-market diversification and product-market focus. In the past, Alpha had carried a diversification strategy along with a self-contained structure that allowed the diversified business units

to pursue their “different agendas.” But having recently made the choice to narrow its strategy considerably, Alpha now required a more unified structure. However, within that narrow strategic focus were new businesses like wireless that Alpha, according to Caines, wanted to grow. To carry out this selective growth strategy, the firm had to have a hybrid structure with a self-contained component that would house the growth area. When wireless was no longer considered a growth area, Caines thought it would need to be collapsed into the firm’s main structure. At Beta according to Sharpe, the choice to enter the IT field with a client relationship focus made it necessary to develop compatible structures including remuneration systems that departed from established practices within the firm. Dixon, Sharpe, and Price thought it was important for Beta to develop a long term corporate strategy that would guide the firm’s tactical decisions. For Price those decisions included the firm’s ownership and operating structure. At Delta Financial, Paulson viewed the firm’s choice of a customer relationship strategy as a goal that was being appropriately implemented through the formation of regional teams that addressed the needs of regional customer groups. Similarly, Roberts saw the firm’s relationship focus leading to the need to decentralize the marketing function to the regional level. Finally at Gamma Davis, Gallagher, Power, and Whyte considered strategy as the choice between a claims processing and client service focus. Through a business plan devised years earlier, Gamma had chosen the latter focus. Within that context, the Gamma respondents saw it appropriate that the organisation had created, and continued to create, significant structural changes at great expense, effort, and pain for the benefit of service.

All these examples portray strategy-structure sequence as an ordered choice first of strategy as a goal, then of structure as a means for accomplishing the goal.

The second image portrayed by the meaning of sequence as correct order is configuration-making as arranging layers around a technical core. In this case, the core has primacy over the layers. This image was provided by Thompson at Delta Financial, the lone respondent who appeared to see structure as having primacy over strategy. In his view, the core of the firm was a structure with two characteristics. First, it maintained the integrity of specialist functions. Second, it encouraged employees to discern both the “big picture” and their places in it. For Thompson, it appears that any strategy that allows the organisation to adapt to changes in the external environment is appropriate as long as the strategy does not violate these core structure characteristics.

#### *Sequence as Mutual Adjustment*

Sequence as mutual adjustment recognises a dual directionality between strategy and structure. In this meaning, neither variable is considered to have greater importance than the other. Instead of considering configuration as a dichotomous process of strategizing and structuring, it is conceived as a single process of continuous interaction between strategy and structure.

The accounts of Edwards, Qadoumi, and Mitchell provide three different justifications for this meaning of strategy-structure sequence. First, Edwards’ account portrays strategy and structure as co-determinants of each other. He saw strategy influencing structure in the balanced scorecard initiative that was being cascaded within

Alpha. At the same time, he appeared to discern the influence structure has on strategy in the “strategic counsel” initiative he sought to implement. In that initiative, the legal function would be decentralized to allow active participation in strategic decision-making in each of the firm’s lines of business.

Second, Qadoumi’s account considers strategy and structure as interdependent. For him, good organisational decisions are made with the involvement of both the “business” and “technical” sides of the firm. Residing mostly within top management, the business side was concerned with such strategic matters as economic conditions, competitiveness, and changes in customer needs. On the other side, the firm’s technical structure resided middle down in the hierarchy, and was responsible for getting the “real work” done. Each of the two sides had skills, knowledge, and information sources that the other did not have. For decisions with organisation-wide implications, the two sides needed each other. As an example, Qadoumi considered Alpha Consulting’s decision to separate the firm’s business development and support functions a good one. From a business perspective, the new structure was more efficient because the support function could be centralized. Also, the function required lower technical skills and hence lower salaried employees than the development function. From a technical standpoint, the separation encouraged developers to remain with the firm instead of seeking employment elsewhere to avoid getting “stuck” in the less lucrative support area.

Third, Mitchell’s account portrays strategy and structure as being so intertwined that they require simultaneous consideration. Exemplifying this position is the reasoning he provided in considering Beta’s entry into the airlines business a poor decision. In his

view, that was a bad decision because it was incompatible with the firm's strategic theme of being involved in relatively stable business to business ventures, as well as with the capabilities the firm had internalized over the years from those experiences. In other words, he viewed strategic positions as developing structural capabilities that should be leveraged to strengthen the position rather than depart from it.

The combination of these three positions – that strategy and structure are co-determinants of each other, interdependent, and intertwined – supports the view of strategy-structure sequence as a process of mutual adjustment.

#### *Sequence as Synchronicity*

Synchronicity may be defined as the unintended meeting of two factors. Thus, the meaning of sequence as synchronicity prescribes no direct relationship between strategy and structure. If the two variables appear to be related, the apparent relationship would be due to a common moderating influence on the variables.

This meaning of sequence was portrayed by Lee's account. Through several examples discussed in that account, Lee appeared to consider strategy-making and structuring as relatively independent activities undertaken in response to external trends.

Consider his discussion about how the group insurance business became complex. According to him, insurance product offerings used to be relatively standard and so the business was relatively simple. But advancements in information technology enabled corporate clients to develop such "sophistication of . . . knowledge and appreciation for insurance" that ultimately, they began demanding products that were customized to their

needs. Delta Financial responded to the demand in two ways. First, in order to track changing client needs, the firm adopted a customer relationship strategy. Second, to accommodate client requests that involved “every aspect of the organisation,” the firm adopted cross-functional structures. That a customer relationship strategy and a cross-functional structure are compatible is not intentional, but neither is it a random outcome. Owing to a common external concern, the alignment is due to synchronicity.

### *Meanings of Organisational Decision-Making Modes*

In addition to the issue of appropriate strategy-structure sequence, the interpretation that strategy-structure fit enhances performance also raises the issue of whether or not there is an appropriate decision-making mode for creating fit. As discussed in Chapter 1, decision-making mode refers to the pattern in the way configuration-making decisions are normally handled by the organisation. Because mode provides the framework that guides the piecemeal organisational actions that ultimately determine fit, the right or wrong mode can facilitate or hinder fit.

The link between mode and fit is mediated by the meanings ascribed to the mode under consideration. Different modes yield different meanings. The theoretical meanings of the four modes labelled in Chapter 1 and used in Chapter 3 as ‘rational’, ‘entrepreneurial’, ‘political’, and ‘collaborative’ emanate from the dimensions that were used to create the typology. Owing to the assumptions of commonly-held organisational goals and resource availability, decision-making in the rational mode is interpreted as finding the goal maximising decision that is presumed to exist. Still assuming goal

commonality but this time recognizing resource scarcity, the meaning of decision-making in the entrepreneurial mode becomes one of taking a goal-satisficing decision. In the political mode, recognition of the existence of multiple conflicting goals combined with assumed resource availability leads to an interpretation of decision-making as 'power play'. Finally in the collaborative mode, the combination of multiple conflicting goals and resource scarcity leads to a meaning of decision-making as 'team play'.

Although the four meanings just cited were in evidence in the respondents' accounts of mode preferences, I did not find the construction of the meanings to be accompanied by the stepwise relaxation of the goal commonality and resource availability assumptions made by the theory. Instead of four combinations of assumptions leading to four meanings, I found only two combinations: one in which the assumptions held, and the other where they did not. The meanings 'decision-taking', 'power play', and 'team play' emerged from variations in emphasis the respondent accounts revealed in dealing with the simultaneous relaxation of the theoretical decision premises.

In addition, a fifth meaning of mode as being 'mode customization' emerged from the accounts. This meaning emanated from several respondents who recognised the positives and negatives of at least two modes they considered appropriate in certain situations.

#### *Decision-Making as Decision-Finding*

This meaning assumes that an objectively correct decision content exists to which organisation members will agree and for which the organisation has the resources to

discover. In this meaning, finding the needle in the haystack is considered doable and the challenge is in devising a process for getting it done.

Though Mitchell was the sole respondent who appeared to hold this meaning in one of his two mode preferences, several others contributed relevant thoughts. For Mitchell, the key was in formulating and applying a “systematic . . . process oriented” decision routine that considered Beta’s strategic theme and capabilities in a disciplined manner. Doing so would prevent decisions errors that had characterised the Turgotian “tracker disaster”, the construction of an airplane hangar for a hoped for market that had yet to materialize, and the firm’s entry into consumer airlines. This meaning is supported by Caines’ desire for an objective, transparent decision approach at Alpha that lays out “two sides of the coin”; Dixon’s insistence within his Beta unit in doing the “leg work” to uncover the decision options; Thompson’ endorsement at Delta Financial of being “armed with the . . . information”; and Davis’s observation of decision-making at Gamma as “thorough” and immersed in detail.

#### *Decision-Making as Decision-Taking*

This meaning is accompanied by a sense of urgency that comes from a general attitude that opportunities are limited and expire, that unaddressed problems grow with time, and that time, effort, and money are in short supply. Therefore, producing a decision is considered at least as important as making the right decision. This was the meaning of decision-making that Dixon, Thompson, Roberts, Whyte, and Davis appeared to principally subscribe to, though other respondents contributed relevant thoughts.

The meaning is evident in Caines' idea of "get[ting] to the right decision", in which decisions that are deemed to be in the right direction are made in a timely manner with the expectation that adjustments can be made later to accommodate concerns about the decision. Similarly, Roberts thought that Delta Financial would be more "quick to market" if the firm would only make decisions with the attitude of "managing the employee fallout" later. Also supportive of this meaning is Dixon's view of decision-making as entailing rapid judgment calls on unanticipated situations in which the right attitude was to just "get it done" and "move the business forward"; Mitchell's regard for the rapidity with which Beta's founder moved to address problems; Whyte's observation that at least some decisions he had made were "based on knowledge and gut at the time"; and Davis's view of decision-taking as the "practical" thing to do.

A decision-taking posture does not assume goal commonality among decision participants. In fact, the negative impact of goal disparity on the timeliness of decisions appears to lie behind Thompson's proposal to assign specific decisions at Delta Financial to particular individuals instead of committees. Similarly, Sharpe and Price seemed happy to have others contribute different views on the decision, but also stressed that "a time comes" when the responsible person had to make it

#### *Decision-Making as Power Play*

While the focus in 'decision-finding' is to ensure rigour in the decision process, and that of 'decision-taking' is to make certain that decision outputs are produced, the main concern in 'power play' is managing the decision's political context in one's favour.

This meaning assumes the existence of several viable decision options, but also limited organisational resources to pursue the options simultaneously. Under these conditions, the winning options are those that enjoy the backing of the most powerful coalitions of organisational actors.

None of the respondent accounts showed this meaning as their primary interpretation of decision-making. However, a composite view is represented by the narratives of Edwards, Paulson, and Bennett. Edwards alluded to this meaning in his remarks about the importance of networking and his interest in organisational politics “with a small p”. While he enjoyed “interacting with people” and did not carry a “purely instrumental view” of relationships, he considered the network he had developed over the years a “huge resource.” Power play was more evident in Paulson’s remarks about the importance of influence in her career. She considered the happiest years of her career to have been at Epsilon where she was “in a position of influence at the organisation and not just [with subordinates].” Finally, this interpretation of decision-making was explicit in Bennett’s thinking about how to be successful at Alpha. In his view, organisations harboured multiple agendas but had “limited time and resources . . . so not everyone is going to have their agenda met.” Success required the “maturity” to understand that the power of ideas alone did not sway people one’s way. In order to move an agenda forward, one also needed to understand “who’s who in the organisation” and whose support was required. Getting one’s agenda met required having people on side, and that made networking and relationship building important.

*Decision-Making as Team Play*

While ‘decision-taking’ focuses on resource scarcity and ‘power play’ emphasizes goal conflicts, ‘team play’ tackles the two constraints with equal emphasis. The majority of the study’s respondents – Bennett, Caines, Edwards, Qadoumi, Mitchell, Price, Sharpe, Lee, Paulson, Gallagher, and Power – appeared to claim this meaning as a primary interpretation of decision-making, with others contributing to the line of thinking. Based on the accounts, the meaning consists of three components: goal convergence, respect for team member roles, and resource sharing.

Goal convergence addresses the reality of goal diversity and potential conflict within the organisation. Thus, clarifying Gamma’s goal was a point of emphasis during Whyte’s tenure. He spoke of reminding employees “every day” that the organisation existed to provide service to its clients rather than to meet the needs of people in the organisation. Davis, Gallagher, and Power echoed this view. Similarly Lee, Roberts, and Paulson described the lynchpin of Delta Financial’s activities as a customer relationship focus that the CEO communicated widely.

By valuing the contribution of team members in pursuing organisational goals, respecting team member roles further addresses the issue of goal diversity and conflict. Davis and Gallagher noted that Gamma encouraged superiors and subordinates alike to ‘call each other out’ when the other was making it difficult to accomplish one’s role. Power thought that canvassing Gamma’s frontline employees for their “needs and wants” prior to decision implementation indicated respect for their views that was “empowering.” At Beta, Mitchell and Sharpe demonstrated respect for subordinates by

being “inclusive” in the decision process, and then allowing them to “do their thing” after decisions were agreed upon. Finally, Caines considered it important to be “polite” at Alpha, by at least keeping people informed on the status of decisions that would affect their roles.

Resource sharing involves intra organisational exchanges of knowledge and skills. It allows the organisation to maximise the utilisation of internal human capital in dealing with resource limitations. Because “two heads are better than one,” Price cultivated open and rapid communication within Beta’s top management team that allowed a team member to consult the others on management issues within his purview. Sharpe “truly believe[d] that everybody is better than me about certain things” and so encouraged open communication. According to Power and Whyte, consultations with Gamma staff allowed the organisation to address implementation concerns and “buy in” prior to decision execution. Thus, Gallagher considered it sensible to “harness” the views of staff. At Alpha, Bennett advocated thinking of organisation as a system of parts that needed one another’s support. In this vein, Qadoumi considered consultations between the “business” and “technical” sides of Alpha Consulting mandatory for success and Edwards saw value in “tap[ping] into” other people’s strengths. At Delta Financial, Thompson valued “really listen[ing]” to others because “no matter who they are, they have good ideas.” And Lee considered the exchange of information within parts of the firm as a key ingredient to successfully customizing the firm’s products to client needs.

*Decision-Making as Mode Customization*

This meaning views decision-making as a choice of decision-making mode based on the parameters of the situation. Though none of the respondents appeared to hold this meaning as their primary view, several suggested it.

Collectively, the respondent accounts identified a negative meaning for every decision-making mode. Davis and Roberts admitted to occasionally interpreting the rational analytic tendencies at Gamma and Delta Financial as “paralysis”. Mitchell viewed the entrepreneurial mode in use at Beta as sometimes hasty and prone to error. Bennett, Caines, and Edwards recognised the potential for destructive internal competition in the political decision-making mode. Roberts, Paulson, and Thompson thought that employee consultations at Delta Financial had gotten more and more wasteful.

The existence of positives and negatives for every mode suggests a process in which a mode is selected based on the salience of its strengths and weaknesses to the characteristics of the decision situation. Thus, though Price recognised that “everyone hangs out at some end of the continuum of leadership style,” he considered it “okay to move up and down the continuum,” and advocated the development of a “blend” of styles for use “depending on what the situation is.”

Several respondents identified possible situational considerations for mode selection. Davis remarked that while consensus decision-making may be appropriate for “the big decisions,” the process was “quite interesting for . . . the small decisions.” This comment suggests considering the impact of the decision as a criterion. Mitchell saw the

rational mode as appropriate for the organisation as a whole, but considered collaboration appropriate for managing his legal unit's function. This suggests the nature of the task as a consideration. Sharpe considered collaboration appropriate for the "knowledge workers" he oversaw, but also thought that different parts of the organisation might require other modes. This comment appears to consider the capabilities of the employee group being managed as a mode determinant. Finally, as indicated earlier, Sharpe and Price who liked to consult and collaborate recognised that "the time comes" when a decision had to be made. Here, the urgency of the decision situation is considered an impetus for mode selection and variation.

TABLE 13  
 Preferences and Meanings of Fit, Sequence, and Preferred Mode by Study Respondents

Respondent, Organisation	Preferred fit	Meaning of fit	Preferred sequence	Meaning of sequence	Preferred decision-making mode	Meaning of preferred mode
Bennett, Alpha	Broad	Facilitator	Strategy first	Goals and means chain	Collaboration	Team play
Caines, Alpha	Broad	Facilitator	Strategy first	Goals and means chain	Collaboration	Team play
Edwards, Alpha	Moderate	Facilitator and Constraint	Two way	Mutual adjustment	Collaboration	Team play
Qadoumi, Alpha Consulting	Narrow	Constraint	Two way	Mutual adjustment	Collaboration	Team play
Dixon, Beta	Narrow	Constraint	Strategy first	Goals and means chain	Entrepreneurial	Decision-taking
Mitchell, Beta	Broad for Beta; Narrow personally	Facilitator; Constraint	Two way	Mutual adjustment	Rational for Beta; Collaboration personally	Decision-finding; Team play
Price, Beta	Narrow	Constraint	Strategy first	Goals and means chain	Collaboration	Decision-taking; Team play
Sharpe, Beta	Narrow	Constraint	Strategy first	Goals and means chain	Collaboration	Decision-taking; Team play
Lee, Delta	Narrow	Constraint	None	Synchronicity	Collaboration	Team play
Paulson, Delta	Narrow	Constraint	Strategy first	Goals and means chain	Collaboration	Team play
Roberts, Delta	Broad	Facilitator	Strategy first	Goals and means chain	Entrepreneurial	Decision-taking
Thompson, Delta	Narrow	Constraint	Structure first	Layers around a technical core	Entrepreneurial	Decision-taking
Davis, Gamma	Narrow	Constraint	Strategy first	Goals and means chain	Entrepreneurial	Decision-taking
Gallagher, Gamma	Broad	Facilitator	Strategy first	Goals and means chain	Collaboration	Team play
Power, Gamma	Broad	Facilitator	Strategy first	Goals and means chain	Collaboration	Team play
Whyte, Gamma	Broad	Facilitator	Strategy first	Goals and means chain	Collaboration for Gamma; Entrepreneurial personally	Collaboration; Decision-taking

### Antecedents of Configuration-Making meanings

In the previous section, I identified the meanings that the study respondents conferred upon their strategy-structure fit, strategy-structure sequence, and decision-making mode preferences. In this section, I discuss the antecedents of these meanings. The section is divided into two segments, one dealing with organisation-level antecedents and the other with individual-level antecedents. Organisation-level antecedents consist of commonly-held understandings and expectations that individual organisation members take into account in the meaning construction process. Individual-level antecedents comprise personally held meanings, self expectations, and assumptions about configuration-making that also drive meaning construction.

This two pronged approach is consistent with the symbolic interactionist position that human meaning is constructed from meanings learned in interactions with others as well as in dialogues with the 'self' (Blumer, 1969; Mead, 1934). Interacting with others allows the individual to glean the perspectives and expectations of others about a variety of objects. Self dialogue allows the individual to develop his own unique perspectives and self expectations. In considering the meaning of particular objects, the individual first takes the relevant social and personal meanings into account. Then, he confers an interpretation of the object before him that accepts, rejects, modifies, or combines previously learned meanings.

Ultimately, meaning construction is rooted in a reflexive ability that allows the person to examine and act on himself from the perspective of others (Blumer, 1969; Stryker, 1980). The mechanism through which self examination and enactment happen is

the 'role'. Based on Cooley (1967), taking a role allows the person to imagine how he would be perceived and judged by others, possibly engendering positive or negative feelings that could serve to motivate self action.

According to Blumer (1969), the roles taken by the person vary widely, from particular individuals to particular groups and even communities. Not all possible roles are considered relevant to particular situations – the person engages only a subset of the possibilities. Every role taken provides the person with the perspective of a particular 'reference unit'. Borrowing from Shibutani (1967), I define a reference unit as a group or individual whose perspectives are adopted by the person in meaning construction. Depending on the nature of the object being considered, the reference unit might be society at large or a unit embedded within society such as a social movement, community, organisation, group, dyad, or the person himself (McCall, 2003).

From this discussion, defining an object includes a process of contextualization in which the person engages the appropriate reference units for use in the meaning construction process. For the configuration-making variables examined here, I found two reference units: the respondent's organisation and his individual identities. The person's organisation and individual identities are receptacles of meaning. When a disturbance causes the person to construct meaning, he engages the reference units for the meanings they hold. Because organisational and individual meanings are for the most part constructed independently of one another, there is always a potential for competition between the two (Thomas, 1967). If the joint and individual meanings are the same for the object or situation being considered, then that meaning is used by the person to guide

subsequent action. If not, then the person engages in choice behaviour that could span seconds or years to consummate (Hewitt, 2003; Meltzer, 1967).

### *Organisational Antecedents*

McCall (2003) would describe the respondent organisations as social organisations. Unlike social gatherings which are temporary, social organisations tend to be enduring social systems (McCall, 2003). These systems persist through member interactions that inculcate widespread habits (Dewey, 1967) and common values and expectations (Meltzer, 1967) that predispose individuals to confer objects and situations with particular meanings. In this study, the respondents discussed their configuration-making preferences within the context of their current organisations. This makes the organisation a reference unit, and the common meanings within the organisation as plausible antecedents for the respondents' interpretations of the study variables.

In Chapter 3, I constructed accounts of the study organisations based on the dialogue of organisational respondents. From the accounts, I classified every organisation by its configuration-making practices at the time of the interviews. I showed how these practices were apparently intended to encourage organisation members to move the organisation in particular directions that either addressed past problems or maintained current successes.

At Alpha, performance problems had initiated a change of strategy. In order to realise the strategy, the organisation was in the process of broadly aligning its structure to the new strategy in ways that would specify not just what results were expected but also

how they were to be achieved. Therefore, fit was being viewed as performance enhancing and the sequence in which fit was to be accomplished was being seen as contingent on strategy. At the same time, the firm was attempting to move away from the past practice of independent decision-making at the unit level to a more collaborative mode that considered the whole organisation more important than its parts. Thus, Alpha's practices encouraged a commonly-held meaning of fit as performance facilitator, sequence as ordered around strategy, and decision-making as team play.

With Beta's recent entry into regional airlines and IT consulting, the firm consisted of very diverse lines of business for which broad strategy-structure alignment was necessarily narrow. A two way strategy-structure sequence appeared to exist, in which the firm's activities were guided at least as much by embedded structures and practices as they were by strategic planning. With managers making and expected to make rapid decisions even in relatively complex situations including business entry and exit, decision-making at the firm was decidedly entrepreneurial. Thus, Beta's practices appeared to consider strategy-structure fit more as a performance constraint than facilitator, strategy-structure sequence more as mutual adjustment than ordered, and decision-making as decision-finding more than any other meaning.

At Delta, the firm led with a customer relationship based strategy in which employees were encouraged to satisfy customer needs even if it meant departing from normal company practices. The treatment of normal practice as guidelines to be considered rather than rules to be followed made for a loose strategy-structure fit. In serving the strategy, Delta was structured into self-contained units, made wide use of

cross-functional teams, and encouraged wide employee consultation and collaboration. These practices encouraged a joint interpretation of strategy-structure fit as a potential performance constraint, of sequence as ordered around strategy, and decision-making as team play.

Since his arrival, Whyte made it clear to all that Gamma's strategy would revolve around service to its corporate and individual clients. In pursuit of this strategy, the organisation carried out external partnerships and internal structural changes. The strategy-structure alignment was broad, as evidenced by a balanced scorecard system that used technology to monitor client service performance 'real time' at the corporate, unit, and individual levels. Internal consultation and collaboration were the norm. The need to collaborate for service was taken seriously enough so that employees were allowed and encouraged to 'call out' those who were not doing their part. Thus, Gamma interpreted strategy-structure fit as performance enhancing, strategy as dominant in its relationship with structure, and decision-making as team play in the name of client service.

Tables 14-17 at the end of this section show the joint organisation and individually-held meanings of the study variables by organisation. An indicator of the extent to which jointly-held meanings influenced the respondents' individually-held meanings is provided by a comparison of the two. I interviewed four respondents within each study organisation. At Alpha, the joint meaning of fit was carried by three respondents, including Edwards who concurrently carried two different meanings; the organisational meaning of sequence was shared by two respondents; and the meaning of decision-making was commonly held by all respondents. At Beta, the organisational

meaning of fit was the same as the individual meaning for all the respondents, including Mitchell who concurrently held two different meanings; for sequence, the common meaning was held by one individual; and for decision-making it was held by three individuals, including Price and Sharpe who also held team play as a meaning; and At Delta, the organisational meanings of fit and sequence were each carried by three people, while the meaning of decision-making was shared by two individuals. At Gamma, the common meaning of fit was shared by three respondents; the meaning of sequence was shared by all; and that of decision-making by three people, including Whyte who additionally held decision-taking as a meaning.

All in all, the joint meaning of fit accounted for 13 out of the 16 study respondents, including the 2 respondents who concurrently held two different meanings of the variable; that of sequence was shared by 10 out of 16 individuals; and the organisational meaning of decision-making was carried by 12 out of 16 people, including 3 who also held additional decision-making meanings. These comparisons provide evidence of jointly-held meanings as a plausible antecedent of individually-held meanings in so far as configuration-making is concerned.

The significant overlap between the joint and individual meanings of the study variables is not surprising, at least within the context of the particular organisations and respondents studied. At Alpha, Bennett and Edwards were recent hires who communicated frequently with the CEO whose agenda the firm's configuration-making characteristics reflected. Even though Caines was a long time employee, he was responsible for the firm's strategic planning process and at the very least would be

familiar with the CEO's intentions for the organisation. At Beta, all the respondents had been with the company for over 15 years and so would have been acculturated to organisational practices. In addition, Mitchell, Price, and Sharpe dealt frequently with the company's founder and owner from whom the company's practices emanated. At the time of the interviews, Delta's distinct strategy and culture were being widely communicated by the firm's CEO as part of integration activities after the firm's merger with Epsilon. Former Epsilon employees, including Lee and Paulson, would have had to buy into the firm's approach to some extent if they were to remain employees. Finally at Gamma, Davis, Gallagher, and Power were long time Gamma managers who either helped develop or otherwise actively participated in Whyte's decade long transformation of the organisation.

#### *Individual Antecedents*

One's interactions with others are not the person's only source of meaning. A second source of meaning is the person's identity. An identity comprises self-defining role expectations that the individual has internalized (Weigert & Gecas, 2003; Vryan, Adler & Adler, 2003). According to Stryker (1980), identity takes form in a process that is emergent – while it can modify subsequent experience, it is in turn subject to modification by experience (Stryker, 1980).

Vryan, Adler, and Adler (2003) distinguish three elements of identity: situational, social, and personal. Situational identities are role expectations that are bound to particular situations such as the interaction between service provider and customer,

teacher and student, and manager and subordinate. Social identities are transsituational, the result of identification with categories of people such as women, the middle class, or the ranks of managers. Also transsituational, personal identities are unique accounts of the self by the self that incorporate biographies, preferences, and other individual factors in a way that distinguishes the person from other persons (Goffman, 1963). The usefulness of distinguishing the three identity types is conceptual – because social and personal identities are transsituational, the three types are not mutually exclusive (Vryan, Adler, & Adler, 2003).

Nevertheless, the study's respondents expressed their identity in ways that covered all three identity elements. In Tables 14-17, I mapped the relevant respondent expressions of position, social, and personal identities. Position identity refers to internalized role expectations based on the person's position or job description within the organisation. Thus, it is a particular kind of situational identity. Social identity was expressed by, and appeared important as a reference unit to, all three non-Caucasian respondents. Personal identity covered a variety of factors including values, attitudes, personalities, and skills that respondents' seemed to define themselves by.

Before individuating the meaning-making impact of identity on the study variables, let me make the general observation that all the study respondents were middle to top level managers. Normally, people promoted to these management positions would have been vetted and found by superiors to be suitable in their characteristics to the firm's strategy, structure, and decision-making mode intentions. That being the case, these positions tend to perpetuate role expectations that are similar to organisationally

sanctioned meanings. Thus, the positional identities of this study's respondents are likely biased in favour of assuming joint meanings as the person's interpretation of the study variables. The wide ranging similarities in configuration-making meanings at the organisational and individual levels noted earlier may be indicative of this bias.

Despite the potential bias, significant proportions of individual meanings were different from the jointly-held interpretations of the study variables. Of the 16 respondents, 5 held individual meanings of fit that were different from the organisation, including 2 who concurrently carried the jointly-held meanings; 6 respondents differed for sequence; and 7 for decision-making, including 3 who also carried the organisational meaning. Moreover, only 5 respondents held meaning profiles in which the individual meanings of all three study variables corresponded to the organisational interpretations.

In the following accounts, I discuss the influence of the three identity elements on each respondent's choice of meaning for the study variables. In some cases, particular elements appear to have contributed to individual acceptance of commonly-held meanings. In other cases, identity appears to have encouraged meanings that contradicted the commonly-held interpretations.

Bennett was tasked to develop and coordinate talent around the firm's new configuration-making approach. This may explain his identification with the jointly-held meanings for all three study variables. In addition, his consulting background would likely make an ordered sequence between strategy and structure and a broadly constructed fit between the two variables appear doable. Moreover, being a self described relationship builder who viewed the organisation as a system of people who needed each

other for organisational success is consistent with the meaning of decision-making as team play.

Caines managed Alpha's strategic planning and budgeting process. This role would have encouraged a view that is consistent with the organisation's configuration-making intentions. In addition, Caines' engineering background would have made it easy to understand how an ordered relationship between strategy and structure with multiple internally consistent elements can facilitate organisation performance. Moreover, he was raised to value politeness with others and through this value rationalized the need for team play, which in his view consisted partly of respecting the roles and authorities of others in the accomplishment of organisation goals.

Edwards' agreed with Alpha in viewing fit as a facilitator of performance but also saw its potential as a constraint that could stifle individual creativity. This meaning inconsistency seems to be driven by the independence Edwards enjoyed in his 25 years with a legal partnership. While Alpha considered an ordered configuration-making approach appropriate, Edwards appeared to interpret the relationship between strategy and structure as mutual adjustment. As a self described strategic thinker whose role was to develop the legal function with the firm, he seemed to view structure as a path through which any function could contribute to the development of strategy that would in turn influence consequent structures. Being a relationship builder, Edwards was aware that people had different competencies and therefore subscribed to the need for team play in decision-making.

Qadoumi's meaning profile was similar to that of Edwards but for different reasons. Qadoumi managed in a virtual context in which he considered a broad strategy-structure fit as impractical if not infeasible. His self described independence and task driven nature also support a view of fit as a performance constraint. Qadoumi viewed his position as a conduit of information between the top levels of the organisation where strategic decisions were made and technical workers who resided within the firm's structure. Believing in the need for two way communication between the two levels supports a view of the relationship between strategy and structure as mutually dependent. One of the things Qadoumi claimed to have learned in transitioning from Iran to Canada was to be flexible with, and not be judgmental about, other people's preferences and habits. The meaning of team play as a decision-making posture appeared to emanate from this learning.

Dixon had an entrepreneurial background that appears to have influenced the meanings he held for fit and decision-making. With a self image of being more a doer than a thinker, he considered it more important to do whatever it took to move things forward than to follow rules for getting things done. This posture required making timely decisions and actions in the field. Though Dixon did not support specifying the means with which to achieve goals, he considered it important to delineate the firm's strategic theme as a criterion for action. Hence, he appeared to consider the relationship between strategy and structure as ordered, with strategy being primary.

The perception of his legal team as triage managers appears to account for Mitchell's departure from the organisational meanings of fit and decision-making. In his

view, many of the issues being encountered by Beta were preventable. The firm needed a rigorous and systematic decision process that considered both its position in the external environment and internal competencies, as well as a control structure that ensured due process. In effect, Mitchell was recommending broadening strategy-structure fit to facilitate performance; a decision process that recognised the interplay between strategy and structure; and a decision-making posture geared toward finding the right decision. Mitchell qualified these recommendations. On a personal basis, he enjoyed uncertainty and liked the current system that viewed fit as constraint. He managed a group of lawyers whom he thought could only be dealt with inclusively as team members.

Price saw himself as the top manager of a conglomerate that was in very diverse businesses that could not be managed through rigid structures and systems. This would appear to explain his view of fit as performance constraint as opposed to performance facilitator. On the other side, the recent addition of regional airlines and information technology consulting to his already diverse portfolio was causing him to think about the need identify corporate strategy around which to order future growth. As a people person who respected the competencies of his subordinate managers, team play was Price's decision-making mode. However, this mode was augmented by a decision-taking posture that may have been caused by being President of a firm that had succeeded on the practice of making rapid decisions.

Sharpe was managing a relatively new IT consulting company whose success, in his view, required different strategies and structures than was currently in place at Beta. Thus, he saw strategy-structure fit at the corporate level as a potential constraint on

performance. Like Price, he saw a need for the company to develop a strategic theme that would guide future corporate growth. He considered himself an inclusive decision maker, and like Mitchell believed in team play as the appropriate decision-making model for the IT professionals he managed. At the same time, he appeared to recognise the necessity of a decision-taking posture in an entrepreneurial firm like Beta.

Lee labelled himself a capitalist. Having grown up in an entrepreneurial family in a country with no social safety net, he viewed himself in a selling relationship with both the firm's customers and with the firm itself. Thus, he accepted the firm's propensity for team play in the service of customers. Lee's view of strategy-structure fit as a performance constraint is consistent with both an entrepreneurial bent and company practice. Finally, his apparent view of sequence as synchronicity is consistent with the entrepreneurial tradition of monitoring trends in the external environment, importing them where appropriate.

Paulson shared the organisational meaning of all three study variables. Her dual role as national policy and Ontario regional operations manager accounted for a perception of the environment as dynamic, and for a view of fit as a potential constraint on the firm's ability to react appropriately. Though she appeared to believe in the primacy of Delta's customer centred strategy in its relationship with structure, she also used the ordered approach as a platform for change in two areas that appeared key to her identity. First, she identified with being black and urged the firm to better reflect its customer demographics in the composition of management. Second, she appeared to consider having influence quite important and because Ontario was central to Delta's

strategy, she felt that either head office should be located there or the region should be accorded a greater say in corporate decision-making. Finally, allowing others to be in positions of influence appeared to support her acceptance of team play as a decision approach.

Being a marketer, Roberts considered it important that all of Delta's internal processes, activities, and client communications reflect the customer oriented brand that the company was trying to develop. This reflected a view of fit as a performance facilitator, and of sequence as strategy preceding structure. Being a marketing person in a numbers oriented culture, he considered himself different from most of his colleagues. In his mind he was more intuitive and less risk averse, and less worried about the possibility of employee fallout due to lack of consultation. Thus Roberts held a view of decision-making as decision-taking, rather than team play through consensus building that was the company norm.

Thompson's position at Delta had multiple dotted line relationships but no direct reports. This position made a broad strategy-structure fit infeasible. Hence, Thompson managed with few "sacred ground" rules and used his self-described ability to influence people in the desired direction. Thompson considered the firm's technical structure as the core of the organisation. This suggests a meaning of strategy-structure sequence as an orderly progression in which the technical structure is primary. Finally, though Thompson saw value in consulting people, he considered it important to make the tough decisions to move the organisation forward. This belief supported a decision-taking

posture that contrasted with the overly consultative culture Thompson saw within the organisation.

Davis identified with Gamma's approach in which a client driven strategy determined the firm's structures and activities. However, he appeared to want more flexibility than the organisation's broad strategy-structure fit normally allowed. Fortunately, his position accorded him the desired leeway, allowing him to help develop organisational capital in directions that did not have to be fully compatible with current organisational approaches, but addressed potential future needs. In decision-making, he generally found Gamma's culture more analytical, consultative, and risk averse than he was. He described himself as a practical person who liked to move things forward. Thus, he held a meaning of decision-making as decision-taking.

Gallagher considered economics as his structure of thinking, and public service as the foundation of his values. His position allowed him to exercise both. Responsible for Gamma's strategic services, Gallagher took a rational deductive approach to configuration-making, one in which a client service strategy would dominate structure broadly by way of a comprehensive balanced scorecard system. Finally, Gallagher thought every employee had useful opinions and talents that the organisation needed to harness by means of a team play approach to decision-making.

Though she claimed difficulty with personal change, Power thrived in her capacity as Director of Public Relations in helping Gamma deal with change and conflict. As a self described big picture thinker, she considered it important for Gamma's success to have a strategy that translated down to the activities of individual employees. Hence

she bought into the organisation's balanced scorecard initiative. In addition, Power appeared to think in terms of ordered sequences of goals and means. For example, she viewed the Gamma's partnership with Revenue Canada as well as the balanced scorecard initiative as implementation pieces of the organisation's strategy of superior client service. Finally, Power was sensitive to the need for employee buy-in at Gamma and this thinking is compatible with team play as a decision-making meaning.

Whyte believed deeply in public service and in the ability of public organisations to perform at a high level. He considered challenges exciting and led the change at Gamma where upon his arrival he instilled a client service attitude; developed a strategy focussed around meeting a wide range of organisational client needs; and supported a broad range of compatible structural initiatives. These actions indicate a meaning of fit as performance facilitator and of strategy as the focal point for ordering organisational activities. While these meanings were shared by the organisation, Whyte's personal interpretation of decision-making appeared to be different from organisational practice. He was a hands-on manager who described himself as "a real pusher," a manager willing to make decisions and to admit and learn from mistakes. These characteristics appear to explain the decision-taking posture he held. However, in recent years Whyte's meaning of decision-making appears to have shifted to include team play due to the negative consequences he perceived on people as a result of decisions he made in the past. In other words, a change was apparently occurring in his conception of the CEO's role and responsibilities.

TABLE 14  
Antecedents and Meanings of Fit, Sequence, and Preferred Decision-Making Mode for Alpha

Organisation or Respondent, Position	Position identity	Expressed Social identity	Expressed Personal identity	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode
Alpha				Facilitator	Goals-means chain	Team play
Bennett, Director, Competency Development	Middle manager responsible for talent development and coordination	Not expressed	HR consulting background; Relationship builder; systems thinker	Facilitator	Goals-means chain	Team play
Caines, Senior Manager, Strategy Development	Middle manager responsible for corporate planning and budgeting process	Not expressed	Engineering background; Polite with others, and respectful of the role of others	Facilitator	Goals-means chain	Team play
Edwards, Senior Vice President, Corporate and Legal Services	Top management team member; Very new hire; Interfaces with government; Responsible for the company's legal strategy	Not expressed	Strategic thinker; Relationship builder; Lengthy legal partnership background; Independent; Not process oriented	Facilitator; Constraint	Mutual adjustment	Team play
Qadoumi, Manager, Systems Support at Alpha Consulting	Middle manager responsible for technical support in a virtual team context; Conduit between top management and technical workers	An immigrant from Iran who learned to be flexible in Canada	Flexible; Independent; Task driven	Constraint	Mutual adjustment	Team play

TABLE 15  
Antecedents and Meanings of Fit, Sequence, and Preferred Decision-Making Mode for Beta

Organisation or Respondent, Position	Position identity	Expressed Social identity	Expressed Personal identity	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode
Beta				Constraint	Mutual adjustment	Decision-taking
Dixon, Vice President for Beta Medical	Corporate middle manager; Top manager of a self-contained unit; Manages very different businesses	Not expressed	A doer with intimate knowledge of the business gained bottom up	Constraint	Goals-means chain	Decision-taking
Mitchell, Senior Vice President, Human Resources and Legal Services	Top management team member; Responsible for legal and HR functions; Triage management legal unit	Not expressed	Enjoys uncertainty; Service oriented; Inclusive decision maker	Facilitator for Beta; Constraint personally	Mutual adjustment	Decision-finding for Beta; Team play personally
Price, President	Top manager of a conglomerate; Responsible for corporate growth	Not expressed	One company person; Beta as family; A contingency manager; People person	Constraint	Goals-means chain	Decision-taking; Team play
Sharpe, Senior Vice President, Information Technology	Top management team member responsible for a profit generating technology consulting business	Not expressed	Inclusive decision maker; Hard working; Calm	Constraint	Goals-means chain	Decision-taking; Team play

TABLE 16  
Antecedents and Meanings of Fit, Sequence, and Preferred Decision-Making Mode for Delta

Organisation or Respondent, Position	Position identity	Expressed Social identity	Expressed Personal identity	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode
Delta				Constraint	Goals-means chain	Team play
Lee, Director, Group Accounting	Middle manager; Former Epsilon employee; Manages internal accounting services	Former Hong Kong resident with an international perspective	Merger veteran; Capitalist entrepreneur; Relationships as selling relationships	Constraint	Synchronicity	Team play
Paulson, Vice President, Group Disability Claims	Middle manager responsible for national disability policy as well as regional operations; Former Epsilon employee	Strong Caribbean roots; black	Merger aware; Feels blessed; Happiness is under one's control; Being in a position of influence is important	Constraint	Goals-means chain	Team play
Roberts, Vice President, Group Marketing	Middle manager responsible for marketing in a numbers oriented organisation	Not expressed	More intuitive than analytical; Does not jump to conclusions about people	Facilitator	Goals-means chain	Decision-taking
Thompson, Director, Group Underwriting Policy	Middle manager responsible for national underwriting policy; Multiple dotted line but no direct reports; Technical function as the core of organisation	Not expressed	Influencing people a natural gift; Good with numbers; People are not pieces of meat; Willing to make tough decisions	Constraint	Arrangement of layers around a technical core	Decision-taking

TABLE 17  
Antecedents and Meanings of Fit, Sequence, and Preferred Decision-Making Mode for Gamma

Organisation or Respondent, Position	Position identity	Expressed Social identity	Expressed Personal identity	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode
Gamma				Facilitator	Goals-means chain	Team play
Davis, Director, Human Resources	Middle manager responsible for a full range of internal HR management services; Niche that allows for flexibility	Not expressed	Practical, moves things through; Less risk averse and analytical than coworkers; Likes to have leeway; Direct but respectful	Constraint	Goals-means chain	Decision-taking
Gallagher, Vice President, Corporate Services	Top management team member; Responsible for policy, legal, communications, and HR functions	Not expressed	Eclectic background; Economics guides thinking structure; Value system suited to public service; Enjoys people	Facilitator	Goals-means chain	Team play
Power, Director, Public Relations	Middle manager; Responsible for communications and public relations in a politically charged context	Not expressed	Big picture, sequential thinker; Thrives in helping Gamma deal with change and conflict; Buy-in is important	Facilitator	Goals-means chain	Team play
Whyte, Chief Executive Officer	Top manager; Longest serving Gamma top manager in the country; Change manager; A focal point of political agendas	Not expressed	Belief in public service; Connects with people and brings ideas together; Admits and learns from mistakes; Seeks challenge; Hands on, a "real pusher"	Facilitator	Goals-means chain	Decision-taking; Team play

## Consequences of Configuration-Making Meanings

Having just discussed the antecedents of configuration-making meanings, I now turn to their consequences. Based on symbolic interactionism, meaning construction has a direct consequence in the actions that arise from the meanings constructed. In addition, through the actions, meaning construction may have an indirect consequence in contributions to future meaning-making activities.

As stated previously, the symbolic interactionist position is that although actions do not always emanate from meaning construction, constructed meanings are always acted upon (Meltzer, 1967, 1969). On the basis of this idea, I listed in Tables 18-21 (at the end of this chapter) actions that may have emanated from the configuration-making meanings held by each of the study respondents. The tables include one action for every meaning of fit by every respondent. The actions listed have all been described elsewhere in connection with the associated preferences and meanings, and so I will not go through them one by one. However, it is worth noting that they conform with the symbolic interactionist expectation that actions will vary in duration, and in whether or not they are taken individually or as a response to the actions of others (Blumer, 2004; Meltzer, 2003).

Examples of relatively brief actions include Sharpe's decision to fire a subordinate for behaviour considered inimical to team play; Mitchell's action of disagreeing with Beta's involvement in regional airlines as part of his view of strategy-structure sequence; and Lee's decision to accept an offer to manage an actuarial unit without the paper qualifications that appears to emanate from a meaning of strategy-

structure fit as constraint. On the other side, many of the actions listed are prolonged or ongoing and as such, are constituted by smaller interlacing actions of shorter duration. These include Bennett's championing of *Competencies for Results* to help implement Alpha's new strategy; Edwards' spending time getting to know people that came from his interpretation of decision-making as team play; and Davis's behaviour of dealing with the issues rather than waiting for them to go away that derived from a decision-taking posture.

While all the actions listed were taken or were being taken individually, some appear to support the actions of other organisation members. For example, Power's actions in support of Gamma's performance management system was part of Gallagher's balanced scorecard initiative, that was in turn part of Gamma's interpretation of strategy-structure fit as a performance facilitator. Similarly, Paulson's support of consulting employees widely in developing Delta's vision appeared to be part of the organisationally-held meaning of decision-making as team play.

However, other actions appear to depart from the actions of others, including those that portray organisationally-held expectations. For example, Edwards acted with a results rather than the process orientation that was expected at Alpha; Roberts advocated an incremental approach to project implementation that apparently departed from Delta's consensus decision-making approach; and Mitchell pushed to develop a comprehensive and systematic decision process that contradicted Beta's decision-taking posture.

The actions listed in Tables 18-21 exemplify the direct consequences of meaning construction. In addition to these direct consequences, meaning construction may also have indirect consequences that emanate from the actions taken. According to Hewitt (2003), “meanings are hypotheses, and actions are tests of hypotheses that sometimes lead people to discard or revise them”<sup>6</sup> (p. 323) or to keep them. Actions whose consequences are positively perceived by the person would reinforce the constructed meanings that gave rise to them, and the antecedent meanings that prevailed in constructing the meanings. On the other side, actions with negatively perceived consequences may cause the person to construct different meanings in future situations. Thus, meanings are always in a state of emergence whereby actions taken could influence future meaning-making activities.

Because meanings derive from a consideration of antecedent joint and identity meanings, actions that alter meanings do so via alterations to perceptions of joint meanings, identity meanings, or both. As an example, consider Bennett’s initiation of *Competencies for Results* as a way of supporting Alpha’s new Southern focussed telecommunications centric strategy. This project supported a meaning of strategy-structure sequence as an ordered goals-means chain, with the new organisational strategy as the goal and *Competencies for Results* as a means for accomplishing the goal. At the time of the interview the project was occupying a significant proportion of Bennett’s time and in his view, of available management time at the firm. That his

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<sup>6</sup> From “Symbols, Objects, and Meanings,” by J. Hewitt, in *Handbook of Symbolic Interactionism* (p. 323) by L. T. Reynolds and N. J. Hernan-Kinney (Eds.), 2003, New York: Altamira Press. Copyright 2003 by AltaMira Press. Adapted with permission from AltaMira Press.

activities were being sanctioned by the organisation would reinforce a perception that strategy-structure sequence was becoming understood at the organisation as an ordered goals-means chain, and a perceived position identity as a contributor to that organisational understanding.

A second example of meaning change is provided by Davis' narrative. He described his former decision orientation as power play, an approach that worked for him in negotiating with the union at Canada Post. When he moved to National Sea – also in a negotiating capacity – he was told that the “ruthless” approach was “not how we do things.” Nevertheless, he took his aggressive posture to the negotiating table, only to find the other side cooperative, prompting him to describe his reaction as “Aha, I don't have to do it that way. I can change.” Because of that experience, his approach to dealing with the union changed to one of team play. In this instance, the action of negotiating with the union at National Sea was undertaken with the hypothesis that power play would be required. When that requirement did not materialize, Davis's role identity changed to match the jointly-held decision-making meaning.

TABLE 18  
Consequences of Fit, Sequence, and Decision-Making Meanings for Alpha

Respondent, Position	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode	Sample actions based on meaning of fit	Sample actions based on meaning of sequence	Sample actions based on meaning of preferred decision-making mode
Bennett, Director, Competency Development	Facilitator	Goals-means chain	Team play	Supported balanced scorecard initiative	Championing <i>Competencies for Results</i>	Acted to understand who's who at the firm, built relationships
Caines, Senior Manager, Strategy Development	Facilitator	Goals-means chain	Team play	Advocated transparent content and process criteria in performance evaluation	Supported a largely centralized corporate structure	Shaped plans and budgets around the contributions of a cross-functional team
Edwards, Senior Vice President, Corporate and Legal Services	Facilitator; Constraint	Mutual adjustment	Team play	Acted by habit with a results rather than process orientation	Initiated <i>Strategic Counsel</i> project	Spent time getting to know people
Qadoumi, Manager, Systems Support at Alpha Consulting	Constraint	Mutual adjustment	Team play	Set goals with subordinates, then left them alone	Advocated two way consideration of business and technical issues	Served as conduit for vertical collaboration

TABLE 19  
Consequences of Fit, Sequence, and Decision-Making Meanings for Beta

Respondent, Position	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode	Sample actions based on meaning of fit	Sample actions based on meaning of sequence	Sample actions based on meaning of preferred decision-making mode
Dixon, Vice President for Beta Medical	Constraint	Goals-means chain	Decision-taking	Maintained a wide repertoire of business tactics for use when appropriate	Insisted on a customer focus	Rewarded people for taking ownership and getting the job done
Mitchell, Senior Vice President, Human Resources and Legal Services	Facilitator; Constraint	Mutual adjustment	Decision-finding; Team play	Facilitator – Advocated taking Beta public	Argued against twice on strategic and structural grounds	Decision-finding – Pushed to develop comprehensive and systematic decision processes
Price, President	Constraint	Goals-means chain	Decision-taking; Team play	Ran a flat structure so each business could be run independently	Supported strategy formulation exercises to guide future growth	Encouraged consultations among team members
Sharpe, Senior Vice President, Information Technology	Constraint	Goals-means chain	Decision-taking; Team play	Hired the best and delegated “to a fault”	Implemented a divisional compensation scheme that departed from Beta practice, based on strategy	Fired a divisive subordinate

TABLE 20  
 Consequences of Fit, Sequence, and Decision-Making Meanings for Delta

Respondent, Position	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode	Sample actions based on meaning of fit	Sample actions based on meaning of sequence	Sample actions based on meaning of preferred decision-making mode
Lee, Director, Group Accounting	Constraint	Synchronicity	Team play	Accepted an offer to run an actuarial unit without having any actuarial education	Evaluated strategy and structure based on conformity to external trends	Supported the use of cross-functional teams in the service of customers
Paulson, Vice President, Group Disability Claims	Constraint	Goals-means chain	Team play	Supported the thinking organisation component of Delta's strategy	Advocated a transfer of the firm's "seat or power" to Toronto to better reflect strategy	Supported wide staff consultations in developing corporate vision statement
Roberts, Vice President, Group Marketing	Facilitator	Goals-means chain	Decision-taking	Assessed Delta's branding effort poorly for not encompassing all activities	Centralized and decentralized marketing based on Delta's strategy	Advocated an incremental approach to larger projects
Thompson, Director, Group Underwriting Policy	Constraint	Arrangement of layers around a technical core	Decision-taking	Distinguished between few "sacred ground policies" and many guidelines	Disagreed with a superior who threatened the integrity of the firm's technical functions	As Chair of the Underwriting Council, listened but made decisions in a timely manner

TABLE 21  
Consequences of Fit, Sequence, and Decision-Making Meanings for Gamma

Respondent, Position	Meaning of fit	Meaning of sequence	Meaning of preferred decision-making mode	Sample actions based on meaning of fit	Sample actions based on meaning of sequence	Sample actions based on meaning of preferred decision-making mode
Davis, Director, Human Resources	Constraint	Goals-means chain	Decision-taking	Accommodated people's interests in role assignments, sometimes at the expense of paper qualifications	Supported goals beyond coming to work to process claims	Dealt with the issues rather than waiting for them to go away
Gallagher, Vice President, Corporate Services	Facilitator	Goals-means chain	Team play	Led Gamma's balanced scorecard initiative down to the individual's desktop	Supported fundamentally altering structure to better fit strategy	Supported critical thinking and respectful disagreements
Power, Director, Public Relations	Facilitator	Goals-means chain	Team play	Supported a performance management initiative down to the individual's desktop	Advocated an insurance agent model, rather than silos, for service delivery	Gave subordinates the authority to make decisions areas they were responsible for
Whyte, Chief Executive Officer	Facilitator	Goals-means chain	Team play; Decision-taking	Hired, structured, and rewarded broadly around customer service	Communicated the client service mandate of the organisation to employees "every daily"	Decision-taking – Made decisions that stretched resources and without hearing everybody's point of view

## CHAPTER 5 – DISCUSSION AND CONCLUSION

The purpose of this chapter is to summarize, discuss, and conclude the study. By way of introduction, let me summarize the steps taken thus far. I conducted the study to investigate the nature, antecedents, and consequences of managerial configuration-making preference. In Chapter 1, I justified the research by identifying individual-level research as a gap in the configuration-making literature. As such a study had not previously been undertaken, the research was exploratory.

As discussed in Chapter 2, the research was qualitative, interview-based, and designed to reveal the views of study participants about six variables drawn from the literature, translated to make sense at the individual level of analysis. In keeping with the exploratory nature of the study, I did not propose relationships among the variables for subsequent confirmation. As explained in the chapter, I used the variables merely as sensitising concepts (Blumer, 1969; Patton, 2002) around which to organize the investigation.

Analyses within transcripts led me to develop the individual respondent narratives contained in Chapter 3. As discussed at the beginning of the chapter, the narratives are thick descriptions (Geertz, 1973; Flyvbjerg, 2004) of the individuals' thoughts and experiences on the study's sensitising concepts. I presented the accounts respondent by respondent in order to maintain the integrity of the individuals' points of view; however, the narratives were intended and should be considered as an integral part of the study findings presented in Chapter 4.

Comparing and contrasting the narratives led me to the concepts of meaning and meaning construction as underlying themes across the Chapter 3 narratives. This conclusion subsequently led to a view of the data from a symbolic interactionist perspective, and to the development of the thematic presentation of findings in Chapter 4.

In the following section, I summarize the study's findings about the nature, antecedents, and consequences of managerial configuration-making preference by way of a framework and constituent propositions. Several aspects of the study findings were unexpected, and I discuss these next. Following that, I identify the dissertation's contributions to theory and its limitations. Finally, I discuss the study's implications for management practice and potential for future research.

#### Nature, Antecedents, and Consequences of Configuration-Making Preference

As discussed in Chapter 2 and consistent with Flyvbjerg's (2004) view, the 16 narratives in Chapter 3 are case studies. According to Yin (1989), the value of (small sample) case study research does not lie in the capacity to generalise to a population, but in the capacity to generalize to theory. The presentation of findings in Chapter 4 is a step in that direction but because it elaborates on the concepts, contexts, and data that connect the individual cases to themes, it might more aptly be described as 'thick interpretation' of the cases, as Denzin (1989) used the term.

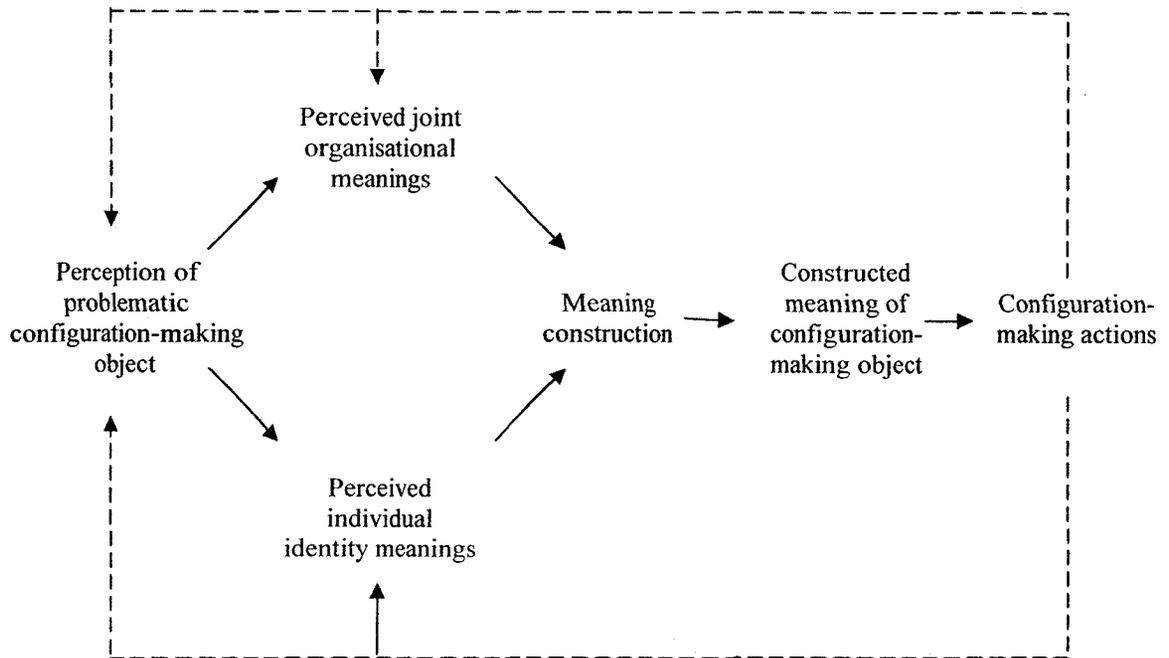
In this section, I attempt to make explicit the theory that was implicitly being developed in Chapter 4. Following Whetten's (1989) suggestions for facilitating the

reader or evaluator's comprehension of the presented theory, I use a 'box and arrow' diagram to model it. In addition, I state formal propositions about the content of, and linkages between, the model's configuration-making elements. These propositions should be considered constituent parts of the diagram. According to Whetten (1989), propositions exclude measures while hypotheses include them.

Figure 4 is a graphical representation of the study's findings about the nature, antecedents, and consequences of managerial configuration-making preference. The diagram represents the process of configuration-making from the individual's vantage point. It depicts the manager as being in a recursive cycle of individual meaning construction about configuration-making that emanate from joint and individual meaning antecedents, and result in actions that contribute to future individual meaning-making activities.

The framework presents a picture of configuration-making in which the individual is an active rather than a passive player. The relevant factor is choice. For example in Bennett's case, he chose to subjugate his own preferences and the firm's prevailing cultural practices to the vision of a new reality held by some others within the firm. In other cases depicted by study respondents such as Whyte and Edwards, the individual chose to inflict his preferences on the organisation. Thus, the person is free to contribute behaviour that converges with, or diverges from, organisational configuration-making norms.

FIGURE 4  
Nature, Antecedents, and Consequences of  
Managerial Configuration-Making Preference



*Note.* Propositions 1-10 are integral to the diagram. Specifically: as indicated by Propositions 1-4, the nature of managerial configuration-making preference is given by the constructed meaning the object has for the person; as indicated by Propositions 5-7, the antecedents of constructed meaning include the perception of a problematic object, perceived joint and individual identity meanings, and meaning construction; and as indicated by Propositions 8-10, the consequences of constructed meaning are actions and their impact on the meaning-making antecedents.

#### *On the Nature of Configuration-Making Preferences*

Central to the diagram is the notion that configuration-making objects have particular meanings for the individual and that these meanings drive the nature of the person's configuration-making preferences. As discussed in Chapter 4, configuration-making meanings are specific to the particular objects being considered. For strategy-structure fit, strategy-structure sequence, and organisational decision-making mode, the

variety of individual-level meanings are elaborated in Chapter 4. That line of discussion leads to the following propositions about the nature of managerial configuration-making preference.

*Proposition 1.* Managerial configuration-making preferences emanate from the meanings that particular configuration-making objects have for the manager.

*Proposition 2.* Managerial preferences regarding strategy-structure fit emanate from individually-held meanings of fit as:

- a. a performance facilitator; or
- b. a performance constraint.

*Proposition 3.* Managerial preferences regarding strategy-structure sequence emanate from individually-held meanings of sequence as:

- a. an ordered progression in which one variable is subservient to the other;
- b. a reciprocal arrangement in which the variables adjust mutually to one another; or
- c. an independent relationship in which both variables are subservient to the characteristics of the external environment.

*Proposition 4.* Managerial preferences regarding organisational decision-making mode emanate from individually-held meanings of organisational decision-making as:

- a. finding the decision that maximises goal accomplishment;
- b. making timely decisions;
- c. power play among decision participants;
- d. team play among decision participants; or

- e. a process of mode customization based on the characteristics of the decision context.

*On the Antecedents of Configuration-Making Preference*

Figure 4 shows individual configuration-making as triggered by the perception of a problematic configuration-making object that causes the person to pause and engage in subsequent meaning-making activities. As noted previously, an object may be anything that is perceived by the mind, including physical objects, people, and situations. The object might be a particular event, organisational practice, or individual's preference. As an example, the change of direction in Alpha's strategy-structure configuration announced years prior to the interview would have been a configuration-making object for Bennett.

Next, the person engages the relevant organisational and individual reference units and the meanings residing there in a process of meaning construction. The considerations at this stage encompass all the variables included in the preliminary research framework, namely, the person's assumptions and preferences, perceived organisational practices, and perceived person-organisation fit, plus other relevant organisational and personal factors.

To carry on with Bennett's case, on the organisational side he would have already been aware of the collapse of the dot.com era and the general response of telecom companies to consolidate their operations. Environmental uncertainty, considered by telecommunications organisations as a source of investment opportunity

in the past, was now being considered a risk, and consolidation was a means of minimizing it. While Alpha in the past had viewed a broad strategy-structure fit as a constraining influence on organisation performance, recent events were encouraging a meaning of fit as performance facilitator.

But Alpha's organisational culture would have likely held a different notion of fit. The company had been formed and grown on the premise of unit independence, innovation, and risk taking. While everyone at the firm would have been aware of the events that precipitated Alpha's change of direction, Bennett may have known that the way things were being done at the firm – the practices that people were accustomed to – was consistent with a meaning of fit as constraint.

The organisationally-embedded view of fit would likely have agreed with his personal identity. As his narrative in the previous chapter indicates, he seemed to carry a view of uncertainty as a source of opportunity. This view is consistent with a preference for loose strategy-structure configurations. Bennett had joined Alpha at a time when the firm seemed to view uncertainty as an opportunity source and configured itself loosely. Now, he was being asked to support a meaning of strategy-structure fit that would minimize uncertainty by broadening strategy-structure alignments.

Based on this discussion, the antecedents of managerial configuration-making preference are stated in the propositions below.

*Proposition 5.* The antecedents of a managerial configuration-making preference consist of the antecedents of the meaning from which the preference emanates.

*Proposition 6.* The meaning-making process is triggered by configuration-making objects that the person considers problematic.

*Proposition 7.* The meaning of a managerial strategy-structure fit, strategy-structure sequence, or decision-making mode preference is selected by the individual in consultation with:

- a. the joint meanings of the variable he perceives being held within the organisation;
- b. the individual meanings of the variable he perceives from his role in the organisation;
- c. the individual meanings of the variable he perceives from his social identity; and
- d. the individual meanings of the variable he perceives from his personal identity.

#### *On the Consequences of Configuration-Making Preference*

After considering the meanings encouraged by the joint and individual reference units engaged by the person in meaning construction, he/she makes a choice and takes action accordingly. From Bennett's account, he elected to support the company's new direction, and as an action consequence, was working to install *Competencies for Results* at the firm, an initiative that, among other impacts, would broaden managerial performance criteria to include a wide range of desirable behaviours in addition to results outcomes.

But the individual configuration-making process does not stop there. Actions taken have extended consequences that can alter one's perceptions of joint organisational meanings and individual identity meanings, and potentially create new problematic configuration-making objects. In Bennett's case, *Competencies for Results* had taken extensive organisational effort and managerial time to develop. At the time of the interview it was in the process of being integrated into a balanced scorecard project that was also a relatively recent initiative at the firm. The extent to which *Competencies for Results* involved time and effort on the part of the firm's managers would have reinforced Bennett's perception that joint meanings were moving in the desired directions of broad strategy-structure fit and a strategy-structure sequence that was dominated by strategy. In addition, Bennett's lead role in the project undertaking would have contributed to an alteration of his self-perceived role identity, from the enabler of decentralization he had been in the past to being a director of centralized policy development and administration. A final consequence of *Competencies for Results* was the appearance of new problematic configuration-making objects within Bennett's field of perception. As an example, during the interview he raised the issue of lack of mobility between divisions as a concern, an indicator of lack of commitment to the unified organisation he was striving to help create.

This discussion leads to the following propositions about the consequences of managerial configuration-making preferences.

*Proposition 8.* The consequences of a managerial configuration-making preference consist of the consequences of the meaning from which the preference emanates.

*Proposition 9.* The individually-held meaning of a managerial strategy-structure fit, strategy-structure sequence, or decision-making mode preference causes the individual to take corresponding action.

*Proposition 10.* Actions taken as a result of a constructed strategy-structure fit, strategy-structure sequence, or decision-making mode meaning contribute to future meaning-making activities by way of one or both of the following means:

- a. the positive or negative reinforcement of perceived joint and individually-held meanings in the direction of the constructed meaning from which the actions emanated; and
- b. the perception of one or more new problematic configuration-making objects related to the actions taken.

### Unexpected Findings

The study's unexpected findings are meaning and meaning construction as underlying themes in the data. These findings were triggered by the emergence of 'expressed identity' as an important explanatory variable in the data.

I had taken six sensitising variables in three categories into the study: fit, sequence, and decision-making mode preferences; uncertainty and rationality assumptions; and person-organisation fit. In doing so, I did not specify a priori

relationships among the variables. I considered four relational possibilities as an outcome of the study. First, the assumption variables might influence the preference variables that in turn might influence the perception of person-organisation fit. Second, the person's view of person-organisation fit might influence his preferences that might in turn influence his uncertainty and rationality assumptions. That is to say, a person who wishes to fit in with the organisation might adjust his preferences to accommodate perceived organisational characteristics; and in turn, the person might adjust his views about the environment and rationality to be consistent with the preferences. Third, preferences might be relatively unchanging and instead of mediating the relationship between assumptions and person-organisation fit, they might influence the person's assumptions and his/her perception of person-organisation fit. Finally, other factors not encompassed by the sensitising variables might exist that mediate or moderate the relationships among the variables.

In considering these possibilities, I fully expected most, if not all, the sensitising variables to remain central to the study, even though I recognised the possibility that other variables might emerge as part of the study's findings and/or that the sensitising variables might need to be modified. Instead, as Figure 4 shows, the findings suggest a whole new category of variables that are centred in meaning and meaning-making activities, including the perception of a problematic configuration-making object, perceived joint meanings, perceived identity meanings, meaning construction, constructed meaning, and meaning-based actions.

These new variables incorporate the sensitising variables. The study findings indicate that the nature of a configuration-making preference is given by the meanings the configuration-making preference variable has for the person. Thus, the preference variables are encompassed by 'constructed meaning'. The sensitising assumption variables are encompassed by the 'perceived joint meanings' and 'perceived individual identity meanings' in the diagram. That is to say, the person makes a distinction between his assumptions for the organisation and for himself. Finally, the sensitising variable 'person-organisation fit' is encompassed by the diagram as a consideration in 'meaning construction'.

Even though Figure 4 incorporates the sensitising variables, it indicates a whole new level of constructs and relationships beneath the surface represented by the variables. What triggered this finding is the emergence of 'expressed identity' as an important variable in the data. Following Vryan, Adler and Adler (2003), I define identity as internalized role expectations.

As I analysed the interview transcripts, it became increasingly apparent that the dialogues contained expressions of respondent identities. More important, the identity notions discussed appeared to be linked to the individual's conceptions of one or more of the configuration-making variables (i.e., strategy-structure fit, strategy-structure sequence, and decision-making mode) on which the study was focussed. Examples of such linkages include Caines identification with being polite and respectful of authority that extended to his particular interpretation of a collaborative decision-making mode as encompassing the navigation of "egos and responsibilities", Mitchell's identification

with his role as a triage manager that seemed to drive his thinking that broad strategy-structure decision guidelines are needed at Beta, and Paulson's identification with being black that she used in reasoning that the demographic composition of Delta's structure should reflect the demographic composition of the market encompassed by the firm's strategy.

As such, identity appeared to reflect meanings that seemed to influence the respondent's configuration-making preferences by way of the meanings the preferences signified to the individual. This insight developed into the idea of meaning and meaning construction as underlying themes that may explain both the data and the relationships among the sensitising variables that the data were intended to reveal. Based on this insight and following Schlechty and Noblit (1982), the task before me subsequently became one of reinterpreting the data in a way that would make the hidden configuration-making level obvious.

Identity is not a new concept and has been widely studied in the field of psychology and organisational behaviour (see Haslam, Eggins, & Reynolds, 2003; Jetten, Spears, and Postmes, 2004; Pratt, Rockmann, & Kaufmann, 2006; Tajfel & Turner, 1979; Turner, 1985). A comparison of the identity types in this literature and the present study reveals similarities and differences.

The conceptualisations of personal and social identities in the literature and this study are the same. Personal identity is defined as internalised role expectations that emanate from self-definitions or self-narratives of the person as an individual who is distinct from other individuals (Haslam, Eggins, & Reynolds, 2003; Pratt, Rockmann, &

Kaufmann, 2006; Vryan, Adler, and Adler, 2003). Social identity is defined as internalised role expectations that emanate from the acceptance of belongingness to any social group, including those based on gender, nationality, ethnicity, or religion (Haslam, Egghins, & Reynolds, 2003; Pratt, Rockmann, & Kaufmann, 2006; Vryan, Adler, and Adler, 2003). In this study, I found a variety of expressions of personal identity but the expressions of social identity were limited to nationality and ethnicity as the bases of identity.

The category 'position identity' discussed in the study findings refers to internalised role expectations that emanate from the individual's formal responsibilities in the organisation. Although this identity category is not specifically identified in the literature, it falls under what Vryan, Adler, & Adler (2003) referred to as 'situational identity', or role expectations that are bound to particular situations (such as service provider and customer, teacher and student, and manager and subordinate). This identity category was significant to the study. In at least several cases discussed in Chapters 3 and 4, the nature and scope of the respondent's position in the organisation appeared to clearly be linked to his configuration-making preferences. As examples, Qadoumi's role as manager of an information technology support team in a virtual management context is consistent with his view that strategy-structure fit should be narrow, and Edwards and Sharpe's perceived roles as managers of professional knowledge workers appeared tied to their view of collaboration as the appropriate decision-making mode within their units.

Finally, 'organisational identity', which may be defined as internalised role expectations that emanate from membership in a particular organisation (Pratt, Rockmann & Kaufmann, 2006; Ravasi & Schultz, 2006), may look similar to, but is different from, the category 'perceived joint organisational meanings' in Figure 4. In this study, I did not find expressions of organisational identity except when the respondents – for example, Price at Beta and Whyte at Gamma – were in positions of responsibility over the whole organisation. 'Perceived joint organisational meanings' emanated from the configuration-making characteristics that the respondents perceived within their organisations. The respondents did not appear to identify with these meanings, unless the joint meanings corresponded to their individually-held identity meanings. The objectification of their organisations by the respondents may be an artefact of the interview approach of asking them to compare the elements of organisation practice with their individually-held preferences.

### Contributions to Theory

In an article on what constitutes a theoretical contribution, Whetten (1989) discussed two requirements for a theory to be considered a contribution. First, the proposed theory must qualify as theory by addressing four basic questions (discussed below) adequately. As the findings of this study are very preliminary, it is useful to ask for the benefit of possible future extensions of the research whether or not the findings constitute the basic elements of theory, even though they may be preliminary. Second,

the proposed theory must add value to the relevant body of knowledge that already exists. This section is organized around these two topics.

### *Theory Elements*

The questions and how the present theory addresses them are as follows. First, what factors are encompassed by the proposed theory? From the previous section, the theory encompasses factors that fall into three categories, namely: the content of constructed configuration-making fit, sequence, and mode meanings; the antecedents of the constructed meanings that include the individual's perception of a problematic configuration-making object, the perceived joint and individual identity meanings considered by the person, and the meaning construction process; and the consequences of the constructed meanings including actions that emanate directly from the meanings, and the impact of those actions on future meaning-making activities.

Second, how do the factors in the proposed theory influence one another? As Figure 4 shows, the perception of a problematic configuration-making object triggers individual consideration of joint organisational and individual identity meanings that are weighed in a process whose outcome is a constructed meaning for the object. The constructed meaning leads to actions that may affect future meaning-making antecedents through the creation of new configuration-making problems and/or the positive or negative reinforcement of perceived joint and individually-held meanings.

Third, why is it important to consider the factors and inter-factor relationships being proposed? Existing configuration theory appears to assume configuration as a

function of *organisational knowledge* about strategy and structure characteristics that match or do not match. The present theory considers configuration as a function of multiple *individual choices* and consequent actions whose interplay may shape the configuration. Thus, the theory provides a possible avenue for explaining the formation of configuration.

Finally, in what contexts is the theory useful? The theory was induced from research involving only a small sample of managers; thus, it cannot be generalized to any population of managers. However, small sample research may be generalized to theory (Yin, 1989; Flyvbjerg, 2004). In this case, the theory contributes to knowledge about the role of individual meaning-making and meaning-centred actions in the area of organisation configuration.

The above discussion appears to qualify the study findings as a theory. Whether or not the theory is a contribution depends on the value it adds to existing knowledge about configuration and configuration-making. This is discussed next.

### *Contributions*

As discussed in Chapter 1, Chandler (1962) is widely considered to have initiated research on strategy-structure fit by demonstrating a link between diversification strategy and divisional structure combinations on the one hand, and organisation performance on the other. His research was replicated in many contexts and with different methodologies with similar results. Then Miller (1986) extended the theory by proposing multiple dimensions of strategy and structure that theoretically

cohered into successful configuration archetypes. His publication was followed by a flurry of confirmatory and extended research. In a meta-analytical study of the research, Ketchen et al. (1997) showed a strong association between strategy-structure fit and performance.

Subsequent research has broadened to encompass unit-level functions and activities, such as marketing (e.g. Olson, Slater, & Hult, 2005), operations (e.g. Parthasarthy & Sethi, 1993), and human resources management (e.g. Wright & Snell, 1998). The present research contributes to this literature by broadening fit's theoretical reach further down into the organisation, namely at the level of individual managers. Configuration-making research at this level has not previously been undertaken.

Specifically, this study contributes to a fork in the fit literature introduced by Miller (1996). While prevailing research addressed the question of *which* strategy-structure characteristics match or do not match, he suggested a line of research that considered fit as a *quality* (or attribute), and that focussed on the question of *how much* fit configurations should have. Pursuing this line of research (see Miller, 1993; Miller & Chen, 1996; Miller, Lant, Miliken, & Korn 1996) Miller and his colleagues found a range within which the level of fit correlated with good performance, and outside of which performance fell. This finding suggested a need for balance between fit and flexibility. In a theoretical publication, Wright & Snell (1998) formalized the need for maintaining such a balance within the context of human resource management.

The present study contributes to this line of research by providing descriptive evidence that the need for fit and flexibility are important considerations at the

individual level in organisations. The study respondents divided near equally in interpreting fit as an organisation performance facilitator or as a constraint on organisation performance. Those with a positive view saw fit as a focussing device or a means for clarifying the connections between organisational goals and means. Those who interpreted fit negatively saw fit as producing organisational rigidity and causing the loss of desirable individual autonomy. Both interpretations of fit resided in each of the four study organisations. The finding supports the need to accommodate both points of view in designing configuration.

Can the two interpretations of fit be reconciled? At a relatively macro level, Wright & Snell (1998) suggested that organisations make it a policy to hire, train, and develop people in a way that considers both the present organisational need for fit and the flexibility needed to accommodate potential changes in the future. In the relatively micro level contexts studied here, the conflicting interpretations of fit were reconciled by accommodating individual views in the assignment of roles. As examples, Qadoumi at Alpha and Davis at Gamma were in roles that allowed them the flexibility they appeared to need more than some others in their respective organisations.

The strength of fit research has been in demonstrating that fit matters to organisation and unit-level performance, and in identifying the content dimensions of strategy and structure that should be aligned. The weakness of the literature is that it begs the question of process, i.e. how fit is or should be created. The strategy-structure sequence literature has dabbled with this issue, but as the review of the literature in Chapter 1 shows, the research is scant, fragmented, and inconclusive. Although the

literature on organisational decision process is voluminous, it has not generally been tied to the configuration and configuration-making literatures. This study helps to address the existing gap in the literature on the process of configuration-making. Although the theory developed here does not present a process prescription, it offers a process description, a possible avenue for explaining how configurations take form in organisations. Specifically, this study has provided evidence that individual configuration-making actions emanate from a process of meaning construction. To the extent that the individual's actions are implemented via his positional role in the organisation, and to the extent that the implemented actions significantly affect operations, they could help explain the characteristics of the organisation's configuration.

The finding that individual managers enact their configuration-making meanings and thereby contribute to organisation configuration puts this study on the side of the sequence debate that considers structure a greater influence on strategy (e.g. Bower, 1970; Hall & Saias, 1980; Frederickson, 1986) than the other way around. I acknowledge that strategy, particularly when consciously selected, exerts pressure in the direction of rearranging structure to facilitate the conduct of the strategy. However, structure provides the framework through which strategy is selected in the first place, and would continue to provide the framework through which individuals can choose to yield or not to yield to perceived strategic pressure.

In Chapter 1, I discussed the organisational decision literature in light of a 2 x 2 classification of underlying organisational assumptions regarding the commonality of

goals among organisation members, and the scarcity of resources in the organisation's external environment. Based on the literature, I labelled the decision-making mode categories that resulted from the classification as 'rational', 'entrepreneurial', 'political', and 'collaborative'. The classification scheme was essentially built from researcher observations about particular organisation types. As examples, Allison (1971) and Allison and Zelikow (1999) based their discussion of the political mode on the context faced by the typical government organisation; and Eisenhardt & Brown (1999), D'Aveni (1994) and others based their discussion of the entrepreneurial mode on the context facing the typical high technology concern. Thus the classification may be considered as a contingency framework that describes or prescribes what is done or should be done, respectively, under different environmental contexts. Stretching the contingency logic a little, one can consider the classifications as describing or prescribing what is done or should be done, respectively, in different decision contexts. Either way, the impression the framework leaves is that of *stable* context characteristics for the organisation or decision. This study shows that the context of single decisions can and do vary, and that at least some managers (specifically Beta's Price and Sharpe in this study) have found it prudent to customize decision-making mode to suit the *changing* context characteristics at different stages in the decision process. This intra decision-finding regarding the use of different modes for different decision stages complements but nevertheless extends the existing decision-making mode literature.

Earlier in this section, I stated that this study contributes to the broadening of configuration-making research that started at the organisation level, moved recently to

the unit level, and with this study to the individual level. But this study's movement into the individual level is not the linear progression found between research at the organisation and unit levels. As noted in Chapter 1, configuration research at the unit level has largely been an importation of organisation-level concepts into the unit. That is to say, unit-level configuration research has tended to address very similar questions of strategy-structure compatibilities as the organisation-level research from which it evolved. Frameworks and concepts developed specifically to represent individual-level configuration-making concerns have not been developed. This study has developed into a framework and constituent propositions that may be suitable, at least as a starting point, for future configuration-making studies of persons and groups who occupy organisations.

Thus, the study departs from the portrayal of configuration as an outcome of activities by a monolithic organisational entity with singular intentions. Instead, the image of organisation portrayed is that of a fragmented entity comprising persons with unique meaning-making premises, each with the capacity to affect configuration through actions taken as a result of meaning construction. In my mind, the study's main contribution is the focus on individual-level processes that might account for realised organisation configuration regardless of organisational intentions.

### Limitations

There are four real and potential limitations to the study. First, as discussed previously, a real limitation of small-sample research is the inability to generalize

findings to a population of managers. However, as also discussed earlier, the case analysis approach taken here allowed for an investigation of individual-level configuration-making at a depth not normally accessible to large sample research, and to propose theory on the basis of the data obtained.

Second, the causal nature of variable relationships represented by Figure 4 is conjecture, a potential explanation of the relationships based on my own interpretation of the data. In a laboratory setting in which events can be isolated, it is appropriate to conclude that event A causes event B provided that the former regularly takes place before the latter (House, 1991). However, in social settings there are multiple factors that might mediate, moderate, or otherwise confound the relationship between events (Mackie, 1974). It is possible to speculate on what some of these factors are, but it is not possible to identify them all or account for all the potential causal linkages between factors. There are huge gaps in our knowledge of causal relationships, and some of these may comprise factors that we do not even realize we do not know (House, 2005). Causal networks such as Figure 4 are interpretations that by definition, go further than descriptive data (Lofland, 1971; Patton, 2002). Though I have provided a rationale for the relationships between the variables in Figure 4, the reasoning is speculative and subject to a different interpretation. As an example, based on the idea that people tend to justify their behaviour, it is possible to conceive of the relationships depicted by the diagram in the reverse order of causality. That is to say, actions may be construed as antecedents to constructed meaning, that in turn influence the person's perceptions of joint and identity meanings.

Third, it is important to note that while the study process entailed classifying the respondent comments in the interview transcripts, I was not attempting to classify the people who made the comments. Not only would the latter have been inappropriate in the context of about 90 minute interviews, as the study reveals people do change their preferences for, and the meanings they hold about, the study variables.

Finally, a potential limitation of the study results from the significant role I played in the data gathering and analysis stages. In survey and even structured interview methodologies, the respondent is left to deal with the questions largely on his own with little intrusion by the researcher. In this case, I was present during the interview and in some cases influenced the direction of the conversation through comments and clarifying questions. However, I kept my comments and questions to a minimum and generally allowed the respondent to exhaust his or her thoughts around the topic at hand before moving on. I find it doubtful that my presence during the interview process would have changed the opinions and preferences the respondents expressed. The transcripts and the respondent accounts in Chapter 3 demonstrate a candidness of thought and opinions I have rarely encountered in other researches. It is unlikely I would have been able to gather many of the views expressed without having been there.

In the analysis stages I was sole designer and executor of the standards through which respondent utterances were classified. Thus, the analyses may have been subject to my blind spots and overall bounded rationality, potentially resulting in misinterpretations of respondent comments. This raises potential issues of validity and reliability. In this study, validity refers to the accuracy with which passages were

classified, and reliability refers to the extent to which the passages would be classified in the same manner by different investigators or by one investigator on different occasions (Hammersley, 1990, 1992).

As discussed in Chapter 2, I dealt with this potential limitation by applying Silverman's (2000) three recommendations of constant inspection, comparison, and contrast of data fragments, leaving a detailed trail of research procedures for later consultation, and being careful not to exclude or ignore deviant cases in the analysis.

The constant inspection, comparison and contrast of passages and categories minimises threats to both the validity (Czarniawska, 2004) and reliability (Seale, Gobo, Gubrium & Silverman, 2004) of the analysis. In research practice, validity is established not by comparing text with the world it purports to represent, but by comparing text with other text (Czarniawska, 2004). Reliability is established through constant inspection that allows the investigator to check utterance classifications on multiple occasions. The process of constant inspection is aided by leaving a detailed trail of research procedures for multiple consultations.

As a measure of constant inspection, I applied the considerable rigour in the analytical process. I compared and contrasted transcript fragments within and between categories to ensure convergence of intra-category fragments and inter-category divergence. I used NUD\*IST both as an aid to classification and as a device for recalling utterances in particular categories. Doing so allowed relatively easy recall of category contents and resulted in several revisions of the classification scheme and reclassifications of utterances. In the process every transcript received multiple passes.

The resulting categorization ultimately led to Chapter 3. Though I used word processing tables instead of NUD\*IST in developing Chapter 4, I applied the same analytical strategy of constant comparison and repeated passes over the Chapter 3 accounts to arrive at meaning, antecedent, and consequence classifications.

Explicit analysis of deviant cases addresses threats to the study's validity by ensuring correspondence between the results of the analysis and the whole reality they purport to represent (Czarniawska, 2004; Silverman, 2000). As previously discussed, several study findings emerged from considering data that did not fit into the sensitising variables I took to the study. An example is Mitchell's differing views of uncertainty for the organisation and himself that ultimately led to a distinction between perceived organisational meanings and perceived identity meanings. A second example is Lee's concept of strategy and structure as dependent on environmental trends but independent of one another, a concept that ultimately led to the meaning of sequence as synchronicity.

#### Implications for Managers

The implications of this study for practicing managers starts with the finding that though managers live in a world of observable configuration-making decisions and actions, there is a hidden world of meanings and meaning construction driving the observables that could, and perhaps should, be the focus of managerial work. Considering only the observables limits configuration-making to an objective design exercise of moving strategy and structure pieces around in a way that maximises the

match among the elements. However, from the perspective of the variety of subjectively-held meanings of configuration-making found in this study, designing and attempting to implement configuration based only on objectively-observable organisation characteristics run the risk of being unacceptable to individuals whose support and collaboration are important to the project.

Consider strategy-structure initiatives such as proposals to introduce a new product with accompanying structural changes; reorganise structure to accommodate emerging strategic priorities; or install a balanced scorecard system to better tie the organisation's strategy with performance monitoring and incentive mechanisms. These initiatives are all configuration-making endeavours in that they affect the nature of the relationship between organisation strategy and structure. The success of these initiatives hinge in large part on the extent to which there is buy-in from those who are tasked with implementing them.

In attempting to obtain buy-in, the manager is encouraged by this study to be aware of and address the range of meanings that configuration-making initiatives can have for individuals. According to this study, strategy-structure fit may be conceived as an organisation performance facilitator, but it may also be viewed as a constraining influence on organisation performance and individual autonomy. Therefore, any configuration related initiative should address both how the initiative will improve internal consistency among key elements of strategy and structure, yet allow the organisation and the individuals within it to have the flexibility needed to make adjustments to the realities they encounter in the field. At Delta, this was accomplished

by 'hammering in' the notion that while many rules and policies were in place for dealing with the volume of routine transactions being encountered, at any time employees at their discretion were allowed to bend the rules if they felt that both the customer and the organisation would benefit by doing so.

According to this study, strategy-structure sequence may be conceived from a goals-means perspective as suggesting the primacy of strategic over structural considerations. However, the study also suggests the importance to many individuals of considering the capabilities that reside within the structure as an important criterion for strategic choice. Therefore, the chances of obtaining buy-in for any configuration-related initiative improves by accommodating both points of view. It is not enough to say that a proposed new product or market will benefit the organisation and that the organisation will need to make adjustments to structure to take advantage of the opportunity. It is also important for the proponents of the initiative to show that the skills needed to take advantage of the strategic opportunity either already reside substantially within the existing structure, or – as was done at Gamma in its partnership with Revenue Canada – within a separate organisation, a relationship with whom the present organisation has the capacity to effectively manage.

The importance to buy-in of explicitly addressing the range of possible meanings of a configuration-making initiative follows from the study finding that people make meaning choices on the basis of perceived joint organisational and perceived individual identity meanings. Based on this finding, what is not perceived by the individual in his consideration of joint and individually-held meanings will not be

considered in meaning construction and therefore runs the risk of being unacceptable to the individual. There is little a manager can do to directly alter the identity meanings held by other managers. However, strategy-structure actions are by their nature broad joint meaning-making activities that may be addressed directly by a proposed initiative. By addressing the range of strategy-structure fit and sequence meanings found in this study to justify a proposed initiative, the manager would improve the chances of overlap between the joint meanings encompassed by the proposal, and the meanings that are individually held. The greater the overlap, the greater the chances that meaning construction will lead to acceptance of the proposal.

In the area of organisational decision-making, an implication of this study is that the characteristics of decision situations drift in ways that may require departures from the organisation's normal decision-making mode. Every mode has its drawbacks and applied to an extreme may engender conditions that require using a different mode. The rational mode can lead to paralysis; the entrepreneurial mode can lead to hasty decisions and preventable errors; the political mode can lead to destructive internal competition; and collaborating to an extreme can lead to inefficiency. As the decision moves from one stage to the next, the task of the decision manager is to monitor the extent to which organisation members have bought in to a course of action and the availability of resources needed to further clarify decision parameters, and then to apply the decision-making mode that best accommodates the contextual characteristics.

### Suggestions for Future Research

This study elaborated on the nature of managerial configuration-making preferences through the meanings that strategy-structure fit, strategy-structure sequence, and organisational decision-making mode have for the individual; the reference units engaged by the individual in meaning construction, and the action and change consequences of meaning construction. The study's outcomes comprise Propositions 1-10 and their representation as Figure 4. These outcomes provide a basis for future research.

The research may be taken into one of three directions. First, the meanings of strategy-structure fit, strategy-structure sequence, and decision-making mode could be investigated for meanings that group or do not group together. The outcome of this research would be a typology of internally consistent configurations of individual configuration-making meanings. Such a typology might subsequently be used to determine the compatibility of particular individual configuration-making types with particular organisation configurations.

Second, the study outcomes could be tested and expanded. The framework and propositions were inferred from respondent dialogues that covered many topics, time frames, events, and decision situations. In testing it, research could be structured around single configuration-making objects per study respondent. Assuming an interview methodology, the entire interview could be used to flesh out the meaning-making process, from the context surrounding the object's perception, to the joint and individual

meanings considered, the rationale for the meanings taken, subsequent actions, and the consequences of the actions. This approach would provide the researcher with greater depth of discussion than the present study allowed about specific situations. Not only would the approach be useful in testing the framework's validity, it may lead the researcher to identify new meanings for the configuration-making variables studied, and to draw new insights into the framework or any of its elements.

Third, the research could be extended to encompass group level configuration-making processes. Figure 4 is an individual-level framework and as such is inadequate for understanding organisation-level processes. Linking the two levels requires investigation into the group level processes that bridge configuration-making at the individual level to the configuration obtained at the organisational level. The research could be designed around members of the same organisation who share a common concern for a particular configuration-making object, such as an environmental discontinuity that threatens the business, an opportunity to add a significant new product line or new market, or any other event that forces the organisation to consider its strategy-structure configuration. Based on Figure 4, the research could follow the development of the configuration-making object from inception to action, paying particular attention to the development of joint acts among group members.

A possible focus for group level configuration-making process research is how meanings are transferred between and within individual meaning-making antecedents. Though scant, preliminary evidence that such meaning transfers occur is provided by several respondent accounts. As an example, Thompson recalled a time when he

considered other people in the organisation as “pieces of meat.” As an underwriter, he dealt in the numbers and he used to make underwriting decisions based solely on the numbers. At some point, a former boss he admired became a mentor. By example and advice, that individual revealed to Thompson the value of the opinions of others, including the non underwriters. While Thompson still considered himself able to make the tough decisions, he now thought it a part of his managerial role to “really listen” to others to the extent that decision timeliness allowed. Thus, the action of allowing himself to be mentored caused a transfer of meaning from his mentor’s individually-held meaning to Thompson’s interpretation of decision-making. While he still carried a decision-taking posture towards decision-making, he now considered the viewpoints of non-underwriters as resources in the process.

A second example of meaning transfer is provided by Whyte’s account. When he accepted the CEO position at Gamma, he found the relationship between strategy and structure narrow and ordered around some employee positions within the structure. However, he held a meaning of strategy-structure fit as performance enhancing and thus preferably broad, and of sequence as ordered around strategy. To broaden the strategy-structure relationship, Whyte led the creation of a business plan and supported wide ranging structural initiatives around the plan. To negate the organisation’s propensity to consider its members more important than clients, he reminded people frequently that the organisation existed to serve the latter and not the former. By taking these actions, Whyte may have successfully transferred individually-held meanings of fit and

sequence to others in the organisation to the point that the joint meaning antecedents for these variables drifted over time to Whyte's individually-held positions.

In concluding this chapter, an observation worth commenting on for the benefit of those who would continue to explore the present area of study is that the study outcomes hinged significantly on the emergence of expressed identity, meaning, and meaning construction as salient factors. That these important emergent factors were not anticipated do not impugn the need to approach future explorations in a way that reflects a very serious attempt at anticipating every possible path the research could take not just at the outset, but also as the future unfolds. Without this effort, and based on the old adage that luck comes to those who are prepared, I doubt I would have recognised the emergent factors for what they were.

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