A New Theory for Organizational Management

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Abstract

There have been many organizational studies, which have sought to understand what guides the operation of an organization in its interaction with the world. Many of these studies have been undertaken from an instrumentalist perspective for the purpose of understanding what makes an organization successful or otherwise. However many of the management theories and practices that have been developed appear to be partial or incomplete in their explanatory value and effectiveness.

This thesis draws together dominant logic, social theory, paradox, and narrative theory into a meta-theory or synthesis for the purpose of extending our understanding of each and in the process extending our understanding of organizational management. In doing so an extension of theory is achieved and a new theory for organizational management is developed which has more powerful explanatory value than any of the individual theories in isolation.

In contrast to much of the accepted organizational theory, which has been undertaken through a functionalist perspective, underpinned by metaphors of organization-as-machine and organization-as-organism, an interpretivist perspective, underpinned by the schismatic metaphor. This has allowed dimensions of organization to be explored that would not have been explored through a functionalist perspective, which has permitted the theory extension.

The new theory is then presented in a schematic form or model and applied to the data, which was collected in an organizational context over the period of a year through an ethnographic process and presented in the form of a narrative.
Acknowledgement

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Declaration

This thesis is submitted as the fulfilment of the requirements for the degree of Doctor of Philosophy.

This thesis contains no material which has been accepted for the award of any other higher degree in any tertiary institution and to the best of the candidate's knowledge and belief, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.
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Part 1
Chapter 1 - Overview

1.1 Introduction

The purpose of this thesis is to develop a new theory of organizational management through a synthesis of dominant logic, social theory, paradox and narrative.

This thesis is not about organizational strategy. However, organizational strategy as a domain of organizational theory and practice provides an excellent example of the need for a new theory or model for the management of organizations. For example, traditional theories of organizational strategy are underpinned by objectivist functionalist assumptions of rationality (Calori 1998), causal linearity and instrumentalism (Chia 2004). This is consistent with the prevalent mechanical and organismic metaphors guiding contemporary organizational theory (Morgan 1980). Reality is considered to be concrete and therefore knowledge can be distilled into generalized rules or laws with universal applicability.

However, while the tools developed in the teaching and practice of strategy present a picture of clarity, Mintzberg argues that “strategy is a word that people define in one way and often use in another, without realizing the difference” (1988, p. 73). The traditional view often presents organizational strategy as a plan or pronouncement of an intentional, future course of action. However, when discussing an organization’s strategy it is normally distilled as a pattern of past action in which an intention is attributed to the organization, and in most cases to the Chief Executive. As Mintzberg argues, this view of strategy over-simplifies the processes involved:
But just consider all the complexity and confusion that gets tucked under this assumption – all the meetings and debates, the many people, the dead ends, the folding and unfolding of ideas (1988, p. 76).

From these underlying assumptions, organizational strategy is traditionally perceived as a deliberate process that can be separated into two dimensions - strategy development and strategy implementation. However, strategies can form or emerge as well as be formulated and are more likely to be partially deliberate and partially emergent (Mintzberg 1994; Mintzberg et al. 1998; Mintzberg and Quinn 1991). As Mintzberg argues:

There is no such thing as a purely deliberate strategy or a purely emergent one. No organization – not even those ancient Greek generals – knows enough to work everything out in advance, to ignore learning en route. And no one, not even a solitary potter – can be flexible enough to leave everything to happenstance, to give up all control. Craft requires control just as it requires responsiveness to the material at hand (1988, p. 79).

Strategy development is often associated with an elite group within the organization who devise strategies for others to implement. However, as Stacey (1993) argues, strategy is a pattern of actions over time, and strategic management is a learning process based on circular loops of discovery, choice and action. If strategy development is separated from implementation these important feedback loops are severed due to the information flow dynamics in organizations. As Mintzberg demonstrates:

The sales person who finds a customer with an unmet need may possess the most strategic bit of information in the entire organization. But that information is useless if he cannot create a strategy in response to it or else convey the information to someone who can – because the channels are blocked or because the formulators have simply finished formulating (1988, p. 78)

Stacey (1993) provides a comprehensive description of strategy as an emergent process based on complexity theory utilizing the model of discovery, choice, and action. This view challenges the fundamental assumption underpinning the traditional view of strategy that cause and effect relationships can be used to predict the future. He further argues that while organizations are designed as
stable systems they exhibit characteristics of systems far from equilibrium. That is, non-linear feedback mechanisms amplify small changes in the environment, which result in the self-organization of new dissipative structures or behaviours.

The traditional view of strategy is that the organization should be adapting to its environment all the time, implying continual change. However, as Mintzberg argues, strategy imposes stability on organizations:

> No stability means no strategy (no course to the future, no pattern from the past). Indeed, the very fact of having a strategy, and especially of making it explicit (as the conventional literature implores managers to do) creates resistance to strategic change. (1988, p. 82)

In summary, traditionally organizational strategy is conceived as a departure from what an organization presently does. Strategy development involves the creation of a future aspiration and strategy implementation involves the movement of the organization towards that aspiration.

Unlike this traditional model of strategy however, this thesis conceives of organizational strategy, not as a departure from what an organization presently does, but rather conceives of it as the culmination of all the actions of organizational participants in an organizational relationship. For this thesis therefore an organization can be defined as a set of relationships and interactions between various individuals and groups in an organizational relationship.

An organization’s strategy therefore is more accurately described as the culmination of all the interactions between individuals and groups in an organizational relationship in the present with a future orientation and drawing on the past. As Mintzberg argues:

> "Like potters at the wheel, organizations must make sense of the past if they hope to manage the future. Only by understanding the patterns that form in their own behaviour do they get to know their capabilities and their potential. Thus crafting
As we will see there are significant challenges for individuals to understand or to be aware of the patterns that form in their behaviour. Consistent with this view, this thesis therefore departs from assumptions of rationality predominant in much of organizational theory and as demonstrated in the discipline of strategic management to incorporate other dimensions such as preconscious and unconscious processes.

In the next section four theories are presented which taken together extend theory and practice. These four theories are the theory of dominant logic, the social theory of Pierre Bourdieu, the theory of social paradox, and narrative theory. In isolation each provides insights into the nature of the management challenge. However, in combination the resultant meta-theory will extend the insights of each and enable us to understand better those aspects of organization that are reliant on the interactions of individuals and groups in an organizational relationship. As a meta-theory, the new theory and model will have applicability across the traditional domains of organizational management including human resource management, marketing, finance, risk management, organizational strategy, or any other organizational domain involving social interaction.

1.2 Introduction to a New Model for Organizational Management

Our point of departure is to introduce dominant logic, social theory, paradox and narrative. Dominant logic is a set of frames for action, which are shared among a group of executives. These frames of reference serve as a template for action irrespective of the absence of any one executive from any decision-making meeting. Prahalad and Bettis observed that some organizations that engaged in strategies to diversify their operations either through acquiring other organizations or establishing new businesses from within their existing
operations, were unsuccessful in achieving their original aspirations. The traditional explanation was that only businesses that were related to the existing business would be successful. Prahalad and Bettis argued that these diversification initiatives failed because there was a template for action being applied that was unsuitable for the success of the new business. The concept of dominant logic was subsequently extended to explain the situation in which an organization is confronted with significant change in its environment and again becomes unsuccessful. In a positive light dominant logic becomes a template for action. By adding the social theory of Pierre Bourdieu, the concept of dominant logic is strengthened considerably. Bourdieu’s social theory, underpinned by a substantial body of empirical research, is a theory of action, which is explained through the related concepts of habitus, field and capital. Habitus is a scheme of perception, thought and action or a disposition to action, which is inculcated in an individual and practiced in a field in which social interactions take place and which give rise to the development of skills, competencies, and other attributes, otherwise described as capital. Adding habitus, field and capital to dominant logic, the combined theory has superior explanatory value for why strategy is so limited and limiting, as well as being a means to review how strategy is undertaken. By adding paradox we become aware of the approach/avoidance nature of many parts of management decision-making and action. We have seen how dominant logic and the social theory of Pierre Bourdieu explain how plans are contoured in the present, which have implications for the future. By adding paradox to the mix further demonstrates where decision-making can go wrong, but also highlights opportunities. Finally, narrative theory is given consideration as the storying of experience demonstrated in the way discussions are held and decisions are made. Taken together these theories have the potential for explanatory value and the guidance of managers and executives in their discussions and decision-making.
In the next section the research questions are presented, followed by a brief presentation of each of the theories and the linkages between them, which leads to a meta-theory and model to be presented in Chapter 6.

1.3 The Research Questions

A new theory and model is required to extend theory and practice in the management of organizations. In order to extend theory and practice in the management of organizations we require an understanding of the interaction between dominant logic, social theory, paradox and narrative. The specific research question can therefore be distilled as:

• How can dominant logic, social theory, paradox and narrative extend our understanding of organizational management?

In order to answer the primary research question it is necessary to also answer the following sub-questions:

• How can dominant logic extend our understanding of organizational management?

• How can social theory extend our understanding of organizational management?

• How can dominant logic and social theory together extend our understanding of organizational management?

• How can paradox extend our understanding of organizational management?
• How can dominant logic and paradox together extend our understanding of organizational management?

• How can social theory and paradox together extend our understanding of organizational management?

• How can narrative extend our understanding of organizational management?

• How can dominant logic and narrative together extend our understanding of organizational management?

• How can social theory and narrative extend our understanding of organizational management?

• How can paradox and narrative extend our understanding of organizational management?

As indicated we are working towards the presentation of a new model, which has explanatory power beyond that of any one theory in isolation and therefore extends theory. The model will demonstrate the interaction between the theories, which taken together are more than the sum of the parts. This model will then be applied to an organizational context in Part 3 to demonstrate its explanatory value.
1.4 The Structure of the Thesis

This thesis is divided into three parts summarized in Figure 1 below:

**Figure 1 - Structure of the Thesis**

<table>
<thead>
<tr>
<th>Part 1</th>
<th>Part 2</th>
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<tbody>
<tr>
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<td>Individual Theories</td>
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<td>Dominant Logic</td>
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<td>Paradox</td>
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</tr>
<tr>
<td>Social Theory</td>
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</tr>
<tr>
<td>Intro</td>
<td></td>
<td>Epilogue</td>
</tr>
</tbody>
</table>

Explanation: Figure 1 is a schematic representation of the structure of the thesis.

**Part 1** presents the research questions and the theories of dominant logic (Chapter 2), social theory (Chapter 3), paradox (Chapter 4), and narrative (Chapter 5), which are then integrated to form a meta-theory and an explanatory model (Chapter 6). Within this thesis we interpret these theories as metaphors that offer the potential for illuminating aspects about each other and thereby enriching our understanding of each individually, as well as in combination, and thereby throwing new light on the topic of organizational management.
In brief, **Chapter 2** on Dominant Logic traces the evolution of the concept of dominant logic in the literature from being a limited explanation for the failure of organizational diversification strategies to an explanation for strategic failure in general. By identifying and understanding an organization’s dominant logic we have the potential to change it – a challenge that, to date, has remained elusive.

We argue that the evolution of dominant logic has been constrained by the traditional mechanistic and organismic metaphors underpinning much of the existent organizational theory. Similarly, we argue that the concept of dominant logic is itself a metaphor or, more accurately, a series of metaphors, which have evolved over the course of the past 20 years and include:

- A knowledge structure and set of management processes;
- A set of corporate level functions;
- A way of seeing the world ingrained in culture;
- An orthodoxy that stifles organizational adaptation;
- A fundamental aspect of organizational intelligence;
- An organizational epistemology;
- A dominant set of beliefs and premises on growth by acquisition;
- An integrative category-set, lens and filter of variable bandwidth which determines organizational competitiveness;
- Justified true beliefs about an organization and its environment;
• Unconscious rules, processes, values and systems generating automatic and habitual actions and decisions; and

• A lens through which managers see opportunities and threats.

The concept of dominant logic as presented in the literature has predominantly been presented as the cause of failure rather than the basis of success. Other metaphors that have been used in the organizational literature in a similar way to dominant logic include organizational myths, dominating ideas, organizational paradigms, and the ‘theory of the business’. As is the case with all these metaphors, the concept of dominant logic therefore only provides a partial perspective. Similarly, as it is only partial, explanations of how the dominant logic of an organization changes will be limited.

By seeing dominant logic as habituated ways of operating, largely unconscious or out of mind, underpinned by narratives ingrained over an individual’s life that resonate with others in a group environment, we have the potential to extend the concept of dominant logic and change the narratives of individuals and groups.

**Chapter 3** on Social Theory contextualizes the concept of dominant logic within the broader agency structure debate through the social theory of Pierre Bourdieu incorporating habitus, field and capital. Essentially, habitus is a set of social dispositions to action that forms as a result of social interaction and comparison in a habitat or field. Early life experience frames peoples’ subsequent experiences. Bourdieu argues that through a process of ontological complicity the path through which habitus is constructed as a frame of reference is erased through the passage of time. Therefore, habitus is not beyond awareness as much as being the frame through which perception is made meaningful. Habitus is also the basis for making distinctions between different groups within a social setting and is therefore the basis of inclusion or exclusion. Habitus is inculcated in agents in a particular social setting. Agents are therefore attracted to certain
fields that are close to those that gave rise to their habitus. An agent’s actions are the result of their perpetual attempts to recreate the social conditions that gave rise to their habitus. As such agents are in constant struggle with other agents in the field. An agent’s capital represents the skills, competencies and attributes that have been developed through the influence of habitus in a particular field and provide the agent with the means to play the game within the field. The better an agent plays the game the more capital the agent will accumulate. With the accumulation of more capital an agent becomes more influential in the field. With more influence the agent moves into a position to influence the valuation and conversion of capital within and between different fields. With more influence the agent will increasingly influence the valuation and conversion of capital in the field for the benefit of the agent. Increasingly the agent’s habitus will be dominant within the field. The influence held by a dominant agent or group within the field derives from their capital but is bestowed upon them by the other agents in the field who are complicit in their own domination. Bourdieu describes the complicity of these agents as the exercise of symbolic power, which is derived from the conversion of the agent’s capital into symbolic capital held by the dominant agent or group. We will see that the exercise of symbolic power acts to perpetuate a particular social order but can also be used to change a social order.

In the emergence of a new social order, a leader is given the right of creation of the group, the right to name the group, and the right to speak on behalf of the group. It is an iterative process through which the leader reconfigures and articulates the experience and significance of past events for the group in such a way as to give meaning and identity to the group. It is a situation in which one set of legitimised beliefs are replaced by another set of legitimised beliefs. The basis of legitimisation is an iterative or dialectic process emerging from the formation of a group and its leadership in which the significance of events in history is recreated to make sense of the past and the present and which has implications
for the future. Therefore an individual’s frame of reference is inextricably linked to their identity and the meanings they attribute to actions and events in the world.

**Chapter 4** on Paradox introduces the concept of paradox as a relationship between opposite and conflicting propositions in which there is a logic underpinning each proposition in isolation from the other, but when combined the result is a self-referential circularity. Theories underpinned by logic, including most organizational theory, therefore avoid consideration of paradox. However, social paradoxes are a natural outcome of boundaries and conflicts, both of which are common attributes of organizations. Individuals and groups naturally define themselves through reference to others. Social paradoxes emerge from these processes of social interaction comparison and the ambivalences that result. In turn, these ambivalences result in differences and conflict. Yet these conflicts often have a common source. To be aware of a paradox, one’s vantage must allow one to see the relatedness of the conflicting parties or poles to the paradox. The individuals and groups representing one pole of the paradox have one view and those in the other have another view. There is a logic underpinning each of the views, which operates on the same basis as a field or sub-field within Bourdieu’s social theory. Each group or pole would see the other, not from a higher perspective but, from their own perspective. This rigidity reflects an inability to rise above a particular frame of reference and makes resolving the conflict difficult due to the defensive behaviours that result. These defensive behaviours manifest themselves in the interactions between individuals and groups creating self-reinforcing loops and limiting the ability of individuals or groups to learn. As a result people revert to habituated modes of thought and action. Furthermore, the interactions of interdependent groups with perceived differential power result in each group becoming structurally encased or trapped in a frame of reference that determines how they act in relation to the other group. As a result people develop habituated modes of thought and action, creating a self-reinforcing loop. In an organizational setting organizational norms about what can and what cannot be done or discussed seal the situation by
preventing questioning, thereby perpetuating the habituated modes of thought and action. However, the introduction of an awareness of paradox, either through an external event of internal crisis also provides the potential to question the habituated modes of thought and action, which were earlier described as the organization’s dominant logic.

Chapter 5 on Narrative Theory demonstrates that narrative underpins every aspect of our lives. People are introduced to stories at an early age and continue to utilize them to organize and give coherence to their experience. In this sense narrative is fundamentally related to habitus with both having their origins in social interaction and comparison. Narratives provide a shared construct between the narrator and the reader or listener.

The power of narrative is its ability to create reality through the coherence of stories, which order and give significance to historical events. Similarly, reordering the significance of historical events in a new coherent narrative results in change. When there are gaps in a narrative, the gaps are naturally filled in by the readers or listeners in a way that gives the overall story a coherence and believability within the group. Therefore narrative underpins people’s shared reality through providing a set of “taken for granted” assumptions. In aggregate these “taken for granted” assumptions form a dominant logic, which in turn underpins the communication and action that links habitus and field.

Narratives change incrementally when they can be used to accommodate a new event but when they cannot narratives change structurally. In the latter case the new event challenges the reality of the existing narrative requiring the creation of a new narrative, which not only accommodates the new event but also reorders the significance of historical events. Therefore, structural change occurs through an initial awareness of paradox, which may result in an epistemological crisis. In an epistemological crisis people lose their ability to interpret the actions of others or make sense of events. They lose the ability to anticipate and thereby lose their
ability to relate to their social setting. In effect they lose their meaning and identity through a personally painful transition from one frame of reference to another, which is so painful that it is consciously and unconsciously avoided. Narrative is therefore shown to play a significant role in creating, maintaining or changing social reality. It is fundamental to both the formation and splitting of groups, the emergence or entropy of leadership and organization, and the structuring and restructuring of experience.

Time, sequence and particularity are critical components in narrative. These are absent from consideration of metaphor, which exists outside of time. Therefore, while narrative creates meaning and identity through the coherent relationships and significance of historical events, metaphor creates meaning through the relationship and significance of the elements of a given situation through reference to relationships existent in another situation. Importantly, every narrative is underpinned by metaphors. Although metaphors share with narrative the potential for ‘semantic innovation’, metaphors create a comparative or analogical perspective in which the relationships between many of the elements of a narrative can be given new significance through the introduction of a new vocabulary in the absence of a consideration of time. Furthermore, while paradox is the result of conflicting narratives, both narrative and metaphor can work in combination to create a new meta-narrative which effectively removes paradox through a process of reframing in which all related narratives are realigned.

Chapter 6 extends theory by integrating the theories of dominant logic, social theory, paradox and narrative into a meta-theory and explanatory model. The resulting meta-theory provides an extension of existing theory, and the resulting model has more explanatory power than each of the individual theories in isolation.
Chapter 7 describes the ethnographic method used in the study of a longitudinal study of an organization drawing heavily on narrative theory. The study was undertaken over 12 months. The first 6 months were spent attending the organization on a full time basis 5 days a week. During this period data was collected through attending meetings, interviewing a cross section of the work force from the Chief Executive to employees on the shop floor, the collection of various artefacts produced by current and past employees and consultants, casual conversations with various members of the organization, and general observation. All interviews were transcribed and diary notes were kept. The latter 6 months were undertaken through weekly visits and again diary notes were kept of the observations and conversations on a regular basis. Narrative method is also discussed as the basis for the presentation of the data.

Part 2 presents the data in the form of a narrative, which highlights emergent trends and critical events of the organization.

Part 3 provides a synthesis of the meta-theory with the data and demonstrates the explanatory power of the model.

Chapter 9 presents a synthesis or integration of the meta-theory and model with a thematic analysis of the presented narrative. The synthesis is broken down into a consideration of external and internal relationships for ease of analysis and clarity. However, the point is made that the internal dynamic cannot be understood without understanding the external dynamic with linkages between the two demonstrated. A number of the elements of the organization’s dominant logic are distilled in the process of analysis. It is hoped, that this synthesis will assist understanding of organizational management through providing both relevance and resonance with other organizations and thereby extending theory and practice.
Chapter 10 presents an epilogue in which the researcher reflects on how he has been affected by undertaking the research.

In summary, this chapter has provided an overview of this thesis. The purpose being to extend our understanding of organizational management through a synthesis of dominant logic, social theory, paradox and narrative which in turn leads to a number of research questions and provides a structure to the thesis.

In the next chapter our point of departure will be with dominant logic, which argues that there are patterns of habituated behaviour and taken for granted assumptions within individuals, groups, and organizations beyond the conscious awareness and revision of organizational participants, and which may lead to unintended outcomes.
Chapter 2 - Dominant Logic

2.1 Introduction

The previous chapter presented the purpose of this thesis as the development of a new theory and model for organizational management through the creation of a meta-theory comprising dominant logic, social theory, paradox and narrative.

This chapter will focus on answering the research question of how dominant logic can extend our understanding of organizational management.

2.2 Evolution of the Concept of Dominant Logic

The concept of dominant logic is a theoretical construct originally conceived by Prahalad and Bettis (1986) to explain the success or failure of diversification strategies of established businesses. It is conceived as both a knowledge structure and a set of management processes manifested by the top management team as learned problem-solving behaviour.

After reviewing the prior research on diversification, including research on relatedness, market structure, and portfolio concepts Prahalad and Bettis concluded that further conceptual work would enhance understanding of the link between diversity and performance. They focused their attention on the link between quality of management and organizational performance, with a specific focus on the corporate management team because of their influence on the style and process of management and the key resource allocation choices. Framed in this way, the concept of dominant logic was an attempt to resolve the paradox of a successful corporate management team being unsuccessful. Prior research on top management teams had examined why top management teams were
successful or unsuccessful but not how a successful team could be unsuccessful (e.g., Hambrick and Mason 1984).

Prahalad and Bettis argued that the top management team or “dominant coalition” interpreted and categorized events and developments through knowledge structures known as schemas (beliefs, theories and propositions) that they acquired through experience.

By implication, Prahalad and Bettis argued that every top management team has a limit to the strategic variety and diversity that they can successfully manage, which is determined by the composition of the team, their experiences, and their attitude to learning. They further argued that as a result every organization should develop a means of changing its dominant logic or suffer the consequences. Unfortunately, short of the observed need for a crisis and associated unlearning, they conceded that the “how to” remained largely undefined.

Prahalad and Bettis recommended that further research should be conducted to “specify just what a particular dominant logic is”, either through the utilization of a policy-capturing methodology or through the use of historical analysis. They further recommended research to understand why some organizations are more successful at managing multiple dominant logics through some form of longitudinal clinical investigation.

However, by definition there can only logically be one dominant logic within an organization irrespective of whether the organization operates in one or more business domains. This is not to say that an organization cannot operate through a hierarchy of business logics and objectives.

The first riposte to Prahalad and Bettis came from Grant (1988) who argued that the cognitive nature of dominant logic, as conceived, made its “applicability to
empirical research or to formulating and implementing diversification strategy” (1988, p. 639) limited, and proposed that the best way to operationalize the concept was to examine corporate management “not as a ‘mind set’ or collection of ‘schemas’ but as a set of specific corporate level functions” (1988, p. 640).

For Grant (1988) “relatedness” was the link between diversity and performance. He distinguished between corporate level and operational level relatedness (1988, p. 641):

“Successful diversified firms typically achieve a substantial degree of separation between operational management at the divisional level and corporate management at head office. The problem of operational relatedness, particularly through shared activities, is that it creates interdependence between businesses that hampers the separation of operational from corporate management, and inhibits the efficient application of corporate systems for resource allocation and financial control”.

Grant (1988) proposed three critical functions of corporate management to focus the operationalization of the concept of dominant logic: (1) allocating resources between businesses; (2) formulating and coordinating business unit strategies; and (3) setting and monitoring performance targets for business units. He further argued that the “effectiveness with which corporate management perform these functions is determined, in part, by the ability of top management to apply similar knowledge and systems to different businesses within the firm. This is likely to depend upon certain [strategic] similarities between these businesses”. (1988, p. 640)

Grant’s (1988) proposed research agenda was pursued by Goold and Campbell (1987a; 1987b; 1987c) who reported on research conducted with 16 UK based corporations to understand how different companies managed diversity with a particular focus on the way their respective corporate centres related to their subsidiaries.

From their research they distilled three central management ‘strategies and styles’, which they labelled the Strategic Planning\(^1\), Strategic Control\(^2\), and
Financial Control\(^3\), and suggested that each style was suited to different types of businesses. They contended that these styles influenced not only how businesses were managed but also how they were selected for inclusion within a portfolio.

Goold and Campbell proposed that companies tend to employ a uniform style, which reflected the importance of simplicity and consistency in organisational structures and systems, as well as the power of a shared corporate culture. Further, they found that the style adopted by an organization predominantly reflected the personality and views of the chief executive, and that changes in style were associated with significant senior management (and chief executive) turnover.

In a subsequent review of their research sample of 16 companies in 1992, Goold et al. (1993a; 1993b) observed that some were in trouble because they adopted an inappropriate style while 6 changed their style. Of these 6, 4 changed their style in reaction to a crisis, and 5 changed as a result of a new chief executive and top management team, reflecting Goold’s view (1993a, p. 60) that “management styles reflect deeply ingrained beliefs, biases and skills of the senior corporate managers, which change only slowly, if at all”.

Goold et al. concluded that organizations that performed poorly did so because they adopted management styles that were inappropriate for their portfolios, and that, in the case of Strategic Control companies, the style worked best for portfolios of businesses that had similar sorts of key success factors and faced similar sorts of strategic issues, that is, that the companies should be “related”.

These conclusions are disappointing because they do not clarify how some organizations manage diversity better than others but tautologically restate the original proposition that companies should be related.
The next iteration of this research agenda was ‘parenting advantage’ (Campbell et al. 1995; Goold et al. 1998, 1994) in which the authors proposed that there were four ways in which the corporate centres of multi-business companies created or destroyed value: (1) stand-alone influence\(^4\), (2) linkage influence\(^5\), (3) central functions and services\(^6\), and (4) corporate development activities\(^7\).

Unfortunately, while the ‘parenting advantage’ framework provided insight into the false assumptions that lead to the failed attempts of some organizations’ diversification initiatives, it remained silent on the reasons why some organizations were more successful than others at managing the diversification process or a diversified group of companies.

Therefore, while an interesting diversion, this path of inquiry suggested by Grant (1988) into specific corporate functions and their effect on diversification strategies, provided at best a partial explanation regarding successful diversification. This is partly explained by the researchers’ framing proposition, reflecting a more broadly held view or dominant logic within the practice of management, that organizations acquire other organizations in which they believe, rightly or wrongly, that they can add more value than incumbent management, and in fact must add more value than all other potential acquirers. In this situation, there is much more advocacy than inquiry, when arguably a more balanced approach would be warranted.

In 1989, the concept of dominant logic was still considered to have primary, although peripheral, relevance in research on corporate diversification through the management of diversity (Ramanujam and Varadarajan 1989). However, for Ginsberg (1990) the central contribution of the original article was “a shift from business domain extension issues, emphasized by economic-based theories, to business domain construction issues emphasized by cognition-based theories” (1990, p. 514) and that “it is critical that researchers understand the role of top
management belief systems –‘elusive’ as they might seem – in shaping diversification as a process of organizational learning” (1990, p. 517).

Ginsberg (1989;1990) advocated a socio-cognitive approach to linking managers’ mental models to strategic variety through the use of repertory grid technique, based on personal construct theory, which he argued was a preferred means of getting past ‘espoused theories’ to ‘theories in use’ (Argyris 1995, 2002). He described the socio-cognitive approach as being concerned with how organizations or management draw upon the different cognitive abilities available among their membership and how the members of the top management team collect and interpret information and communicate amongst themselves.

Ginsberg saw the concept of dominant logic less as a construct of some peripheral interest to the diversification debate, and more as a construct of central importance in the process and content debate of strategy which for him was about perspective as well as position, and in that sense was essentially synonymous with culture (1990, p. 519). His socio-cognitive approach to strategy resonates with other approaches in managerial and organisational cognition exemplified by Sims et al. (1986), Huff (1990b) and Eden and Ackerman (1998).

Prahalad and Hamel (1994)\(^8\) described how the world had become a much more complex place than during the period (1965-1985) when most, if not all, of the currently used strategic tools, approaches, and considerations established their utility. They argued that strategy research and practice continued to be guided by implicit assumptions, which suggested that:

- Strategy is about positioning;
- The focus of strategy tools and analysis is existing industries;
- The primary focus of strategic analysis is the business unit;
- Strategic outcomes can be explained on the basis of economic analysis; and
• Strategy is the result of an analytical process while execution of strategy is an organizational process

However, they argued that each of these assumptions was retarding the development of the field of strategy in both theory and practice and was thereby threatening its relevance and viability. They identified a number of purposeful areas or “objects of interest”, which they considered would further the development of the strategy discipline through potentially challenging these underlying assumptions. These included:

• Industry transformation;
• Changing the dominant logic of the firm; and
• Rethinking the unit of analysis for competitiveness.

In relation to dominant logic, they argued that:

“All managers in successful firms and stable industries develop over time a dominant logic (Prahalad and Bettis, 1986). Rapid industry transformations, in new and unfamiliar directions require that managers learn to change the dominant logic and the recipes they have grown up with. What used to be a policy that enabled a firm to be successful may turn out to be the orthodoxy that stifles the ability of that firm to decode and anticipate the nature of changes taking place and adapt. Rethinking managerial frames is an important issue for strategists” (1994, pp. 9-10).

Almost 10 years after its original formulation Bettis and Prahalad (1995) revisited the concept of dominant logic in the light of increased interest in understanding how organizations adapt to changes in their environment and the growing application of complexity theory to the study of organizations.

Bettis and Prahalad (1995) argued that the concept of dominant logic played a significant role in an organization’s ability to sense and respond to change. They characterized the concept of dominant logic as a fundamental aspect of organisational intelligence, which exerts influence, and is influenced by,
organizational learning (and unlearning) processes, and effectively acts as a filter on information and a dampener on change.

Bettis and Prahalad (1995), using a biological analogy, argued that the concept of dominant logic was that part of the genetic material of an organization that is key to understanding strategic failure:

"Its influence is pervasive. It permeates the organization, yet it is invisible. It predisposes the firm to certain kinds of strategic problems and often interacts with organizational systems and structure in a complex way in causing these problems" (1995, at pp. 8-9).

Bettis and Prahalad (1995) contended that organizations can be viewed as complex adaptive systems in which the "individual behaviours of managers and employees interact in complex ways with each other and with the environment of the organization" (1995, p. 10).

As complex systems move "far from equilibrium" they exhibit non-linear adaptive behaviour. In the terminology used to describe the concept of dominant logic there is a greater propensity to unlearn. They further contended that the observed non-linear nature of complex adaptive systems "far from equilibrium" adds weight to their contention that "both learning and unlearning in the case of strategic change involving the necessity to change dominant logic is likely to occur in discontinuous bursts" (1995, p. 10).

While Bettis and Prahalad (1995) recognised there was no empirical research on unlearning associated with the concept of dominant logic, they indicated that "research is underway to develop better methods of directly assessing dominant logic" (1995, at p. 9) and suggested that potential researchers could partially identify the concept of dominant logic in organizations they are studying by thoroughly interviewing managers about their basic views of strategy and the industry and should also consider "how one might construct important events that challenge the existing dominant logic" (1995, at p. 10).
In reviewing Prahalad and Bettis (1986) and Bettis and Prahalad (1995), von Krogh and Roos (1996) argued that although the concept of dominant logic was the same in both articles, its meaning was different, because of significant differences in the ontological and epistemological assumptions underpinning the concept in each article, which they attributed to the challenge of “retrofitting” the established concept of dominant logic with the new theory of complex systems.

Von Krogh and Roos argued that the original article exploring diversification-driven change assumed an objective, pre-given, pre-defined world where the purpose of knowledge was to continually develop more accurate ‘truthful’ representations of that pre-given world. In contrast they argued the later article exploring environmentally-driven change was based on a subjective, enacted and individually constructed world, which was more historically and context dependent, where the purpose of knowledge was to define issues rather than necessarily solve problems.

In their view, it was possible to reconcile the two articles by utilising the concept of self-reference. They argued that knowledge and understanding are developed through a process of self-reference leading to unique insights for the individual. The other concept they used was scale, by which they described how different patterns emerge when behaviour and events are observed from different levels, thereby suggesting that traditional dualities like continuous or discontinuous and organized or disorganized may be different manifestations of the same thing when viewed from different levels. As we will see, this argument will be further illuminated in Chapter 3 on Social Theory, Chapter 4 on Paradox, and Chapter 5 on Narrative Theory. They argued that within organizations a key managerial challenge is “achieving a similar meaning on all scales” and therefore that the concept of dominant logic may be self-similar across different scales.
Von Krogh and Roos (1996, pp. 735-736) recommended that potential researchers and theorists interested in the concept of dominant logic should: conduct a “thorough specification of the history of the organization, its structure, systems, internal language, and strategies”; determine a “thorough specification of the scale…acknowledging emergence and potential self-similarity, and what that implies”; and, be cautious in applying conventional theories of cognition in which the world is assumed to be pre-given.

Côté et al. (1999) provided the first piece of empirical research specifically based on the original concept of dominant logic as described in Prahalad and Bettis (1986). They traced the development of the dominant logic in an acquisitive engineering firm in Canada, Group SNC Inc (SNC). Between 1977 and 1986, SNC conducted 13 acquisitions and 6 joint ventures. Of these, the study incorporated 12 acquisitions.

In their view, an organization’s dominant logic derives partly from factors:

- specific to the organization, such as the organization’s history or administrative heritage and the membership of the top management team;

- associated with the industry or industries in which it competes; and

- beyond its industry through industry-wide influences including management trends, fashions and fads.

The authors argue that first-order adaptations to the organization’s dominant logic alter the way each acquisition is managed individually, while second-order adaptations to an organization’s dominant logic alter the organization’s acquisition strategy. As we will see in Chapter 4 on Paradox these forms of adaptation are consistent with Bateson’s different levels of learning.
For the purpose of their study, the authors conceived dominant logic as the “dominant set of beliefs and premises associated with the management of growth by acquisition”. In the absence of a coherent methodology for studying the concept of dominant logic, the authors adapted a three dimensional strategic change framework developed by Hinings and Greenwood (1988) to describe the evolution of the organization’s dominant logic. This framework considers (1) top managers’ conception of the role of the firm and of acquisitions; (2) their criteria for decision-making and evaluation; and (3) the organizing and management principles adopted.

Côté et al. (1999) contended that within organizations these three dimensions evolve differently relative to one another over time and that lags occur between changes in them at the top management team and lower levels of an organizations hierarchy. They argued that acquisitions fail because of this “de-phasing” which takes place between the three dimensions of their framework and the de-phasing which takes place between these dimensions at the level of the top management team who initiate acquisitions, and the level of operational management who integrate them. In Chapter 4 on Paradox, we will explore more fully the reasons for differences between different levels of management within an organization.

Lampel and Shamsie (2000) employed the concept of dominant logic, which they saw as a form of premise control used by top management to instil a coherent set of assumptions about how business should be approached. They analysed joint ventures initiated by General Electric (GE) between 1984 and 1993, and argued that what “distinguishes dominant logic from previous approaches to the management of diversified corporations is the focus placed on cognition rather than formal planning or organizational structure” (2000, p. 594).

Lampel and Shamsie focused their inquiry on determining whether GE’s dominant logic, rather than the business units’ own specific needs, guided their
evaluation of the inherent trade-offs involved in establishing and maintaining joint ventures. It was their contention that if there was a consistency to establishing joint ventures, by implication GE’s dominant logic was the guiding force. They developed three hypotheses to test this proposition around two dimensions: whether the joint venture was intended to serve global versus regional markets, and whether the joint venture was designed to cover a broad versus narrow range of value-chain activities. Hypothesis 1 argued that GE restricted the scope of value chain collaboration when undertaking joint ventures with powerful world-class competitors; Hypothesis 2 argued that GE was indifferent to the scope of the collaboration when partners were small and operated on a regional basis; while Hypothesis 3 argued that the probability for successfully negotiating and implementing a joint venture declined when GE went against its own dominant logic in its formation of alliances.

Lampel and Shamsie suggested that potential researchers might consider studying how an organization’s dominant logic influences its pattern of entry into new markets, what market characteristics need to be consistent with the organization’s dominant logic, how an organization’s dominant logic influences the frequency and pattern of new product introductions, and what organizational capabilities are emphasized by a particular dominant logic.

Von Krogh et al. (2000) started with the concept of dominant logic as understood prior to the work of Lampel and Shamsie (2000) and Côté et al. (1999). The authors proposed that the concept of dominant logic not only filters data about the environment but “also contains the data categories and interpretation patterns which enable strategists to make sense of the data and guide their imaginations about possible futures” (2000, p. 84). We will discuss the process through which these categories and interpretation patterns emerge in Chapter 3 on Social Theory.
To extend and operationalize the concept of dominant logic they studied the impact of an industry breakpoint on two competitors in the mobile phone industry - Nokia and Ericsson – where the average age of a mobile phone customer lowered dramatically, and was associated with a shift from a technical to a marketing focus.

Data for their research was sourced from published information about the companies and directly quoted material (i.e., interviews and speeches) from the top management teams of the companies. Three years of data (1996-1998) were collected, consistent with their view that research on dominant logic must be longitudinal. They developed a category-set to categorize the top management’s statements. This category-set consisted of three internal categories: people, culture, product and brand, and three external categories: competitors, customer and consumer, and technology. The authors argued that if managers’ statements scored in more of the proposed categories and if their statements scored more often in the single categories, then the ‘bandwidth’ of the dominant logic within the organization would be higher. With an increase in environmental variety the range of firms’ potential strategies would have to increase, therefore the higher the bandwidth measure, the more successful a firm would be in reacting to the increase in the environment’s variety.

The authors argued that in 1996 Nokia had a significantly higher dominant logic than Ericsson as calculated using the populated category set. Ericsson was more focused on “competition” and “technology” whereas Nokia was more occupied with their own organization and developing an understanding of end consumers. From 1996-1997 both companies’ bandwidths increased, but Nokia’s was significantly higher then Ericsson’s. Nokia's emphasis increased in “products and brand” and “technology” and remained strong in “consumer” with a particular interest in different customer segment needs. Ericsson also increased in “consumer”.
From 1997-1998 Nokia’s score remained fairly unchanged while Ericsson’s increased. The authors argued that this was the result of a greater emphasis in “product and brand” and “technology”. Based on the view that market share was the best measure of performance, Nokia outperformed Ericsson from 1994 to 1998, with the most significant difference in the break point in 1998.

The authors highlighted a number of limitations in their study, which effectively translated into their suggestions for further research. These limitations included:

- a time frame of only three years;

- a sample of only two firms;

- the need for further refinement of the category set with a particular focus on developing sub-categories;

- difficulties in sourcing comparable data for the study; and

- the need to include consideration of the strategic actions, as the intermediate link between decisions about strategies and performance.

Von Krogh and Grand (2000) provided important theoretical insights into the relationships between knowledge creation, justification processes, dominant logic and management discourses. The authors commenced their discussion by proposing that as an organization interacts with its environment through the processes of learning and translation, it recreates its environment. In this way an organization’s environment is ever changing. Furthermore, organizations do not base their actions on truths but on “justified true beliefs”, where the justification or legitimation process within the organization determines whether new knowledge is rejected, returned for further elaboration, or appropriated.
The authors proposed that there are three components to an organization’s knowledge:

- the corpus of knowledge, representing the existing knowledge of the organization;

- images of knowledge, representing what is considered to be knowledge and the processes through which knowledge is developed; and

- ideological values determining the value of different knowledge.

The authors argued that an organization’s dominant logic is formed through legitimation procedures of exclusion, self-control and initiation (mis en jeu), which discipline and homogenize argument and discourse. The concept of dominant logic perpetuates itself through mundane organisational routines, processes and protocols involving organisational discourse. In the authors’ view, changing these routines, processes and protocols also holds the key to changing dominant logic through managing the dominant discourse, symbolic structures, and arguments.

Following a brief discussion of the cognitive origins and emergent nature of dominant logic, Bettis and Wong (2003) traced the irreversible “condensation process” through which dominant logic becomes an embedded feature, or more accurately a “matrix of mutually reinforcing features” within an organization. This process is directly associated with variance suppression (a general phenomenon, which is demonstrated to occur at various levels of analysis including within industries, strategic groups, and organizations), which leads to “fossilization” and performance decline, (2003, p. 348):

“As the process of condensation moves forward, a reinforcing feedback loop is established. The structure, systems and processes designed largely to conform to the dominant logic now provide information, controls, incentives, values and decision rules that mirror the dominant logic to a substantial degree…The focus narrows throughout the organization. Thoughtful action and creative analysis are increasingly
displaced by ‘unconscious’ rules, processes, values, and systems. The capability for thoughtful independent action atrophies and decisions increasingly become automatic and habitual. Doing different things or even doing things differently becomes more and more difficult for the organization... The organization tends toward simplification, where it gradually weeds out ‘unsuccessful’ practices and builds ‘architectures of simplicity (Miller, 1983).”

As we will see, Chapter 3 on Social Theory has direct relevance in understanding this process of condensation.

The authors argued that potential researchers should consider investigating the link between an organization’s dominant logic and the development of its core competence, although in their view an organization’s dominant logic will largely determine the development of a core competence because it “biases knowledge, know-how and skill accumulation into path dependent knowledge pathways ‘preferred' by the dominant logic”.

The authors also argued that understanding how a top management team learns may provide opportunities for adjusting an organization’s dominant logic, for example, through organising collaborative inquiry by the members of the top management or adjusting the way they process information. Similarly, greater attention should be directed to the processes that top management teams develop to make decisions.

In the authors’ view future researchers should investigate the potential for organizations to establish a meta-level dominant logic or identify organizations that could be used as exemplars to demonstrate how to use simple but robust rules, as a way to overcome the difficulty of changing dominant logic.

Prahalad (2004) returned to the concept of dominant logic to support a general challenge to reassess the assumptions that underpin the industrial paradigm - that companies create value and that value is embedded in products and services that the company produces. The author argued for the adoption of
experience-based value creation, which is based on co-creation of value with the customer. Value is therefore embedded in personalised experiences.

During the course of the article, Prahalad re-articulated the concept of dominant logic through reference to the original 1986 article, adopting the organismic metaphor. The author described the concept of dominant logic as the DNA of the organization, which influences how members of the organization think and act and limits their ability to innovate or see opportunities or threats:

“The dominant logic of a company is, in essence, the DNA of the organization. It reflects how managers are socialised. It manifests itself often, in an implicit theory of competition and value creation. It is embedded in standard operating procedures, shaping not only how the members of the organization act but also how they think. Because it is the source of the company’s past success, it becomes the lens through which managers see all emerging opportunities. This makes it hard for incumbent companies to embrace a broader logic for competition and value creation….Over time, successful recipes – business models, processes, approaches to competition – become embedded in the organization and represent the dominant logic. A dominant logic limits the ability of people in the organization to drive innovation or see new opportunities or threats…. In stable competitive environments, the ‘dominant logic’ helps sustain organizations and strategy because it is internally consistent. (2004, p. 172)

2.3 Strengths, Limitations and Relevance of Dominant Logic

This chapter has focused on the concept of dominant logic in order to answer to the research question of how dominant logic can help extend our understanding of organizational management. In essence, dominant logic is a generative mechanism in the form of habituated behaviours and “taken for granted” assumptions that underpins what an organization does. However, because it is habituated and “taken for granted” it is beyond the conscious awareness or revision by organizational participants. It may therefore result in unintended outcomes. Understanding dominant logic therefore offers managers a chance to review their processes of decision-making and thereby develop new templates for decision-making and action.

Whether we describe dominant logic as a shared mind set or frame of reference,
a set of organizational myths or dominating ideas, an organizational paradigm or a theory of the business, for the purpose of extending our understanding of organizational management the concept of dominant logic can neither be ignored nor relied on in its current state. Dominant logic needs to be placed on a stronger theoretical foundation and demonstrate a substantive contribution to management practice.

The concept of dominant logic was originally formulated to explain adverse changes in performance. However that discussion has taken place in the abstract, largely devoid of an empirical context in which to test or refine its legitimacy. Two decades since its inception in an award-winning article\textsuperscript{11}, there are just a handful of theoretical papers and even fewer papers reporting on empirical research. Part of the explanation for this lies in the way the concept of dominant logic has evolved. As a second-order theoretical construct it has evolved through association with other concepts and theories that are themselves more theoretically than empirically developed such as complexity theory and knowledge management. Similarly, although further research is suggested in each of the articles, in the main, subsequent researchers of dominant logic have not pursued these suggested research agendas. Therefore, rather than extending the work of others, each researcher has brought their own perspectives to the concept, advancing the concept in line with those perspectives, but in the process diffusing rather than building a coherent theory.

The concept of dominant logic is intuitively appealing from an explanatory perspective, as evidenced from continued citation in the academic literature. However it falls short of its early promise and strong face value and appears to have reached the full extent of its theoretical development. Although it cannot be recognized by the five senses, it supposedly has an impact on the real and measurable world. Its evolution in the literature has left ambiguous the ontological, epistemological and methodological assumptions that would underpin its further elaboration and development.
The concept of dominant logic attempts to provide an explanation for the dynamic interplay between an organization’s culture, strategy and performance. Even though neither culture nor strategy have incontrovertibly been empirically linked to organizational performance it is asserted that the concept of dominant logic can provide that link. It is simultaneously conceived as the source of an organization’s past success and current failure. Yet it is never associated with negative historical performance and current or future success. Moreover, while it is applied at the organizational, top management team, and individual level, the relational dynamics between these various units of analysis, particularly the individual and collective (individual-group and group-group dynamics), is under-emphasized. In the main group dynamics, conflicts and tensions, power and leadership, have not been explicit considerations in its formulation. As emphasized earlier, as with all metaphors, dominant logic only provides partial insight in extending our understanding of organizational management. Yet our awareness of its limitations also allows us to address them in developing a more complete theory of organizational management.

In subsequent chapters the theoretical and methodological deficiencies of the current concept of dominant logic will be addressed through the elaboration of Social Theory (of Pierre Bourdieu) in Chapter 3, Paradox in Chapter 4, and Narrative Theory in Chapter 5. In contrast to the concept of dominant logic, these theories are all underpinned by substantial empirical research agendas, are all founded in well-established research domains, and are all robust theories of action in their own right. In Chapter 6 we shall combine these individual theories into a meta-theory and explanatory model, which will then be applied in Chapter 9 to the empirical data presented in Chapter 8, thereby extending both theory and practice.
In the next chapter we will focus on the social theory of Pierre Bourdieu to extend, enrich and further develop the concept of dominant logic and extend our understanding of organizational management.
Chapter 3 – Social Theory

3.1 Introduction

The previous chapter reviewed the concept of dominant logic within organization theory and concluded that while providing a point of departure for this thesis the concept of dominant logic can neither be relied on nor ignored in its current form.

This chapter will focus on answering the research questions of how social theory can extend our understanding of organizational management and our understanding of dominant logic through focusing on the social theory of Pierre Bourdieu.

There is growing academic and professional recognition of the value that can be derived from extending established theories within the broader social science disciplines to questions arising in organization and management research generally (Pettigrew 2001), and strategy research in particular (Calori 1998; Whittington 2004). This is evidenced by an emergent European movement within the strategy field with a focus and identifier of ‘strategy-as-practice’ (Wilson and Jarzabkowski 2004). The participants within this movement explicitly draw on sociological theories of relevance to strategy-as-practice, in particular Giddens’ theory of structuration and Bourdieu’s theory of practice, for “practice based theorizing on the relationship between agent and structure” (Wilson and Jarzabkowski 2004, p. 18).

While the application of these theories to management and strategy is not new, in the case of Giddens’ theory of structuration, it has been selectively used by researchers (Whittington 1992) including Van de Ven and Pool (1988), Ranson, Hinings and Greenwood (1980) and DiMaggio and Powell (1983; 2000), while
application of the social theory of Pierre Bourdieu has been limited in Anglophone countries until relatively recently (Postone et al. 1993).

A powerful motivation for concentrating on the social theory of Pierre Bourdieu is the potential to relate Bourdieu’s key concept of habitus to dominant logic. A comparison of the concepts of organizational isomorphism, based explicitly on Gidden’s structuration theory, and dominant logic to which it has been likened12 appears in the Appendices.

3.2 The Social Theory of Pierre Bourdieu

Pierre Bourdieu’s early career was heavily influenced by structuralism13, a movement emerging from linguistics yet influencing many disciplines and academic works including Thomas Kuhn’s (1996) *The Structure of Scientific Revolution*, in which Kuhn initiates the concept of paradigms.

While Bourdieu’s early adoption of structuralism was driven by a felt need to react against “the flabby humanism” (Bourdieu 1990a, p. 4) or subjectivism of existentialism, he increasingly questioned the presuppositions of structuralism, particularly, the way it abolished agents and replaced them with subjects by substituting agency with determinism.

Bourdieu labels his own work as constructivist structuralism or structuralist constructivism reflecting his construction of the world as a world of objects in which:

“The construction of the world of objects is clearly not the sovereign operation of consciousness which the neo-Kantian tradition conceives of; the mental structures which construct the world of objects are constructed in the practice of a world of objects constructed according to the same structures. The mind born of the world of objects does not rise as a subjectivity confronting an objectivity: the object universe is made up of objects which are the products of objectifying operations structured according to the very structures which the mind applies to it. The mind is a metaphor of the world of objects which is itself an endless circle of mutually reflecting metaphors.” (Bourdieu 1977, p. 91)
Bourdieu proposes that there are mental structures located within individuals which he describes as “schemes of perception, thought and action” or habitus, and there are social structures which are constitutive of “fields and of groups, notably those we ordinarily call social classes” (Bourdieu 1989, p. 14).

For Bourdieu, these mental and social structures are closely related. The mental structures represent the incorporation of the social structure within agents and the social structures themselves are the product of the historical struggles of agents using these mental structures to apprehend the social space consistent with their position within that social space (Bourdieu 1990a, p. 14).

In questioning the presuppositions of structuralism, Bourdieu also questions the validity of the structuralist approach to research, which places the researcher in a superior, removed position from the focus of research. In its place Bourdieu develops a reflexive approach, known as “participant objectivation” (Bourdieu 2003), in which the researcher is both an analyst (objectivist) and an actor (subjectivist).

In place of an objectivist or subjectivist approach, Bourdieu argues that a reflexive approach requires two epistemological breaks. Firstly, a break with the primary experience of research participants and, secondly, a break from the researcher’s own presuppositions.

Rather than rely on the explanations of social agents, which may reflect an error of perception or try to provide an explanation rooted in the preconscious biases of the researcher, Bourdieu argues that the researcher must adopt a reflexive approach through which these biases or presuppositions become obvious to the researcher and thereby eliminated from analysis. Reflexivity will be discussed at more length in Chapter 7 on Narrative as Method.
In Bourdieu’s view, only through applying a reflexive approach can the mental (habitus) and social (field) structures and their inter-relatedness be understood, and only through this understanding can agents understand that their actions form part of a self-perpetuating system of domination, of which they would otherwise not be aware, where this unawareness is, itself, a product of the self-perpetuating system.

Social structures (field) produce mental structures (habitus) that produce social structures (field) that produce the mental structures (habitus). Paradoxically, agents’ domination occurs with and through their own complicity - they are unaware of this situation because their mental structures (habitus) “veil the conditions of their subordination” (Calhoun et al. 1993, p. 6) through processes of misrecognition.

Given this brief introduction, a more comprehensive elaboration of Bourdieu’s social theory and its relevance to the research questions is now appropriate, commencing with the primary components of habitus, field and capital.

**3.2.1 Habitus**

Bourdieu focuses much of his effort on transcending the dichotomy between objectivism and subjectivism. His primary device, habitus, reconstitutes the social agent “in his true role as the practical operator of the construction of objects” (Bourdieu et al. 1990, p. 13) and explains how behaviour or action can be directed towards certain ends without being consciously directed to those ends. Bourdieu describes habitus as:

“...systems of durable, transposable dispositions, structured structures predisposed to function as structuring structures, that is, as principles of the generation and structuring of practices and representations which can be objectively ‘regulated’ and ‘regular’ without in any way being the product of obedience to rules, objectively adapted to their goals without presupposing a conscious aiming at ends or an express mastery of the operations necessary to attain them and, being all this,
collectively orchestrated without being the product of the orchestrating action of a conductor”. (1977, p. 72)

Bourdieu argues that there is an ontological complicity\(^{15}\) between habitus and the social world, which produces it, whereby habitus is “the source of cognition without consciousness, intentionality without intention, and a practical mastery of the world’s regularities which allows one to anticipate the future without even needing to posit it as such” (Bourdieu 1990a, p. 12). Habitus is acquired or inculcated through social processes, whereby social agents acquire dispositions towards, perceptions about, and appreciations of, the world through their accumulated experience, which in turn is associated with their social conditions.

Bourdieu distinguishes his position from Herbert Simon’s concept of “bounded rationality” attributed to the curtailment of information or an individual’s limited intellectual capacity. Over and above these aspects, in Bourdieu’s view, an individual’s rationality is socially bounded. How an individual thinks about the world is socially structured and socially bounded and generates behaviour and action consistent with that socially structured and socially bounded view. Therefore, the individual “is always, whether he likes it or not, trapped – save to the extent that he becomes aware of it – ‘within the limits of his brain’, as Marx said, that is, within the limits of the system of categories he owes to his upbringing and training” (Bourdieu and Wacquant 1992, p. 126). As we have seen in Chapter 2, dominant logic has also been described as a system of categories. While management research has hypothesized that professional training helps to explain why some individuals think alike and some think differently, Bourdieu’s theories suggest that the decision to pursue a particular course of education is shaped by even earlier experience.

Habitus is socially structured resulting in a socialized subjectivity. Therefore, habitus is not individual but social. Furthermore, individuals do not have a habitus, but rather they share a habitus where habitus is the practical knowledge and regulatory mechanism of interaction with the world. As habitus is collective
rather than individual it is the basis for being part of one group rather than being part of another group. Each member has an homologous relationship to others in the group reflecting the “diversity within homogeneity” of the social conditions producing habitus, whereby there are variations attached to individuals that reflect their social position and social trajectory (Bourdieu 1990b, p. 60). Habitus is therefore the basis of distinctions.

Given the interplay between social conditions and habitus, earlier experiences shape the interpretation and categorization of subsequent experiences. Habitus protects itself by providing itself with a “milieu to which it is as pre-adapted as possible” (Bourdieu 1990b, p. 61). By systematically selecting information that reinforces it, rejecting or avoiding information to which it may be accidentally or forcefully exposed, and thereby providing the information needed in order to avoid information habitus operates to prevent any challenge to its accumulated information. This has relevance for our earlier discussion of dominant logic in Chapter 2 as both a lens and filter, for our discussion of defensive behaviours in Chapter 4 on Paradox, as well as our discussion of the attribution of meaning to occurrences in Chapter 5 on Narrative Theory. In doing so it also demonstrates how social theory can extend our understanding of organizational management in answering the research question.

Habitus has a generative aspect, not just in terms of interpretation and categorization, but also in terms of the array of ‘strategies’ or ‘practices’ that flow from experiences that produce it. However, Bourdieu argues that practices cannot be deduced from either the present social conditions that seem to provoke them or the past social conditions that produce the habitus, in isolation. Practices can only be understood by realizing that the unconscious nature of practices is the result of the forgetting of history. History is embodied in habitus and internalised as a second nature and therefore forgotten. Habitus:

"is the active presence of the whole past of which it is a product. As such, it is what gives practices their relative autonomy with respect to external determinations for the
immediate present. This autonomy is that of the past, enacted and acting, which, functioning as accumulated capital, produces history on the basis of history and so ensures permanence in change that makes the individual agent a world within a world” (Bourdieu 1990b, p. 56).

Again as we have seen in Chapter 2 when talking about the process of changing dominant logic it is proposed that this is a process of unlearning. In seeing habitus as embodied, internalised and forgotten history we recognize that habitus is the frame through which the world is understood and negotiated. However, as we will see in Chapter 4 on Paradox, it is difficult if not impossible to reflect upon a frame of reference from within that frame of reference. Normally, but not necessarily, a change in frame of reference is normally associated with a crisis. Chapter 4 on Paradox will introduce the process of changing frames, which will be further discussed in Chapter 5 on Narrative Theory.

An individual’s practices are not the product of habitus alone, but are more accurately the product of the relation between the habitus and the specific social context, or field, in which the individual acts (Bourdieu 1991a, p. 14). It is this relationship between habitus and field, which to a large extent is unrecognized in the discussion of dominant logic in Chapter 2 and demonstrates how social theory can extend our understanding of dominant logic and organizational management in answering the research question.

Garnham and Williams (1996, p. 49) describe habitus as not just a random series of dispositions but as a series of dispositions that operate according to a relatively coherent logic, what Bourdieu calls the logic of practice. Since it cannot be explicitly inculcated, habitus must be both an impoverished logic in the sense of working with simple categorical distinctions and also flexible so that it can be applied as the structuring principle of practice across a range of situations. Therefore, the logic of practice operates with simple dichotomous distinctions, while habitus provides the basis of unification and division as well as the structuring of these dispositions, distinctions and actions.
3.2.2 Field

The concept of field came some time after the reconstitution of habitus, yet the cogency of Bourdieu’s social theory is unimaginable without it. Both concepts are relational, they have a special relationship relative to one another and are themselves historical relations. “A field consists of a set of objective, historical relations between positions anchored in certain forms of power (capital), while habitus consists of historical relations ‘deposited’ within individual bodies in the form of mental and corporeal schemata of perception, appreciation and action”. (Bourdieu and Wacquant 1992, p. 16). A field exists “only to the extent that players enter it who believe in and actively pursue the prizes it offers” (Bourdieu and Wacquant 1992, p. 19). However, fields are not static. They are in “endless change” (Bourdieu and Wacquant 1992, p. 102) as a result of the struggles that take place between the social agents and groups within them, trying to reposition themselves and thereby shift the weights and relations of the bases of power (capital) within and between fields, which ultimately transform them. Bourdieu defines field as:

“… a veritable social universe where, in accordance with its particular laws, there accumulates a particular form of capital and where relations of force of a particular type are exerted. This universe is the place of entirely specific struggles, notably concerning the question of who is part of the universe, who is a real writer and who is not. The important fact, for the interpretations of works, is that this autonomous social universe functions somewhat like a prism which refracts every external determination: demographic, economic or political events are always retranslated according to the specific logic of the field, and it is by this intermediary that they act on the logic of the development of works.” (Bourdieu 1993b, pp. 163-164)

Field adds a useful unit of analysis to those of organization and industry. To the extent that an organization allows for the accumulation of a particular type of capital and refracts every determination according to a specific logic, it could be argued that an organization is a field. However, it is more accurate to describe an organization either as a sub-field or a focal point for a number of fields or sub-fields. Dimaggio and Powell (1983; 2000) also refer to field with their formulation
of organizational isomorphism discussed in Appendix 1, however in their formulation field is institutionally defined.

Given that Bourdieu’s social theory is based on struggles and conflict it is consistent with the schismatic metaphor of organizations to be discussed in Chapter 5 on Narrative Theory. We will also see in Chapter 4 on Paradox how the struggles of those seeking to maintain the social order and to challenge the social order results in a ‘dynamic conservatism’ in which the various parties or groups focus on not letting their respective positions deteriorate.

Bourdieu utilises the analogy of ‘the game’¹¹ to describe the interaction between agents, habitus, field and capital. Each field operates on the basis of a game. The agents that enter a particular field do so on the basis of their habitus and their capital. While capital is specific to each field, every field is a symbolic system and every capital is translatable or convertible into symbolic capital. Therefore, when an agent enters a field he does so on the basis that he will accept and submit to the rules of the game.

Each game operates under a different set of “rules”, some explicit and some implicit. The agent learns to navigate through the game under the constraints imposed by the “rules”. The implicit rules are learned directly through experience of them. It is each agent’s habitus, which provides the basis for playing the game, better or worse than other players. Habitus as the basis for action within the field is therefore the basis for creativity and innovation in the game.

Bourdieu borrows from his own experience as a rugby player (Calhoun 2003) to describe what is involved in anticipating the actions of other participants in the game, the need to be aware of the relative positions of other participants, the need to respond to different circumstances without the luxury of time to formulate an ideal response, and a focus on the immediate necessity. Practice, as
Bourdieu describes it is a process of experiential learning and is the best means of preparation for playing the game.

Anticipation, in the context of uncertainty and immediate action, is at the heart of Bourdieu’s elaboration of the ‘logic of practice’. Anticipation has also been encapsulated in the recent focus on micro-practices as part of the strategy-as-practice research agenda which has emerged relatively recently and, which is also reminiscent of the work of Nelson and Winter (1982) on routines in organizations.

When the identity of the agent is inseparable from his position in the game, the agent is unable to see the game for what it is, or that the game has reduced the agent’s identity to that of playing the game. As the agent continues to invest in developing his capital to play the game better and better, the agent’s ability to play other games reduces. In this sense, we see that habitus is associated with a limited repertoire of responses, which is also evident in dominant logic. However, the game is but a game within a game. In the latter game, the goal is domination and takes place in the field of power.

Competition and conflict between agents is therefore central to Bourdieu’s social theory and by implication to the theory of dominant logic, whereby the locus of conflict is the field and organizational context respectively. Bourdieu characterizes a field as a structure of potentialities and probabilities\textsuperscript{19}. As we will see in Chapter 5 on Narrative Theory, similar terminology is used by Riceour in arguing the case of seeing text as action, in part reflecting the fact that both Bourdieu and Ricoeur are dealing with theories of action.

Social agents ultimately seek to maximize their interests and share of resources available within the field. In other words, social agents struggle for dominance relative to other agents in the field. We will see this competition for resources
again in Chapter 4 on Paradox when we discuss the interaction of groups of differential power.

There is a continual process of selection between agents and fields based on their respective knowledge of their respective potential to achieve their respective objectives. The closer the natural affinity between an agent’s habitus and field, the more likely an agent will be to enter a particular field. On entering a field, an agent will adopt a position consistent with his habitus and capital and will improve his position within the field through the converging evolution of habitus and field and his accumulation of capital.

The concept of field can be applied at various levels. All fields operate in a homologous way to each other and exist in fluid relationships with each other within the meta-field of power. A field has arbitrary characteristics reflecting its level of autonomy. A field is considered to be autonomous the more it is capable of imposing its specific logic on determinations external to the field so as to mediate their effects on agents within the field. Its boundaries extend to the point where its affects cease.

As we have seen, this definition allows us to adapt the definition of field in such a way as to apply Bourdieu’s broader social theory to a consideration of an organization. However, Bourdieu’s concept of field also highlights the arbitrariness of the boundaries imposed by the concept of organization and industry and in answering the research question extends our understanding of organizational management. Chapter 4 on Paradox will further extend our understanding through demonstrating the paradoxical effect of imposing boundaries arbitrarily.

There are not only agents within classes within fields competing for domination and the power of legitimation within their field - the various fields are competing against each other for the domination of other fields and for the power of
legitimation of the superiority of the field’s logic and dominant rationality. There is therefore a hierarchy of fields of greater or lesser autonomy, interacting or, more accurately, struggling with each other within the meta-field of power. Each field comprises a set of agents yet each agent may participate in several different fields and each agent’s position and trajectory within the field will be determined by their capital and habitus respectively. Each field has its own logic, which may or may not be compatible with the logic of other fields. As we will see in Chapter 4 on Paradox, conflicts of logic often result in paradox. However, paradox does not fit well with the limiting assumptions of rationality that underpin much organizational theory and research.

This struggle for domination and the power of legitimation is a central consideration in understanding how social theory can extend our understanding of organizational management. It also reinforces the utility of adopting the schismatic metaphor, to be discussed in Chapter 5 on Narrative Theory, to underpin our inquiry and allow us to extend both organizational management theory and practice.

### 3.2.3 Capital

The concept of capital, as developed by Bourdieu, acts not only as a resource or source of power but also as a legitimizing device for the exercise of power. Capital supports the interests of the dominant group, thereby perpetuating their domination. Those who dominate a field will establish the valuation and conversion of capital, which supports their domination, at the top of the hierarchy of valued capital.

Within every field there is a hierarchy of dominance. Even within the dominant group within a field there are some agents that are more dominant than others. However an agent is not passive. Their actions either support the perpetuation of
the social order or are directed at changing it through their influence on the valuation and distribution of capital in and between fields.

Agents hold a position in the field, which depends on their capital. Agents attempting to protect their position are interested in perpetuating the existing distribution of capital and the value of their capital. Agents attempting to improve their position are interested in accumulating more capital and are increasingly able to do so. Ultimately these agents may seek “the power to decree the hierarchy and ‘conversion rates’ between all forms of authority in the field of power” (Bourdieu and Wacquant 1992, pp. 18-19). However by having the power to determine which forms of capital have the most value, they can maximize the value of their capital. In contrast, agents whose position is worsening are interested in perpetuating their capital. Therefore, an agent’s position and trajectory will determine whether they are interested in preserving or subverting the existing distribution of capital (Bourdieu and Wacquant 1992, pp. 108-109).

As we will see in Chapter 4 on Paradox, the interactions between agents or organizational participants interested in preserving and changing the existing valuation and distribution of capital and power results in a self-perpetuating situation of “dynamic conservatism”.

Bourdieu proposes three species of capital (cultural, social and economic) with their own subtypes, which are valued differently within each field, as well as symbolic capital, “which is the form that one or another of the species takes when it is grasped through the categories of perception that recognize its specific logic or, if you prefer, misrecognize the arbitrariness of its possession and accumulation”(Bourdieu and Wacquant 1992, p. 119).

Cultural capital refers to cultural acquisitions such as knowledge and skills and the educational or technical qualifications associated within them; economic capital refers to material wealth in its various forms such as money and
investments; and social capital refers to “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu and Wacquant 1992, p. 119).

Symbolic capital is that capital which allows the other species of capital to be converted. For example, a higher education is a form of cultural capital, which may be converted into a higher paying occupation and position within a field emphasizing economic capital.

Bourdieu argues that economism “recognizes no other form of interest than that which capitalism has produced” and as a result there is “no place in its analyses, still less in its calculations, for any form of ‘non-economic’ interest” (Bourdieu 1990b, p. 113). Therefore economism, as the dominant logic of capitalism, denies symbolic capital, even though, paradoxically, economic and symbolic capital are “inextricably intertwined”.

Symbolic capital, “commonly called prestige, reputation, fame, etc., which is the form assumed by these different kinds of capital when they are perceived and recognized as legitimate” (Bourdieu 1991b, p. 230), is a credit, “but in the broadest sense, a kind of advance, a credence, that only the group’s belief can grant those who give it the best symbolic and material guarantees, it can be seen that the exhibition of symbolic capital (which is always very expensive in material terms) is one of the mechanisms which (no doubt universally) make capital go to capital” (Bourdieu 1990b, pp. 119-120).

The processes involved in accumulating symbolic capital make no sense from an economic perspective and are misrecognized as being practices that are quite arbitrary. However, when viewed from a symbolic perspective in the context in which they are performed, they make practical sense. The way fields value and convert different forms of capital, reflects the way they are socially determined
through discourse\textsuperscript{20} - a topic that will be more fully discussed in Chapters 5 and 7 on Narrative.

The social space, for example, of an organization, presents itself as a symbolic system of symbolic struggles. The conflicts that transpire within fields occurs on a symbolic level between the various hierarchies or classes of dominant and dominated agents. The conflict between these classes is directed towards control over the resources within a field and ultimately over the legitimation of the social world. It is a struggle to impose the legitimate principle of both vision and division.

When Bourdieu speaks of class, unlike Marx, he recognises the difficulty of identifying specific groups within society as forming classes and prefers to describe them as sharing particular attributes reflected in their dispositions, attitudes, tastes and distinctions. Therefore, for Bourdieu class could be described as a virtual rather than a corporeal grouping.

Bourdieu’s conception of class can be applied to an organizational setting in which there is a hierarchical structure, as well as across different groups within the same organization. Here we are reminded of the research of Coté et al. (1999) in which they discuss the de-phasing between the dimensions of their framework between different levels of management in an organization.

Symbolic capital plays a central role within Bourdieu’s overall theory, not only as the capital into which all other forms of capital are translatable, but also because symbolic capital is the basis for symbolic power. As other forms of capital are translatable into symbolic capital, symbolic power “is a transformed, i.e. misrecognized, transfigured and legitimated form of the other forms of capital” (Bourdieu 1991b, p. 170).
Bourdieu (1991b, p. 164) defines symbolic power as “that invisible power which can be exercised only with the complicity of those who do not want to know that they are subject to it or even that they themselves exercise it”. Symbolic power then is ultimately the power to make worlds, to consecrate or reveal things that are already there, and to constitute “the given through utterances, of making people see and believe, of confirm ing and transforming the vision of the world and, thereby, action on the world and thus the world itself” (Bourdieu 1989, pp. 22-23). From our earlier discussion in Chapter 2 dominant logic was described as a pattern of habituated behaviour and taken for granted assumptions within organizations beyond the conscious awareness and revision of organizational participants. We can see therefore that dominant logic is underpinned by symbolic power. Symbolic power is also relevant to our discussion of organizational participants’ “espoused theories” versus their “theories-in-use” in Chapter 4 on Paradox as well as our discussion of how people make sense of the world in Chapter 5 on Narrative Theory. In answering the research question we can therefore see how social theory can extend our understanding of organizational management.

This alchemy\(^2\), which holds the social order together “is defined in and through a given relation between those who exercise power and those who submit to it, i.e. in the very structure of the field in which belief is produced and reproduced” (Bourdieu 1991b, p. 170). The power is not resident in the words alone but in the words and those who utter them and give them legitimacy. That is, those who have a social authority acquired through previous struggle.

Symbolic power therefore is a conferred power and those upon whom it is conferred have the power of constitution, “a power to make a new group, through mobilization, or to make it exist by proxy, by speaking on its behalf as an authorized spokesperson” (Bourdieu 1989, p. 23). As such it is a power to impose social divisions, based upon the reality of doxic consciousness, not that it is true but that it is adequate for the purpose.
We have now arrived at a point where we can understand better how some ideas and practices become dominant through a comprehensive framework as equally relevant and applicable to any social undertaking as it is to organizational management. We now have a framework in which the concept of dominant logic takes on a new revitalized meaning. In the next section we will further extend our understanding of organizational management through exploring the persistence of dominant logic through a discussion of the concept of doxa.

### 3.2.4 Doxa

The notion of doxa can be traced back to Aristotle’s endoxa, which describes opinions that are “adequate enough”, that rely on a general or representative consensus. As such, doxa is closer to myth than to truth or reality and does not necessarily have any foundation in logic. Yet doxa plays a critical role in guiding the decisions and actions of agents and thereby regulating social relations and interactions by allowing “the development of a discussion between two participants seeking agreement (dialectic) or for the unfolding of an argument to persuade an audience (rhetoric)” (Amossy 2002, p. 372).

Doxa has been equated with social discourse on the basis that the beliefs and images incorporated within a social space cannot be apprehended outside verbal formulations used in the social space (Amossy 2002, p. 376). Moreover, official discourse represents the official or legitimate point of view by assigning everyone an identity, saying what each identity must do, and what each identity has done (Bourdieu 1989, p. 22).

Doxa is the product of misrecognition (Calhoun 2003), and fundamentally orients the way social agents engage with their social surroundings. Bourdieu (1990b, p. 69) defines doxa as “that undisputed, pre-reflexive, naïve, native compliance with the fundamental presuppositions of the field”. It is the result of a perfect fit
between habitus and field. As such it is preconscious – it is not beyond challenge but before challenge. It is the socially produced acceptance of the world as it is, and the social agent’s place in it. Therefore doxa embedded in discourse and narrative gives meaning and identity. Furthermore, as the doxic experience is unquestioned and taken-for-granted, in the normal course of events, it is unlikely that agents will inquire of themselves the validity of their world view, or question the way they behave, and the actions that they take. In this way, doxa explains the persistence of dominant logic and in answering the research question demonstrates how social theory can extend our understanding of organizational management. Similarly, as we will see, there are parallels between doxa in Bourdieu’s social theory and Bateson’s deutero-learning to be discussed in Chapter 4 on Paradox. Doxa is also relevant to our discussion of narrative truth in Chapters 5 and 7 on Narrative Theory.

In contrast to the situation of doxa, if the social conditions, which give rise to habitus, are too distant from the prevailing conditions there is a hysteresis effect. Hysteresis is a term normally used to describe the physical phenomenon of magnetic effects lagging behind their causes (Brubaker 1985, p. 759). The “hysteresis of habitus, which is inherent in the social conditions of the reproduction of the structures in habitus, is doubtless one of the foundations of the structural lag between opportunities and the dispositions to grasp them which is the cause of missed opportunities and, in particular, of the frequently observed incapacity to think historical crises in categories of perception and thought other than those of the past” (Bourdieu 1977, p. 83). The incompatibility of habitus when presented with a foreign field presents itself as a crisis in which the actions generated by habitus are ineffective. From our earlier discussion in Chapter 2 on Dominant Logic we can now appreciate that the literature on dominant logic has concentrated on circumstances, which in the main reflect this hysteresis effect.

Should the social context or field change too quickly, whereby the dominant logic embodied within an organization cannot adapt, as for example in a situation of
hypercompetition (D'Aveni 1994; Illinitch et al. 1998) or disruptive innovation (Christensen and Overdorff 2000; Gilbert and Bower 2002) or industry turbulence (Meyer et al. 1993), the organization or industry response, being the collective response of organizational and industry participants who share a “feel for the game”, conditioned through similar experience, will, in all probability, be inappropriate. Similarly, in a merger or acquisition of one organization by another organization (Prahalad and Bettis 1986), or an organization attempting to establish a new business within an existing set of businesses (Burgelman 1984) organizational participants will invariably experience the hysteresis effect described by Bourdieu.

Bourdieu declares that periods of crisis provide the best opportunity for exposing doxa for what it is, through what he describes as heretical discourse.

Through heretical discourse, a break with the ordinary order is proclaimed and a new common sense is provided which makes sense of past practices and experiences of the group, by the group, thereby drawing its legitimacy from the group and recreating a meaning and identity for the group. This dialectic is accomplished in and through the labour of enunciation or dramatization, which is necessary in order “to externalise the inwardness”, “to name the unnamed”, “to break the censorships...that prohibit the return of the repressed...firstly in the heresiarch himself” and “to give the beginnings of objectification to pre-verbal and pre-reflexive dispositions and ineffable and unobservable experiences, through words which by their nature make them common and communicable, therefore meaningful and socially sanctioned” (Bourdieu 1991b, p. 129). However, it is in the constitution or reconstitution of the group through:

“...the words, slogans and theories which help to create the social order by imposing principles of di-division and, more generally, the symbolic power of the whole political theatre which actualises and officialises visions of the world and political divisions. The political labour of representation (not only in words or theories but also in demonstrations, ceremonies or any other form of symbolization of divisions or oppositions) gives the objectivity of public discourse and exemplary practice to a way of seeing or of experiencing the social world that was previously relegated to the
state of a practical disposition of a tacit and often confused experience (unease, rebelliousness, etc.). It thus enables agents to discover within themselves common properties that lie beyond the diversity of particular situations which isolate, divide and demobilize, and to construct their social identity on the basis of characteristics or experiences that seemed totally dissimilar so long as the principle of pertinence by virtue of which they could be constituted as indices of a membership of the same class was lacking”. (Bourdieu 1991b, pp. 129-130)

The formation of groups and the creation of boundaries as explained through Bourdieu’s social theory provides the starting point for our discussion in Chapter 4 on Paradox. Similarly, Chapter 5 on Narrative Theory will further illuminate our understanding of the role of heretical discourse in change.

The next section will relate Bourdieu’s key concept of habitus to dominant logic and in so doing will contribute to answering the research question of how social theory can extend our understanding of organizational management.

### 3.3 Dominant Logic as Habitus

Through seeing dominant logic as homologous to habitus, the social theory of Pierre Bourdieu extends and illuminates the concept of dominant logic through explaining the basis of dominance and the meaning of logic.

Dominance arises and is perpetuated through symbolic conflicts. These symbolic conflicts arise from differences between agents’ dispositions or habitus. These dispositions in turn reflect the earliest social experiences and interactions of agents in their social environments of fields. In this sense organizations and industries may be considered as sub-fields or more accurately the focal point of a number of overlapping fields or sub-fields.

Earlier social experiences have greater influence over agents’ dispositions than later experiences. Ultimately agents’ actions are directed at reproducing the social conditions, which gave rise to their habitus. Whether an agent is successful in their chosen field is determined by their habitus; the quantum and
type of capital, or the skills, attributes or competencies, that they possess; and the alignment between their habitus and the field. Their capital is also the basis of their power or dominance over others. This power and dominance in turn allows the dominant agent or group an ability to determine the valuation and conversion of capital within the field as organization or industry.

Dominant logic as habitus displays a type of logic but it is an impoverished logic. It is an impoverished logic because of the ad hoc nature of its acquisition and because of the partial nature of its existence as simple dualities. An agent will gravitate towards others who share similar social experiences and dispositions. There is a natural attraction between habitus and field. When there is total alignment between habitus and field the result is doxa. In contrast, when there is a lack of alignment there is the hysteresis effect, which results from the conflicts and ambivalences that flow from conflicting habitus. This hysteresis effect or crisis is also associated with paradox, to be discussed more fully in Chapter 4 on Paradox, and epistemological crisis to be discussed in Chapter 5 on Narrative Theory.

The dominant group avoids the potential for paradox by restricting entry to the field to those who they feel will not destabilize the social order and their dominance. However, as agents acquire more capital their potential to dominate and challenge the social order also increases. These are the leaders who derive their power from their followers. In other words, the dominated are complicit in their domination. Paradoxically, both the dominant and dominated are disguised in creating and perpetuating the social order and each party is both affected by and contributes to the misrecognition of their position or the situation.

Seeing dominant logic as habitus also has methodological implications for its study. Dominant logic fits within a body of research dealing with managerial and organizational cognition (Eden and Spender 1998; Huff 1990b; Huff and Jenkins 2002; Sims et al. 1986), which attempts to link mental maps to action through
exploring “the nature of commonality, the way it is achieved, or why apparently similar individuals and organizations respond to similar stimuli in different ways” (Huff 1990a).

Much of the empirical research in this domain attempts to determine individuals’ mental structures through various elicitation methodologies. One such approach is repertory grid, which is based on personal construct theory developed by George Kelly for his work in clinical psychology. Repertory grid has been applied in a variety of business contexts (Easterby-Smith et al. 1996; Fransella and Bannister 1977; Jancowicz 2003; Reger 1990) and is the methodology suggested by Ginsberg (1990; 1989) in his discussion of the concept of dominant logic and his socio-cognitive approach to strategy in Chapter 2 on Dominant Logic.

While there are superficial parallels between the concept of habitus and personal construct theory the main difference between the two is that the concept of habitus is a social concept whereas personal construct theory is an individual concept. Although repertory grid has been applied to group environments, including strategy formulation (Eden 1989a, b; Eden and Ackermann 2002, 2001, 2000; Eden et al. 1983) and as a means of understanding cultural change (Langan-Fox and Tan 1997) there is some question about the validity of its application for those purposes. Easterby-Smith argues that, as “the grid is par excellence a technique for measuring individual perceptions, any attempts to generalize to collective perceptions begin to lose the advantages peculiar to it” (Easterby-Smith et al. 1996, p. 26).

For this reason, repertory grid will not be utilised as the analytical method of choice for the empirical component of this thesis. Rather, narrative will be presented in Chapter 7 on Narrative as Method as the most suitable research method for the empirical component of this thesis.
3.4 Strengths, Limitations and Relevance of Social Theory

This chapter has reviewed the social theory of Pierre Bourdieu incorporating the concepts of habitus, field, and capital. Habitus, as a scheme of perception, thought and action, can be related to dominant logic, which is generative and habituated thought and action. Both habitus and dominant logic display an impoverished logic through the categorization of experience into repertoires of habituated thought and action.

The relationship between habitus and field is homologous to that between dominant logic and organization or industry. Habitus is a product of field, which is itself a product of habitus, which is itself a product of field. In a similar way within organization theory, dominant logic can be viewed in part as the product of an organization or industry, which are themselves the products of the dominant logic of an organization or industry. As such, there is a continual iterative process of reproduction. Habitus is also the basis for distinctions, which flow from the impoverished categorization system that people use to make sense of the world and their place within it. As such, habitus is the basis for inclusion and exclusion and therefore is instrumental in the formation of different groups whether they are intra-organizational or intra-industry.

Field is a more flexible unit of analysis than organization or industry, which are increasingly seen as arbitrary boundaries, and the manifestation of an established social hierarchy. When habitus and field are aligned doxa is the result. Similarly, when dominant logic is aligned with an organization or industry the perceptions, thoughts and actions of organizational or industry participants become habituated and increasingly taken for granted. For example, from an organizational theory perspective, the period that gave rise to many of the tools and practices that underpin the strategy discipline was relatively stable. This stability gave rise to the persistent habituated usage of these tools and concepts,
however, as argued by Prahalad and Hamel, these tools and concepts are now limiting the development of the strategy field in terms of both theory and practice.

When habitus and field are misaligned the result is hysteresis, a situation in which habituated thoughts and actions are demonstrated as inappropriate in the changed circumstances. As highlighted earlier, this is the situation that is most associated with the discussion of dominant logic in the literature.

Bourdieu’s concept of capital in its various forms, but particularly symbolic capital provides insight into the basis of dominance and its perpetuation within a field and similarly within an organization or industry. Capital is the basis of hierarchy within and between different groups. Symbolic capital’s ready conversion into symbolic power and the exercise of symbolic violence provide an explanation for behaviour observed within organizations, particularly the emergence of organizational norms which have the effect of censuring particular thoughts and actions.

Bourdieu’s social theory itself does not deal explicitly with questions of paradox given the central role played by misrecognition in producing doxa, which removes people’s awareness of paradox. However, Bourdieu’s social theory does introduce the value of exploring the tensions, conflicts and symbolic struggles endemic within social spaces, including organizations.

While Bourdieu’s social theory concentrates predominantly on the perpetuation of a social order he also provides insight into the dynamics of change that give rise to the displacement of one social order by another. Within an organizational context, this is particularly relevant to our understanding of organizational management. Within Bourdieu’s social theory a change in the social order is the result of a crisis. As we have seen in Chapter 2 a change in dominant logic is also associated with a crisis. However, while Prahalad and Bettis refer to the process of changing dominant logic as a process of unlearning through
Bourdieu's social theory we understand that the unlearning of experience involves a change in the schemes of perception, thought and action. In other words, a change at the epistemological level of an individual or group, impacts not just their understanding of the world through the attribution of meaning to different occurrences but also their place in the world or their identity.

Bourdieu describes an iterative social process in which heretical discourse emerges and challenges the misrecognition through which doxa is perpetuated. This emergent heretical discourse provides alternative perspectives and explanations relating to the cause of the crisis and the way out of the crisis. This heretical discourse gains increasing currency in the face of the failure of habitual responses to deal with the crisis.

The source of the crisis may be unclear within Bourdieu's formulation, however hysteresis plays a central role. The dominant schemes of perception, thought and action so intimately related to peoples’ understanding of their environment and their identity within it no longer provide the certainty they require in their interactions. People are no longer able to anticipate what will happen. The alternative perspectives become associated with particular voices. These voices are in competition with each other and reflect different habitus within the broader group. While Bourdieu does not explicitly refer to leadership these voices are emergent leaders. During this legitimising process there is a shift in the valuation and conversion of capital that favors the emergent leaders and a different basis of misrecognition, which is inherent in the adoption of a different dominant habitus or dominant logic. Importantly, this is legitimised and empowered from within the group, organization or industry.

Bourdieu’s social theory reinforces the view that many of the assumptions prevalent within much of the accepted organizational theory may require revision and thereby offer the opportunity to extend our understanding of organizational management through a synthesis of dominant logic, social theory, paradox and
narrative. These themes will be further explored in Chapter 4 on Paradox and in Chapter 5 on Narrative Theory.
Chapter 4 – Paradox

4.1 Introduction

The previous chapter focused on answering the research question of how social theory can extend our understanding of dominant logic and organizational management through focusing on the social theory of Pierre Bourdieu.

In this chapter we will focus on answering the research question of how paradox can extend our understanding of dominant logic, social theory and organizational management.

4.2 Paradox

Ambivalences between individuals and groups are a common factor that connects dominant logic, social theory and paradox.

In an organizational setting these ambivalences are embedded in relationships within and between different groups such as those between: the management team of an acquiring company and the management team of the acquired company; the management team of a new business and the management team of an established business within a larger organization; the management teams of competing organizations in the same industry; or different levels of management within the same organization.

Paradox can be conceived as the combination of two stand-alone propositions, which in isolation are supported by their own rational and logical arguments, but in combination vitiate the logic of the combined proposition through the creation of circularity, self-reference and self-contradiction.
When a person is operating in a particular logic, he or she takes its rules and boundaries for granted. Logics pose the problems, provide the language for explaining and understanding them, and determine their solutions. “Logics give people their ‘reality’, the truth, the way things are” (Ford and Ford 1994, at p. 758). However, their logic also limits their perspectives and alternatives. This is a theme that emerged in our discussion of dominant logic in Chapter 2 and Bourdieu’s social theory in Chapter 3, and that will re-emerge in our discussion of metaphors in Chapter 5 on Narrative Theory. The logics applied by individuals and groups provide powerful yet partial insights into the operation of the world. As such they incorporate a logic that highlights certain aspects and hides others. Recalling our discussion of doxa in Chapter 3 on Social Theory, Bourdieu argues that doxa is the result of an alignment between habitus and field. Doxa emerges and persists through a process of symbolic conflict between agents’ habitus within a field resulting in a logic of practice which is supported by a symbolic power structure which in turn is supported by a particular valuation of capital. Doxa persists through a process of misrecognition through which occurrences are viewed as through a lens and a filter.

Paradoxes can be distinguished from other “problematic opinions” such as dilemmas, ironies, inconsistencies, and dialectics because paradox does not result from or require a choice between alternatives. Both poles of a paradox exist simultaneously (Cameron 1986). More broadly, paradox emerges in conflicting relationships between things (Ford and Backoff 1988), whether these things are thoughts, emotions, actions or objects. As we will see, inherent in these relationships are boundaries, whether they are logical, spatial, temporal (Poole and Van de Ven 1989; Van de Ven and Poole 1988) or social (Smith 1982a, b; Smith and Berg 1987, 1997). A boundary, more generally, defines a point of distinction, which is the basis for inclusion or exclusion. From Chapter 3 on Social Theory we recall that habitus is the basis of distinction and that habitus are in continual conflict or struggle for dominance. Therefore, conflicting habitus
is the source of ambivalence reflecting the differing dispositions between individuals and groups.

Therefore life generally and organizational life specifically can be considered to be inherently metaphorical (Lakoff and Johnson 1980; Morgan 1996, 1980; Smith and Simmons 1983) and paradoxical (Smith and Berg 1987, 1997; Vince and Broussine 1996).

Following the theme established in preceding chapters, organizational researchers are increasingly recognizing that adopting a paradoxical frame provides a level of insight into the complexity of organizations that is beyond the simplified, idealized, rational and linear form of organization presented in much of the academic literature (Bouchikhi 1998; Cameron and Quinn 1988; Clegg et al. 2002; Koot et al. 1996; Lewis 2000; Poole and Van de Ven 1989; Quinn 1988; Van de Ven and Poole 1988).

A paradoxical frame provides a meta-level of analysis and explanation that looks beyond the superficial level of interaction and arguably captures a more realistic picture of the relationships that underpin organization, allowing a richer level of explanation of the way organizations operate. For example, Clegg et al. (2002) argue that organizations are examples of the agency structure paradox in which organizational strictures of control are ‘structural’ while the members are ‘structuring’. Clegg et al. propose a relational perspective, which advocates preserving the tension provided by paradox but minimizing the structural side of the paradox. In their view, this would allow organizations to position themselves ‘at the edge of chaos’ where action and planning, differentiation and integration, exploration and exploitation are all present simultaneously. They contend that this relational approach would result in the emergence of improvisation creating flexible organizations. Similarly, Denison et al. (1995) argue that cognitive capacity, while necessary for effective leadership, is insufficient and should be
complemented by what they describe as behavioural complexity. A paradoxical frame is also consistent with the schismatic metaphor of organization. The schismatic metaphor focuses on the tensions and conflicts within organization. It was introduced in Chapter 2 on Dominant Logic, is consistent with our discussion in Chapter 3 on Social Theory of the struggles that take place in fields and will be more fully explored in Chapter 5 on Narrative Theory.

Smith and Berg (1997) argue that when dealing with group dynamics, adopting a paradoxical frame makes sense because:

“... it is possible to deal not only with the content of experience in groups but also the frames within which that content has its existence. This is possible in a paradoxical conceptualisation. Nonparadoxical theories search for explanations and actions focused primarily on the experiential content. We are arguing that the paradoxical perspective opens up an array of choices about how to understand and deal with group experiences that are not available within nonparadoxical theories. The paradoxical adds to the content theories the importance of the framework within which those contents are embedded. It adds the notion that any experience can be multiply framed and therefore can have multiple meanings, each meaning being a consequence of the relationship between the frame and the event. It adds the perspective that conflict may emanate from a single source and that it is not always true that a conflictful state is the result of two or more distinct, separate, and conflicting sources. It adds the view that attempts to resolve conflict can entrench that conflict further and that often what is needed is a way to release it”. (1997, p. 81)

Much of the accepted organizational theory, including concepts such as dominant logic, has evolved within the functionalist paradigm underpinned by the metaphors of organization as machine or organism. Within the functionalist paradigm the applicability of paradox for the purpose of theory development or extension has not therefore been seriously entertained (Calori 1998) given the incommensurability between the schismatic metaphor underpinning paradox and the machine or organism metaphors underpinning the functionalist paradigm. However, in answering the research question, a consideration of paradox can extend our understanding of organizational management through recognizing that any occurrence can be framed from multiple perspectives. Furthermore, as we will see in Chapter 5 on Narrative Theory, the most suitable method for considering paradox is narrative.
4.3 Inter-group and Intra-group Paradox

Smith and Berg (1987; 1997) build on the insights developed to this point through a consideration of differential power between interacting groups (Smith 1982a). The authors describe the paradoxical patterns of thought and behaviour that are driven by social forces beyond the awareness of organizational participants that result in groups getting stuck. As we will see this paradoxical perspective also resonates with the work of Argyris and Schon (1974) on double loop learning in the context of Model I behaviours and Model O-I environments discussed later in this chapter.

Smith and Berg develop a picture of the inherently paradoxical nature of organizations starting with a consideration of the important role of negation and the requirement for digital rather than analog thinking. The aspect reinforced by the authors is that negation (‘not’) is a boundary condition. However, negation is also contained within affirmation. Therefore, the identification of A necessarily identifies what is not A. As we have seen in Chapter 3 on Social Theory this is consistent with Bourdieu’s explanation of the way individuals and groups identify with A and reject not A in the creation of vision and di-ision.

Smith and Berg remind us of the relevance of the theory of logical types and Bateson’s double bind hypothesis to demonstrate that:

- an event will have a different meaning depending on how it is framed,
- there are potentially as many frames within an organization as there are people; and
- when there are two or more groups using different systems of logical typing you have the potential for paralysis.
However, the authors argue that while the obvious solution is redefinition of the situation, there is a substantial risk that redefinition will be attempted within the frame of the existing definition resulting in circular self-reference or paradox. As discussed in Chapter 2 on Dominant Logic and more recently in Chapter 3 on Social Theory, there are forces in place within organizations that prevent redefinition without the occurrence of a crisis. In this situation Smith and Berg and Bateson (1972) highlight the possibility that the group may split. Underpinning the split or schism will be projection or introjection of a particular attribute between the parts of the original group, through the process of social comparison. As a result, what may have originated as a paradoxical tension becomes group conflict and may result in organizational paralysis.

Smith and Berg argue that these processes take place at both an interactive and personal level. When discussing groups it is important to recognise that an individual within a group experiences ambivalences between being connected as a member of the group and being an individual. As we have seen form our discussion in Chapter 3 on Social Theory the ambivalences between individuals and groups are a natural manifestation of conflicting habitus. In answering the research question, paradox can extend our understanding of social theory and organizational management through describing the processes of social comparison in the push pull relationships between individuals and groups in which the processes of projection and other defences at a group level are paralleled by projective identification and other defences at the individual level.

Smith and Berg argue that at the collective level, splitting may result in either of two relationships originally identified by Bateson (1972):

- complementary schismogenesis, in which the parts adopt roles that are complementary to each other and their roles become increasingly embedded in patterns of behaviour such as dominance-submission; or
• symmetrical schismogenesis, in which both parts compete for the same or a similar location in the whole.

Ultimately, this splitting and projective identification can lead to ethnocentric self-righteous, polarized behaviour, and attributions on the part of each group whereby the “other” group is denied any good and the group is unable to acknowledge any negative characteristics in itself.

These relational aspects have not been a significant consideration in the literature on dominant logic to date as evidenced in our previous review of the relevant literature in Chapter 2 on Dominant Logic. However, the circumstances in which dominant logic has been discussed necessarily involves interaction between individuals and groups whether intra-group or inter-group. In answering the research question, paradox can extend our understanding of dominant logic by linking the frames of reference that emerge from a group to the relational dynamics, which underpin the interactions between individuals and groups.

Smith and Berg (1997) focus their analysis on twelve paradoxes, which capture the interconnected tensions and conflicts, and the resulting defensive thinking and behaviour that emerge within groups.

Under the paradoxes of belonging, the authors consider the conflicts and tensions involved in the membership of groups including the link between individual and group identity, the relationship between involvement and detachment within groups, the relationship between observation and experience within groups, and the relationship between similarities and differences within groups, as well as the critical role that boundaries play in framing our realities, generating possibilities, and at the same time limiting our actions.
Under the paradoxes of engagement, the authors explain the tensions and conflicts surrounding participation within groups through consideration of how and whether we allow ourselves to be known in groups, how trust is the creation of safety out of fear, the relationship between interpersonal and collective identity, and how progression of the group often requires regression of the individual.

Under the paradoxes of speaking, the authors explore influence and the development of individual and collective voice to impact and also represent the group in exchanges with others, through the authorization of one’s self and others in the group, the relationship between creation and destruction, and the courage required for action in the face of ambiguity, imperfection and uncertainty.

The authors argue that a group’s frame is a reflection of the individuals that comprise it. However, each member of a group is also a member and representative of various other groups. The interpersonal interactions between them are therefore enactments of the representative identifications each brings from other groups. As we have seen this is consistent with our earlier discussion in Chapter 3 on Bourdieu’s Social Theory in which agents play in different fields at the same time.

The internal dynamics of a group reflect external dynamics of its environment and vice versa. In other words, the internal struggles follow a template, pattern or recipe developed elsewhere that offers an established path or response, but at the same time limits consideration of other options. Here we are reminded of our earlier discussion of the limited response repertoires observed in relation to an organization’s dominant logic in Chapter 2. In Chapter 5 on Narrative we shall further explore the relevance of narrative for these observed dynamics through the iterative framing of plots and occurrences in the development of a coherent story and the role of metaphor in that process.
At the inter-group level of interaction, when two interacting groups use each other as looking glasses in a process of social comparison to discover things about themselves, we have a situation of self-reference. If each group also uses the other as a repository for the parts of themselves, that they want to disown through a process of projection, the result is a “self-referential circularity of self-renunciation” (1997, p. 172) or paradox.

In discussing the interaction of groups the authors utilize two distinctive situations. Part-part relationships, which correspond to Bateson’s complementary schismogenesis in which each group is able to explore the links between contradictions that emerge, because there is an existing meta-framework for dealing with issues of authority and within which issues can be contextualized and framed paradoxically. In contrast, whole-whole relationships correspond to Bateson’s symmetrical schismogenesis in which there is no extant meta-framework outside of the relationship between the wholes. The meta-framework between the wholes emerges from the struggles between them to maintain their wholeness. In this situation “if a group imports into its midst, through its representatives, competitive authority systems that the members do not feel free to subordinate to the whole of which they are becoming a part, then an inter-group paradox has been created” (1997, p. 179). Each of the wholes will therefore attempt to subordinate the group to its interests. As long as the relationship continues, the paradoxical tensions exist. However, these vanish as the connection between wholes is broken. In this case, the “contradictions embedded in the relationship become split into parts that get carried by the separate units that go their separate ways without the relationship to guide or sustain their actions. Each unit that has been split off from its complement is the poorer for the split; it feels this and tries to become whole again by influencing the other, its split off complement, to change in some major way” (1997, p. 181).

This latter point will become more significant during our discussion of the organizational relationships presented in Part 2 in which IPC, the organization
within which the empirical component of this thesis occurs, was split off from a larger organization and from which another organization was subsequently split.

Just as relations within groups contain paradoxes, relations between groups contain paradoxes. The authors discuss three inter-group paradoxes of scarcity, perception, and power, which are respectively linked to the intra-group paradoxes of belonging, engagement, and speaking.

The inter-group paradox of scarcity is associated with the emergence of a new group as a result of the refusal or inability of the present group to do something. The emergence of the new group creates a struggle over resources with the present group. Neither group sees their connection due to their adversarial relationship and fight for their share of scarce resources. In this adversarial frame an increase in one group’s resources is seen as a diminution of the other’s resources. However, in an environment of scarcity, groups focus on survival. In this context, if the new group is having difficulty organizing because its members are unwilling to give up their individuality, an external conflict over resources can help in getting them to let go of their personal investment on behalf of the group.

Smith and Berg observe that, groups struggling with their own identity often seek out or create scarcity. Scarcity provides leverage with its members by holding out the possibility of being able to maintain their individuality over time through the promised acquisition of more resources. At the same time the group argues that it has to concentrate on getting itself in order and cannot just do whatever other groups want it to.

Scarcity can also impact the paradox of involvement by de-emphasizing the level of reflection and increasing the level of action in fighting for the group’s interest. This creates an internal struggle between two sub-groups; the sub-group of reflection and the sub-group of involvement, which can be attributed to the appearance of the external conflict. The external conflict is effectively internalized.
and enacted within the group. Simultaneously, the internal conflict is externalised and enacted between the groups. Members of one group may heroically take on members of the other group to sort out their place in the their own group, however, all members are de-individuated as a result of their efforts of individuation. As we will see in Part 2, scarcity has significant relevance in relation to IPC, the organization within which the empirical component of this thesis occurs.

As we have seen, conflict is endemic within organizations and within groups, however, the literature presented in Chapter 2 on Dominant Logic is silent on the paradoxical nature of this conflict. For example, during diversification through acquisition or in the management of a diversified organization, the senior management team of each organization may be in conflict with the other management team as a result of its own internal conflict and lack of wholeness. However, in the literature on dominant logic there is little if any reference to the relevance of conflict. In answering the research question, paradox can extend our understanding of dominant logic and social theory by recognizing the relevance of conflict between individuals and groups in the development of frames that guide their interactions thereby revealing new insights that would otherwise be obscured under more traditional metaphors.

The inter-group paradox of perception revolves around similarities and differences. Groups can be conceived as natural clusters of like minds and purpose in order to pursue shared interests. They take their meaning form these similarities. However differences are also important because they make groups useful. Unfortunately these differences, if pursued vigorously, can make integration challenging and can even threaten a group’s viability. However, any attempt to tone down the vigour with which the differences are pursued creates a double bind resulting in defensive behaviour. In extreme situations the result is that the subgroup will isolate itself from other parts of the organization to prevent the influence of other parts of the organization contaminating it. Through this
process groups begin to lose their capacity to understand other groups and by implication their understanding of themselves, blinding themselves to how their actions are contributing to their relationships with other groups. As we will see in Part 2, this is precisely the behaviour of the Operations area within IPC relative to the other areas within the organization.

The inter-group paradox of perception is linked to the intra-group paradox of engagement because every group needs to bring its members together as well as integrate itself with other groups.

Members have to make adjustments amongst themselves to fit together as a group as well as adjustments for the group to fit together with other groups. However, when external relationships become conflictual a perception of inequity amongst the group’s members can lead to a feeling that the group cares less about its members than other groups. As a result, members become less willing to give, which translates into minimal cooperation, greater disengagement, and limited feedback to the group. In this situation, silence dominates, but is generally interpreted as consent rather than apathy, which can quickly turn to revolt or abandonment when the opportunity arises. One implication of this is that it negatively affects the group’s ability to detect and correct errors as they arise leading to a spiral of decreasing efficiency and effectiveness. As we will see in Part 2, these are precisely the problems being confronted by IPC.

The inter-group paradox of power revolves around the fact that different groups have different amounts of power which effects their interactions with other groups. A group is imbued with power by other groups based on their perception of the power of that group. Therefore power is an attribute of the relationship between groups rather than of any group itself. The inter-group paradox of power is that when one group has more power than another group the other group considers itself to be absolutely powerless. In interactions between the groups, tension develops between the “haves” of power, who feel justified possessing
their power, and the “have nots” of power who want the “haves” of power to give them some of their power, reinforced by attributions made by each group about the other. As we will see in Part 2, this also has a strong resonance with IPC’s relationship with Central, the owner and primary customer of IPC. We will further explore the source of these attributions in our discussion in Chapter 5 on Narrative Theory.

The intra-group paradox of speaking revolves around the multidirectional process of authorization and the interdependency of leaders and followers. This relationship emerges from a unilateral initiation of action in the face of uncertainty. In the absence of this initiation of action would-be followers cannot articulate what they will follow although they may be able to articulate what they will not follow. There is a strong resonance between the intra-group paradox of speaking and our discussion in Chapter 3 on Social Theory in relation to the role of discourse in the production and reproduction of social order through doxa as well as the role of heretical discourse in the process of change. Through this courageous initiation of action followers work out what they will follow and under what conditions they will be dependent. Importantly, this occurs through an iterative process from within the group, which draws its legitimacy from the group.

Followers emphasize different attributes of a leader in different circumstances. Without an external conflict a group’s members look to their leader for internal guidance, clarification, participation, integration and the division of labour. With an external conflict, securing the boundary takes on greater importance, as does an ability to negotiate, lead the battle, and coalesce the energy of the group. The leader must be able to represent the group and its interests to external groups. The leader must be a leader and look like a leader. The leader must be able to represent a clear embodiment of the group’s image of itself.
Similarly, the leader must be able to deal with the internal conflict within the group as well as be able to deal with the inter-group conflict. By being too conciliatory internally the authority to engage in the external struggle may be compromised, while by being too conciliatory externally may compromise the leader's authority over the internal struggle. Therefore, a leader must be able to frame an authorization process through which internal and external conflict can be dealt with effectively.

As we saw in Chapter 2 on Dominant Logic, the role of leadership within the formulation of the concept has been under-emphasized. In Bourdieu's social theory leadership, although not specifically discussed, was introduced through a discussion of heretical discourse in the context of a change in the social order. Here we see the legitimizing process in a significant level of detail, which places leadership at the centre of our considerations of dominant logic, social change and organizational management. Importantly, leadership is not as an absolute, stand-alone or objective attribute but is a relational concept. In other words leadership is more than just the observable attributes of a leader. As we will see more fully in Chapter 5 on Narrative, leadership is part of a social relationship that emerges through a narrative process in which the leader can be conceived as the metaphor underpinning the group’s narrative about itself. Leadership is something that involves connection on a number of different levels with others who are prepared to confer leadership. In this sense, the appointment of a new leader by a higher authority will be a leadership in title only, unless and until the new leadership proves worthy of leadership in the eyes of those who would follow them.

A group in isolation can organize the internal interdependencies and patterns of activity that achieve its purpose, however with each new conflict these arrangements need to be changed. Oscillation becomes a fact of life through the continual realignment of interdependencies and patterns of activities through simultaneous creation and destruction. As we have seen, an external group can
be used as a repository through which the group can disown its destructiveness and reinforce its “good” self-concept. In the event that the other group initiates what is considered to be an attack, the group will feel justified in its aggressive response. However, it is important to recognize that the group is responding to a projection of an element of itself in the other group.

While groups attempt to eliminate paradox, disassembling the paradox either through averaging the contradictions, or having one side dominate the other, or splitting the elements of the paradox so that the contradictions and frustrations can be avoided, these attempts neglect to recognise that a “group’s survival depends on its ability to serve as a forum for the expression of opposing reactions evoked by group membership” (1997, p. 214).

Therefore, rather than eliminate the paradox, Smith and Berg advocate embracing the paradox, whereby the group reclaims that part of itself that has been denied or projected elsewhere, with the objective of immersing itself in an exploration of the contradictions, discovering the links between them, and thereby reframing the elements of the contradictions.

Similarly, Cameron (1986) argues that attempting to remove paradoxes, for example by privileging one side of the paradox or removing one of the conflicting poles, is detrimental to an organization’s effectiveness. Clegg et al. (2002) also argue that maintaining paradox keeps managers from the temptation of simplicity which can ultimately lead to organizational decline (Miller 1993, 1992).

Vince and Broussine (1996) agree with Smith and Berg that too much emphasis is placed on purely rational analysis of organizations and argue for the adoption of a relational perspective incorporating the identification of patterns of relatedness that are constructed both consciously and unconsciously and the recognition of individual and organizational defence mechanism.
From a brief review of the literature Vince and Broussine (1996) distil five common defense mechanisms of relevance: repression or the blocking of unpleasant experience from memory; regression or resorting to actions that have provided some security previously; projection or transferring personal shortcomings to others; reaction formation or excessively manifesting feelings opposite to the threatening ones; and denial or refusing to accept an unpleasant reality. Vince and Broussine argue that on an individual basis defence mechanisms are used to protect the ego, and on an organizational basis are used to maintain and perpetuate an organization's culture. However, in addition to defence mechanisms the role of attachment should be recognized. In this regard, attachment not only provides individuals with a basic frame for meaning and relatedness, it also "involves the way the current order, and the routines that support it, is reinforced by the ontological security that it provides both individuals and groups" (1996, p. 6).

Therefore, in answering the research question, paradox can extend our understanding of dominant logic, social theory, and organizational management through linking habituated schemes of perception, thought and action to behavioural repertoires that are ultimately related to the tensions and conflicts involved in the protection of individual and group identity.

**4.4 Reframing the Elements of Contradiction**

Reframing highlights a number of issues that have been raised in preceding chapters. In Chapter 2 on Dominant Logic reframing was associated with the need to unlearn as the basis for changing dominant logic. In Chapter 3 on Social Theory reframing was associated with the social process involved in changing the social order. In this chapter reframing has been associated with the difficulty of changing the frame of reference of an individual or group due to the connection between an individual’s or group’s frame of reference and their identity.
Bartunek (1984; 1988) described the change in the interpretive schema of a religious order beginning with a crisis and the associated loss of certainty. Bartunek argued that there was an ‘unfreezing’ of the interpretive schema of some members of the group and the emergence of different perspectives. The different perspectives were expressed in the actions of the members of the different groups, which had differential power. In Bartunek’s view these new interactions between the groups and the learning that came from them, served to modify the interpretive schemes that they expressed and contributed to a dialectical process of change in understanding (1984, p. 365). Importantly, one group’s power to have their perspective heard influenced the final outcome.

Westenholz (1993) described a producers’ cooperative in which some employees displayed unexpected behaviour given the researcher’s understanding of the way these employees had previously understood their situation. Westenholz argued that this unexpected behaviour was the result of a change in these individuals’ frame due to paradoxical thinking, which arose as a result of conflicting discussions between different groups within the organization. Some members of the various groups experienced ‘de-framing’. That is, their existing frames no longer provided the same certainty that they had previously, resulting in the display of unexpected behaviour. In contrast to Bartunek, Westenholz argued that not only was a crisis not required for reframing, but moreover, reframing did not necessarily result in change. Westenholz explained this lack of change as a result of various social forces and pressures to revert to the old frame, reflecting the influence of power relationships within the organization.

Both Bartunek and Westenholz described processes through which change takes place. However, as Westenholz highlights change may be either incremental or structural, with only the latter resulting in sustainable change.
In answering the research question, paradox can extend our understanding of organizational management through reinforcing the relevance of conflict to our inquiry. In Chapter 3 on Social Theory heretical discourse played a substantial role in the change of a social order as part of a broader iterative relationship between leader and follower. As indicated earlier this is essentially a narrative process, which we will explore more fully in Chapter 5 on Narrative Theory.

However, before moving to a discussion of narrative we need to discuss an alternative method of reframing. As we have seen, communication plays a significant role in the way individuals, groups and organizations come to understand themselves and operate. One approach that utilizes communication as the basis of reframing is neural linguistic programming (Bandler and Grinder 1979, 1982, 1975; Grinder and Bandler 1975) or NLP. NLP has been used with individuals and organizations and is based on the idea that in describing situations, apparent incompleteness is a form of defensiveness, which allows the analyst to assist their client to reveal to this defensiveness to themselves and thereby correct their thinking. This approach is an extension of Bateson’s work and has gained a significant following. As we will see, NLP is consistent with narrative, which will be discussed more fully in Chapter 5. However, NLP, unlike narrative, is a method of intervention rather than a methodology for the specific inquiry contained within this thesis.

4.5 Strengths, Limitations and Relevance of Paradox

This chapter has reviewed the theory of paradox in relation to how frames of reference emerge from the interactions that take place within and between groups. It is argued that the interactions within and between groups are to a large extent influenced by the ambivalences that exist within and between groups, which in turn reflect the conflicts between different habitus within an organizational setting.
Paradox emerges from the presence of boundaries and the conflicting propositions that exist between those boundaries. The literature on dominant logic is silent on paradox, preferring to focus on the need for unlearning to bring about change in dominant logic. Bourdieu’s social theory illuminates the persistence of a social order through the application of misrecognition, in which people subscribe to a dominant view, frame of reference or doxa and are not prepared to change their view outside of a crisis. Intra-group and inter-group paradox further illuminates how a dominant view or frame of reference gives rise to and is the product of paradox. It is further argued that the traditional metaphors underpinning much of the accepted organizational theory have limited the development and extension of both theory and practice which the application of paradox can assist in rectifying.

Paradox arises through the processes of social comparison, which underpin the identity and self-image of individuals and groups. However, they are unaware or unconscious of the paradox and therefore unaware of the defensive behaviours that protect their identity and self-image. In effect, this is a practical manifestation of Bourdieu’s misrecognition, which emerges from observing the field only from one’s own position in the field. In this sense it is a blinkered and partial view. In answering the research question, through the application of a paradoxical perspective, we can therefore illuminate the description of dominant logic as both a lens and filter through linking an individual’s or group’s frame of reference to their identity and self-image and understanding that people will protect their identity and self-image through various defensive behaviours. This defensive behaviour in turn leads to further paradox and defensive behaviour. In this sense we can see that an individual’s or group’s identity is a social construction and the enactment of their frame of reference and that an individual’s and group’s identity are intertwined, further illuminating the relationships between Bourdieu’s habitus and field supported and reinforced through capital.
A person’s or group’s identity is so intimately related to the way they view the world that when their identity is challenged, it is no longer possible to operate, interact, interpret or anticipate actions in the world. There is no stability or certainty and therefore no predictability. Anticipation is replaced by anxiety. In answering the research question, paradox can extend our understanding of social theory through illuminating and elaborating on Bourdieu’s description of hysteresis ultimately as the result of a substantial challenge to one’s identity. Similarly, when we think of dominant logic, it is precisely this situation that comes to mind, where the habituated thought and action that has been so successful in the past no longer has the desired effect. They have become so entrenched in identity that a crisis is generally required to change them. However, it has also been argued that a crisis does not necessarily result in change and change can occur without a crisis.

Crisis is a word that is used in association with a change in dominant logic, with a change in the social order, and with a change in frame of reference. Specifically, these changes are normally seen as following from a crisis rather than preceding it. Furthermore, the crisis is normally associated with a compressed period of extreme or widely-shared uncertainty. Therefore we have a pattern of long periods of stability punctuated by short periods of crisis. Crisis could be explained through a model of punctuated equilibrium based on a biological analogy (Gersick 1991; Romanelli and Tushman 1994), or a model of self-organization based on a systems transformation analogy (Lichtenstein 1995). For the purpose of this thesis however, we shall explore the processes of change through a narrative analogy in Chapter 5 on Narrative Theory. However, returning to a consideration of the temporal relationship between crisis and change, dominant logic has been depicted as the outcome of variance suppression associated with the introduction of professional management practices, process standardization and bureaucracy. In contrast, within Bourdieu’s social theory the social order is maintained through the valuation and conversion of capital within the field based upon misrecognition and the creation of distinctions for inclusion and exclusion.
Through a paradoxical perspective we can see that challenges to an individual’s or group’s identity or self-image are prevented through defensive behaviour. In each case the potential impact of uncontrolled change or variance is circumscribed.

In Bourdieu’s social theory capital is the source of power. In addition to reproducing the social conditions that gave rise to habitus and to which it is pre-adapted, we can see that through the dominance of habitus delivered through the accumulation of capital people can shape their world to be consistent with their identity and self-image.

In answering the research question, social theory can extend our understanding of paradox and vice versa through reference to the observed parallel existence of espoused theories and theories-in-use (Argyris and Schon 1974). These theories relate to the perceived and actual behaviour and action of individuals whereby “the individual not only helps to create behavioural worlds that are artefacts of his theories-in-use but also cuts himself off from the possibility of creating behavioural worlds that disconfirm his starting assumptions about them” (1974, p.78).

Argyris and Schon describe the behavioural world of Model I as “a pre-civilised, competitive, hostile, defensive, win/lose world onto which the supposedly civilising safety valves of repression, containment and deviousness have been grafted” (1974, p. 81). This world is very much in keeping with one in which habitus is in perpetual conflict for domination in a field and in which the exercise of symbolic power or symbolic violence regulates the field with the complicity of the dominated. In an organizational setting this complicity is manifested through organizational norms of thought and behaviour. In this regard, Bateson’s concept of schismogenesis is the extreme result of habitus in conflict for dominance. Complementary schismogenesis is one extreme, which describes the situation in which one group is dominant and the other submissive. Smith and Berg refer to
this as a part-part relationship, which recognises the interdependence between the groups. Symmetrical schismogenesis is the other extreme, which describes the situation in which both groups are in competition for the same position of dominance over each other. Smith and Berg refer to this as a whole-whole relationship, which recognizes their desired dominance or independence from dominance. Most relationships lie along this continuum in different combinations reflecting the tensions between interdependence and independence. However at the extremes these relationships persist until an external event occurs to change it, which again reflects the link between frames of reference and identity.

These sorts of relationships exist within and between groups and organizations and flow naturally from a consideration of Bourdeu’s social theory. Similarly, they are characteristic of situations involving the manifestation of dominant logic. In fact it is difficult to imagine a social situation in which these relationships do not exist to a greater or lesser extent. Therefore, in answering the research question, we can illuminate any dimension of organizational management, through the application of a paradoxical perspective, by recognizing that social relationships play a significant role in shaping people’s frames of reference and therefore influencing their behaviour and action. Moreover, a theory of organizational management should incorporate consideration of the impact of social relationships.

The focus of this chapter has been to answer the research question of how paradox can extend our understanding of dominant logic, social theory, and organizational management. The next chapter will focus on answering the research question of how narrative theory can extend our understanding of dominant logic, social theory, paradox and organizational management.
Chapter 5 - Narrative Theory

5.1 Introduction

The previous chapter focused on the research question of how paradox can extend our understanding of dominant logic, social theory, in order to extend our understanding of organizational management.

This chapter we will focus on how narrative can extend our understanding of how narrative can extend our understanding of dominant logic, social theory, and paradox in order to extend our understanding of organizational management. In Chapter 6 on Theory Extension we will bring these composite theories together into a meta-theory that will extend our understanding of organizational management. In Chapter 7 on Narrative as Method we will discuss the use of narrative as the research method for our inquiry, prior to the presentation of the data in narrative form in Chapter 8 on Data, followed by the application of the newly developed model to data in Chapter 9 on Meta-Theory and Data Integration.

5.2 Narrative

Rhodes and Brown (2005) demonstrate the interest, use and sophistication of narrative within organizational studies beginning in the 1970s and progressively increasing through the 1980s and 1990s to the current period. However, as Riessman (1993, p. 25) argues “there is no single method of narrative analysis but a spectrum of approaches to texts that take narrative form”. In their review, Rhodes and Brown (2005) identify sense-making, communication, learning and change, politics and power, and identity and identification as the main areas of contribution by narrative, and argue that there remains a tension between narrative and science, which is hindering narrative development in organizational
studies. As Tsoukas (1998) argues this reflects a bias in management research for representationalist approaches at the expense of narrative or anti-representationalist approaches, which in turn mirrors the tensions between functionalist and interpretivist approaches. As should be apparent, the approach taken in this thesis is to view functionalist and interpretivist approaches as providing alternative perspectives.

Narrative is particularly well suited to inter-disciplinary research (Cortazzi 1993; Polkinghorne 1988; Riessman 1993) and the development of theory (Dyer and Wilkins 1991; Pentland 1999), because it is capable of dealing with the paradoxes (Czarniawska 1997) and the complexity (Tsoukas and Hatch 2001) of organizations, as well as considerations of symbolism, culture and, above all else, meaning (Pondy et al. 1983).

There is growing recognition of the importance of discourse in the meaning of organization and the process of change. Organizations can be understood as collaborative and contending discourses. For any event or situation there is more than one possible reading. Therefore, organizations can be conceived as “diverse and constantly emerging and changing fragments of contending multivoiced discourses and speech forms with local and more macro situated contexts” (Boje et al. 2004, p. 572). Following from this perspective, people create their reality through discourse. Therefore, change occurs when a new reality is created through discourse (Ford and Ford 1995). As we discussed in Chapter 4 on Paradox the temporal relationships between crisis and change can be explained through a model of punctuated equilibrium, which is based on a biological analogy, or self-organization, which is based on a systems analogy. However, we will explain the relationship between crisis and change through narrative theory because it underpins all social intercourse including analogy.

Weick and Browning (1986) argue that within organizations the two main forms of discourse are argument and narrative. Argument is associated with rationality
and epistemology, emphasizing the transmission of information to a receiver rather than the creation of meaning in perceivers. Narrative on the other hand is grounded in ontology and emphasizes meaning, interpretation, and understanding. Similarly, argument is associated with the formal organization and the availability of data while narrative is more associated with the informal organization and shared experiences.

5.3 Narrative as Story

For the purposes of this thesis, the term narrative will be taken to be an organized scheme in story form, and a meaning structure that organizes events and human actions into a coherent whole (Polkinghorne 1988).

Narrative in the form of story is ubiquitous. We live our lives, do our business, and play our games in streams of narrative. In stories we find and give meaning and significance to things and relations, external to us and within us. They engage us from an early age, individually and collectively in a process of making sense of our experience and give a structure to that experience.

Narratives accrue to form culture and tradition through their construction and perpetual reconstruction. Narratives provide the social order and permit us to recognize when a breach has occurred and how it should be interpreted (Bruner 1991). We can see narrative in action all around us. For example, a building is the manifestation of many narratives stretching back in time in the formation of particular dispositions that resulted in the development of the skills involved in the design and construction of the building in conformance with a preferred style. Similarly, the use of a knife and fork for eating reflect western etiquette that prescribes how a meal should be consumed which can be linked to narratives within western culture. In addition, the creation of idols in all cultures as exemplars of particular attributes that shape the behaviour of different groups and societies is also the result of narrative. Moreover, as we will see, the
emergence of myths in all cultures can also be seen as the product of a narrative process.

Interest in narrative from the human sciences arose during the 1980s\textsuperscript{26} when it was recognized that narrative was the framework used for interpretation and the development of meaning by social agents. As explained by Brockmeier and Harré:

"As far as human affairs are concerned, it is above all through narrative that we make sense of the wider, more differentiated, and more complex texts and contexts of our experience" (1997, p. 264).

At its most fundamental a story is one genre of narrative. It requires characters and a plot that evolves over time. However narratives are also multi-voiced and told from positions and perspectives, which are dependent on the purpose for which they are told. In answering the research question narrative can extend our understanding of social theory through explaining the process through which misrecognition occurs. In Chapter 3 on Social Theory, it was argued that agent's perspectives were incomplete and partial based on the position and trajectory in the field. Narrative theory illuminates this as a narrative process.

Narratives do not exist in a vacuum but iteratively co-evolve with their context and are taken-for-granted ways of organizing our individual and social existence. As Brockmeier and Harré contend “we are habituated to a wide repertoire of story lines” (1997, p. 277).

Not only is narrative an open and flexible structure that can deal with complexity, narratives are analogues or models that mediate between the individual and his culture. As such narratives “are both models of the world and models of the self. It is through our stories that we construct ourselves as part of the world” (1997, p. 279). This argument resonates strongly with our discussions in Chapter 3 on Social Theory, particularly in relation to the inter-related concepts of habitus, field
and capital as well as our discussion in Chapter 4 on Paradox in relation to the relationship between frames of reference and identity. It also extends our understanding of dominant logic as simultaneously being both a lens and a filter as discussed in Chapter 2 on Dominant Logic.

5.4 The Elements of Narrative

Bruner (1991) describes narrative as an account of particular events that occur over time, however the time involved is dependent on the significance of each event’s meaning within the narrative. Each particular event is embedded within and suggestive of a broader story that has a generic sense. Moreover, these events occur in settings and involve people with intentional states interacting with others. However, their intentional states do not fully determine the course of events. There is an element of agency and choice within narrative that makes it difficult to provide causal explanation, however the link between intentional states and subsequent actions provides the basis for interpretation in order to distil the reasons why things happen.

In narrative there is a hermeneutic relationship between the particular events, or the constituent parts, and the story as a whole. Within narrative there is no rational method for assuring truth or empirical method for determining verifiability.

Narratives are constructed through selecting and shaping accounts of actors and events into a plot in which the parts and the whole fit together comprehensibly:

"The registering of relationship by the narrative scheme results from its power to configure a sequence of events into a unified happening. Narrative ordering makes individual events comprehensible by identifying the whole to which they contribute. The ordering process operates by linking diverse happenings along a temporal dimension and by identifying the effect one event has on another, and it serves to cohere human actions and the events that affect human life into a temporal gestalt. As there are a limited number of gestalt operations that produce recognizable perceptual configurations, so there are a limited number of narrative structures that produce coherent stories. By inclusion in a narratively generated story, particular actions take on significance as having contributed to a completed episode. In this
In the telling of a narrative the self-evident nature of the narrative enfolds and unfolds in such a way to predispose the listener or reader to a variety of interpretations. Part of this is explained by the relationship between the narrator, the narrative and the listener or reader.

The background knowledge of both the narrator and the listener or reader vis-a-vis each other and the narrative is also a consideration in interpretation. These considerations influence the way a narrative may be told. However, people assimilate narratives on their terms taking into consideration the narrator’s intention and background knowledge.

There is, therefore, greater accommodation of different versions of a story to arrive at narrative “truth”. However, the construction of a narrative must have the plot and events interact in such a way that together they form a coherent and intelligible story:

“More than one plot can provide a meaningful constellation and integration for the same set of events, and different plot organizations change the meaning of the individual events as their roles are reinterpreted according to their functions in different plots. The meaning and identity of an event is not an isolated phenomenon located in the single event itself. Rather the meaning of the events in stories is produced by a recognition of how an event and plot interact, each providing form for the other. Not every plot can order a set of events. An appropriate configuration emerges only after a moving back and forth or tacking procedure compares proposed plot structures with the events and then revises the plot structure according to the principle of ‘best fit’. Thus emplotment is not the imposition of a ready-made plot structure on an independent set of events; instead, it is a dialectical process that takes place between the events themselves and a theme which discloses their significance and allows them to be grasped together as parts of one story” (Polkinghorne 1988, pp. 19-20)

Traditional understandings of causation, validity, significance, and reliability developed in science take on a different meaning in explanatory narrative research. In narrative research cause is something that produces an effect, validity is a well-grounded conclusion, significance is something interesting or
important, and reliability refers to the dependability of the data. However, as Weick (1995) argues in his description of sense-making, accuracy is nice but not necessary:

“If accuracy is nice but not necessary in sensemaking, then what is necessary? The answer is, something that preserves plausibility and coherence, something that is reasonable and memorable, something that embodies past experience and expectations, something that resonates with other people, something that can be constructed retrospectively but can also be used projectively, something that captures both feeling and thought, something that allows for embellishment to fit current oddities, something that is fun to construct. In short, what is necessary in sensemaking is a good story.

A good story holds disparate elements together long enough to energize and guide action, plausibly enough to allow people to make retrospective sense of what happens, and engagingly enough that others will contribute their own inputs in the interest of sensemaking” (1995, pp. 60-61)

To be a narrative, a telling about accounts must also contain what Bruner (1991, p. 11) describes as a breach of the legitimacy of a “canonical script”. A point earlier made by White:

“If it were only a matter of realism in representation, one could make a pretty good case for both the annals and chronicle forms as paradigms of ways that reality offers itself to perception. Is it possible that there supposed want of objectivity, manifested in their failure to narrativize reality adequately, has nothing to do with the modes of perception which they presuppose but with their failure to represent the moral under the aspect of the aesthetic? And could we answer that question without giving a narrative account of the history of objectivity itself, an account that would already prejudice the outcome of the story we would tell in favor of the moral in general? Could we ever narrativize without moralizing?” (1981, p. 23)

There is therefore a normativeness implied within narratives, which may change with the pre-occupations of the day. However while the breach of a norm is the cornerstone of a narrative, its resolution is not a requirement. What is required is an appreciation of cultural legitimacy.

5.5 Narrative Truth

In answering the research question an understanding of narrative truth can extend our understanding of social theory and organizational management
through revealing how people attribute meaning to occurrences and construct their reality and their identity. Narrative truth is not realized through bombardment with facts. Narrative truth arises through a hermeneutic process between event and plot, each dependent on the other for its meaning. Facts are given significance and meaning within the overall narrative while at the same time contributing to the whole narrative through its relationship with other facts. In this way narrative creates a truth and reality.

“Narrative truth can be defined as the criterion we use to decide when a certain experience has been captured to our satisfaction; it depends on continuity and closure and the extent to which the fit of the pieces takes on an aesthetic finality. Narrative truth is what we have in mind when we say that such and such is a good story, that a given explanation carries conviction, that one solution to a mystery must be true. Once a given construction has acquired narrative truth, it becomes just as real as any other kind of truth” (Spence 1982, p. 31)

Although a narrative may describe the real world, a narrative description is not the real world (Brockmeier and Harré 1997; Tsoukas 1998). This would be a contravention of the law of logical types introduced during our discussion of paradox in Chapter 4. Similarly, Brockmeier and Harré argue that confusing description with reality is an ontological and representational fallacy, as “both presuppose the existence of a hidden level of pre-discursive meaning structures” (1997, p. 274) and furthermore that:

“Narrative, as we have already emphasized, is all too often used as if it were only a word for an ontological type. It should rather be conceived of as an expression of a set of instructions and norms for carrying out a variety of practices of communication, ordering and making sense of experiences, becoming knowing, giving excuses and justifications, and so forth. Although appearing as a firm and well-defined linguistic and cognitive entity, it should be treated as a condensed set of rules, encapsulating what is coherent and plausible within a given culture” (1997, p. 275)

Similarly, Tsoukas (1998) refers to this as representationalism and argues that a representational epistemology has dominated management research resulting in a view that theories represent the key features of an independent world, and effectively demonstrates that objectivist researchers or positivists can never achieve that objective. Tsoukas advocates an anti-representationalist approach,
which recognises that theories are not reflections of the world but are tools for acting in the world.

In relation to the construction of reality, Bruner (1986b; 1991) argues that there is a difference between logico-scientific and narrative. Logico-scientific reality construction uses argument to convince of truth, while narrative or stories convince of lifelikeness or verisimilitude:

“As I have argued extensively elsewhere, we organize our experience and our memory of human happenings mainly in the form of narrative – stories, excuses, myths, reasons for doing and not doing, and so on. Narrative is a conventional form, transmitted culturally and constrained by each individuals level of mastery and by his conglomerate of prosthetic devices, colleagues, and mentors. Unlike the constructions generated by logical and scientific procedures that can be weeded out by falsification, narrative constructions can only achieve ‘verisimilitude’. Narratives, then, are a version of reality whose acceptability is governed by convention and ‘narrative necessity’ rather than by empirical verification and logical requiredness, although ironically we have no compunction about calling stories true or false” (1991, pp.4-5).

Myths emerge through a narrative process. Myths are created facts and events that provide coherence to a narrative plot. Myths arise in the absence of verifiable facts or as a result of conflicting facts or paradox. However, once established, they become entrenched as a cultural belief or a taken for granted assumption. In answering the research question narrative can extend our understanding of: dominant logic through explaining how assumptions about the drivers of organizational performance persist in spite of evidence to the contrary; social theory by providing an explanation of the doxic experience; and paradox by explaining how social paradox arises and persists.

In one study, Martin et al. (1981) distilled seven common stories in organizations, which were claimed within each organization to make them unique. Martin et al. described this as the uniqueness paradox. The authors suggest three reasons for the emergence of these common stories:
• they express discomfort with dualities caused by conflicts between organizational exigencies and individual values;

• they offer self-enhancing attributions for organizational successes and failures; and

• these attributions endow each institution with uniqueness, enabling employees to identify with a benevolent organization or to distance themselves from a less desirable institution.

What makes a narrative, even fiction, realistic is not the referentiality of the particulars of a narrative in isolation, rather it is their relation to the story as a whole which provides the meaning of those particulars and vice versa.

Similarly, narratives can be classified into genres, which reduce the hermeneutic or sense-making task. While genres deal with particular human plights or plots, they are also told in a particular way, through a particular use of language, which predisposes the listener or reader to think in a particular way, enabled by a shared cultural schema.

In answering the research question narrative can extend our understanding of dominant logic through seeing it as habituated thoughts and actions consistent with an individual’s socially constructed reality and identity. Narrative can also extend our understanding of social theory. In Chapter 3 on Social Theory doxa was equated with social discourse through which meaning and identity persist. However, narrative also provides the basis for challenge and change through heretical discourse. Narrative can also extend our understanding of paradox. In Chapter 4 on Paradox it was argued that potential threats to identity result in defensive thoughts and behaviours, which tend to protect the established identity from change. Narrative provides an understanding of the processes that limit or constrain thoughts and actions to established repertoires while also providing
insight into how change occurs through which one can rise above those self-imposed limits.

5.6 Change in Narrative

Bruner (1986a) argues that narratives change in one of two ways: incrementally, where an occurrence can be accommodated by an established story; or structurally, where the old story cannot accommodate the new event and must change to do so. Structural change is normally associated with a change in the social context.

Furthermore, Bruner argues that new narratives become dominant “when there is a breakdown of previously accepted understandings, a perception that a once familiar event no longer makes sense, a penetration of the previously taken-for-granted” (1986a, p. 153). Therefore, a new narrative displaces the old narrative with implications for the meanings and significance of past events.

In Chapter 2 on Dominant Logic, Chapter 3 on Social Theory, and Chapter 4 on Paradox we noted that change was normally associated with a crisis and made the point that we would be explaining change through narrative. In those earlier discussions, the cause of the crisis was left largely undefined. However, in answering the research question, narrative can extend our understanding of organizational management through explaining that although a crisis may take many forms, the form of crisis that results in change is fundamentally an epistemological crisis. MacIntyre (1977) describes an epistemological crisis, when he discusses how:

“The agent who is plunged into an epistemological crisis knows something very important: that a schema of interpretation which he has trusted so far has broken down irreremediably in certain highly specific ways” (1977, p. 458).
MacIntyre points out that every theory or tradition "bears the marks of its passage through time" (1977, p. 460), which is characterized by historical conflict of rival interpretations. Therefore, every theory or tradition is the embodiment of a conflictive, argumentative narrative - a recurrent theme in this thesis. As Mcintyre argues there is always a danger of "l lapsing into incoherence, and when a tradition does so lapse it sometimes can only be recovered by a revolutionary reconstitution" (1977, p. 461). The resolution of an epistemological crisis is therefore through a dramatic narrative. As McIntyre argues:

"When an epistemological crisis is resolved, it is by the construction of a new narrative, which enables the agent to understand both how he or she could intelligibly have held his or her original beliefs and how he or she could have been so drastically misled by them. The narrative in terms of which he or she at first understood and ordered experiences is itself made into the subject of an enlarged narrative. The agent has come to understand how the criteria for truth and understanding must be reformulated. He has to become epistemologically self-conscious and at some point he may have come to acknowledge two conclusions: the first is that his new forms of understanding may themselves in turn come to be put in question at any time; the second is that, because in such crises the criteria for truth, intelligibility, and rationality may themselves be put in question – as they are in Hamlet – we are never in a position to claim that now we possess the truth or now we are fully rational. The most that we can claim is that this is the best account which anyone has been able to give so far, and that our beliefs about what the marks of 'a best account so far' are will themselves change in what are at present unpredictable ways" (1977, p. 455)

5.7 Meaningful Action as Text

In order to better understand how narrative can extend our understanding of dominant logic, social theory, and paradox and therefore answer the research question we must review the argument advanced by Ricoeur (1977) that meaningful action can be considered as text.

By tracing four traits of speech as an event Ricoeur's argument starts with language, moving to discourse, to text and then to action. For example:

- While language is virtual and outside of time, discourse is realized temporally, in the present. In text, discourse escapes the momentary
character of the event. Similarly, action may be identified not only by its propositional content but also according to its illocutionary force. Therefore, action represents a pattern, which has to be interpreted according to its inner connections. That is, the meaning of the action detached from the event.

- While language lacks a subject in the sense of a speaker, discourse by its nature refers back to the speaker. In text, discourse escapes the finite horizon of the author. Similarly, an action is detached from its agent and develops consequences of its own.

- While the signs in language only refer to other signs within the same system, discourse refers to a situation common to the interlocutors, and is therefore always about something. The symbolic function of language is therefore achieved through discourse. In text, discourse escapes the narrowness of ostensive reference. That is, it is no longer constrained by the immediate situation in which it occurs. Similarly, meaningful action is an action the importance of which goes beyond its relevance to its initial situation.

- While language lacks an interlocutor, discourse is always with another. In text, discourse escapes the limits of being face-to-face. It no longer has a visible auditor. An unknown, invisible, and unprivileged reader becomes the addressee of the discourse. Similarly, the meaning of human action is something, which is addressed to an indefinite range of possible readers. In this sense, human actions are always subject to fresh interpretations, which decide their meaning.

By establishing action as text, we extend the relationship of speaker-listener to writer-reader to the organizational setting of leader-follower. However, central to answering the research question, we also have a framework for understanding
the processes involved in making sense of action, which in turn are generative of interpretation and subsequent action. We will extend these themes, made possible through the generative metaphor of text as action and action as text, in the following section on the reading process.

5.8 The Reading Process

Iser (1972) considers the act of reading as fundamental to the realization of a text through the virtual relationship between the reader and the text in producing the literary work, and argues that a text can only be realized into existence as a literary work, through the dispositions and imagination of the reader. Yet its existence as a literary work is not identified with the reality of the text or the dispositions of the reader and this virtuality accounts for its dynamism. The reading process sets the work in motion awakening responses in the reader, which affect the reading process itself.

The author and reader engage in a game of imagination in which the author’s contribution is artistic and the reader’s contribution is aesthetic in using imagination to make sense of the text, “for reading is only a pleasure when it is active and creative” (1972, p. 280). The reader uses both the written and the unwritten parts of the text. The written, sequenced part of the text leads and constrains the readers imagination to create the unwritten part of the text, which draws the reader into the action and leads him to shade in the outlines or themes which emerge from the interplay between written and unwritten parts of the text. The reader therefore organizes the text into a coherent whole.

Each sentence created by the author has an intention beyond what it actually says and it is through their interaction that their intentions are achieved. Each sentence foreshadows what is to come and forms an expectation, which shapes the way the previous text is interpreted and the subsequent text is read.
“Every sentence contains a preview of the next and forms a kind of viewfinder for what is to come; and this in turn changes the ‘preview’ and so becomes a ‘viewfinder’ for what has been read. This whole process represents the fulfilment of the potential unexpressed reality of the text, but it is to be seen only as a framework for a great variety of means by which the virtual dimension may be brought into being” (1972, p. 284)

However, that is not to say that this process of anticipation and retrospection occurs smoothly. Texts are full of twists and turns and frustrated expectations, which together with omissions and the dispositions of the reader create its dynamism, as each reader fills in the gaps and makes linkages in their own way. Similarly, as the text unfolds so does the perspective of the reader, reflecting the virtual relationship mentioned earlier.

The text has both a familiar and unfamiliar quality – familiar because the reader is required to reveal something of themselves in the way they respond to the text, which therefore reflects things about the reader, yet different in the reality the process creates because the reader must think in terms of experience different from their own. The extent to which this reality has an impact on the reader depends on how actively the reader provides the unwritten part of the text and the missing links within the text.

Picturing has a significant role in the creation of a literary work as the reader tries to put everything into a meaningful gestalt even though it may have no claim to truth and may just be an illusion. Without illusion however, the text would be inaccessible. Yet illusion must be balanced by polysemantic possibilities within the text allowing the reader to uncover inconsistencies and maintain their interest in reading the text. The reader’s oscillation between consistency and polysemantic possibilities and between creation and observation of illusion, results in and perpetuates the reader’s aesthetic experience of the literary work. These shifting perspectives are what makes the literary work feel true-to-life:

"...it is we ourselves who establish the levels of interpretation and switch from one to another as we conduct our balancing operation, we ourselves impart to the text the
dynamic lifelikeness which, in turn, enables us to absorb an unfamiliar experience into our personal world" (1972, p. 293).

The reader or perceiver needs to share in the task of creation with or recreation of the ordering of elements of the whole as the creator experienced. It is through the iterative process of illusion-creation and illusion-breaking that makes reading a re-creative process. Once the reader is engaged in this interplay, the text takes on a reality for the reader:

"As the literary text involves the reader in the formation of illusion and the simultaneous formation of the means whereby the illusion is punctured, reading reflects the process by which we gain our experience. Once the reader is entangled, his own preconceptions are continually overtaken, so that the text becomes his 'present' whilst his own ideas fade into the 'past'; as soon as this happens he is open to the immediate experience of the text, which was impossible so long as his preconceptions were his present" (1972, p. 295)

At this point, there is no longer a subject-object division. The reader becomes the subject that does the thinking of the author’s thoughts and in this way the literary work can be conceived as a consciousness. The result of the removal of this subject-object division is the creation of new boundaries within us which allows us to feel some identification with the text but more importantly also affects our identity:

"...The need to decipher gives us the chance to formulate our own deciphering capacity – i.e., we bring to the fore an element of our being of which we are not directly conscious. The production of the meaning of literary texts – which we discussed in terms of forming the 'gestalt' of the text – does not merely entail the discovery of the unformulated, which can then be taken over by the active imagination of the reader; it also entails the possibility that we may formulate ourselves and so discover what had previously seemed to elude our consciousness" (1972, p. 299)

In answering the research question of how narrative can extend our understanding of social theory, the reading process has particular relevance and resonance. The dispositions and imagination of the reader, or habitus and capital of the agent, in combination with the text or actions or field observed, awaken certain responses in the reader or agent. A frame of reference comprising
possibilities and constraints takes hold through a combination of the written and unwritten text. That is, an agent considers observed action and fills in the gaps in such a way as to create a coherent story or plot. Each sentence or observation creates an anticipation of possibilities of what is to follow in the context of what has already happened. The simultaneous familiar and unfamiliar quality of the text reflects the relationship between habitus and field. By necessity the reader creates and breaks illusions or possibilities that make sense of the foreign reality. Paradoxically, this process of misrecognition creates the reality of the world and entangles the agent in the struggles of that world resulting in an acceptance of the world as it is without question. This acceptance of the world without question is similar to the doxic experience described by Bourdieu and reflects the alignment between habitus and field, a relationship through which Bourdieu also dispensed with the subject-object division. The inculcated divisions create a frame of reference and logic of practice through which we define the world and ourselves.

In answering the research question of how narrative can extend our understanding of paradox we need to recognize that the reading process described here relates to just one reader. We need to replicate this singular reading process across a multitude of agents, whereby the conflicts and ambivalences that flow from differing dispositions create and challenge individual and group identity through a process in which dominance and submission needs to be explicitly considered, for example, through the social theory of Pierre Bourdieu.

5.9 Metaphor

Much of the above discussion of narrative is also relevant to a discussion of metaphor, which has been referred to several times within this thesis. It is important to recognize that in addition to being a tropes27 or figures of speech (Oswick et al. 2002), metaphors also reflect figurative schemes of thought, which
are constitutive of our experience (Gergen and Gergen 2006; Gibbs 1993; Lakoff 1993; Lakoff and Johnson 2003; Morgan 1983).

Ricoeur (1984) argues that narrative and metaphor both concern semantic innovation:

Although metaphor has traditionally belonged to the theory of “tropes” (or figures of discourse) and narrative the theory of literary “genres”, the meaning-effects produced by each of them belong to the same basic phenomenon of semantic innovation. In both cases this innovation is produced entirely on the level of discourse, that is, the level of acts of language equal to or greater than the sentence. (Ricoeur 1984. at p. ix)

Just as the meaning of a story as a whole and the meaning of the particular parts are related, so is the meaning of a metaphorical statement and the meaning of the word at its centre, as Ricoeur argues:

[T]he ‘metaphorical twist’ (so to speak like Monroe Beardsley) is something which happens to words; the shift of meaning which requires the whole contribution of the context affects the word; it is the word which has a ‘metaphorical use,’ or of a nonliteral meaning, or a novel, ‘emergent meaning’ in specific contexts (1978, p. 135)

However, while both narrative and metaphor bring something new into the world through language and redescribe rather than describe the world, they are different in that narrative presents us with the realm of the ‘as if’, while metaphor is the capacity for ‘seeing as’ (Carr 1986, p. 15).

Lakoff and Johnson (2003) identify and counter four fallacies in relation to metaphor. The first is that metaphor is just a matter of words rather than concepts. However, as we have seen metaphor is more than a figurative form of speech it is also a figurative scheme of thought. The second is that metaphor is based on similarity. However, the authors argue that metaphor is conceived better as cross-domain correlations in our experience, which give rise to perceptions of similarity between two domains. The third is that all concepts are literal rather than metaphorical. However, as the authors demonstrate:
Even our most abiding concepts – time, events, causation, morality, and mind itself – are understood and reasoned about via multiple metaphors. In each case, one conceptual domain (say, time) is reasoned about, as well as talked about, in terms of the conceptual structure of another domain (say, space). (2003, p. 245)

The fourth is that rational thought is not shaped by the nature of our brains or bodies. However, the authors argue that rather than just being arbitrary the system of conceptual metaphors is shaped to 'a significant extent by the common nature of our bodies and the shared ways that we all function in the everyday world' (2003, p. 245). As we have seen this is also consistent with the inculcation of habitus as discussed in Chapter 3 on Social Theory.

5.9.1 Organizational Metaphors

In answering the research question of how narrative can extend our understanding of organizational management, in Chapter 2 on Dominant Logic we introduced the concept of metaphor to elucidate our understanding of dominant logic, which was presented as a metaphor. We argued that metaphors are both generative and at the same time constraining, capable of providing only partial insights:

"Different metaphors can constitute and capture the nature of organizational life in different ways, each generating powerful, distinctive, but essentially partial kinds of insight". (Morgan 1980, p. 612)

We also argued that much organizational research is underpinned by the mechanical and organismic metaphors which are built on taken-for-granted functionalist assumptions that constrain the way organizations are studied and understood (Morgan 1980; Morgan and Smircich 1980).

The assumptions inherent in the objectivist functionalist paradigm, reflected in the metaphors of organization-as-machine and organization-as-organism emphasize the concrete nature of reality. For example, under the metaphor of organization-
as-machine reality is conceived as a concrete structure in which the focus of knowledge is to identify and understand the causal relationships between various elements, where causal relationships can be identified and reduced to precise, universal laws, properties or regularities through the measurement of social facts. Similarly, under the metaphor of organization-as-organism reality is conceived as a concrete process evolving over time, where the focus of knowledge is to monitor and understand the process, and how a subject of study changes in relation to its context. This requires the subject to be separated from the context through creating boundaries, and privileging the subject relative to its context.

In contrast, the assumptions inherent in the subjectivist interpretive paradigm emphasize the shifting nature of reality and are reflected in:

• the cybernetic metaphor in which reality is conceived as a context field of information, where subject and object evolve together, and causation is iterative and non-linear;

• the theatre or culture metaphor in which reality is a realm of symbolic discourse where individuals shape their social order for their benefit, and knowledge is understanding the nature and usage of these symbols and is specific to the context in which the symbols arise;

• the language game, accomplishment, or text metaphor in which reality is socially constructed and resides in the process which creates it, where knowledge is understanding the process; and

• the transcendental metaphor in which reality is a projection of human imagination where knowledge is understanding how individuals shape the world from inside themselves.
In contrast to these metaphors, Morgan (1981) argues that the schismatic metaphor provides insights into organization that go beyond those possible under the mechanical and organismic metaphors, which assumes that social systems are functionally unified and essentially stable. In contrast, the schismatic metaphor focuses on the strains and tensions that often result in the pursuit of the incompatible ends of unity and fission, which often lead to endogenous change.

The schismatic metaphor therefore allows organization to be viewed from a new perspective that elevates variables that would otherwise be neglected or taken-for-granted under the more traditional theorizing. Specifically, the schismatic metaphor suggests that the strains, tensions and disintegrative tendencies within organizations can account for patterns of internal differentiation, decentralization of power and control, and patterns of conflict.

Schisms are explained either as the result of stirrings by elements within the organization for functional autonomy and independence or that interactions between organizational elements may be schismogenic. As such, there can be high levels of interdependence between elements within an organization. To the extent that patterns of functional reciprocity are assymetrical, distintegrative tendencies are much higher. Schismogenesis is most likely to occur in situations of high interdependence and low levels of autonomy. Morgan argues that:

> It is important to recognize that schismogenesis is a consequence of a pattern of action which generates tensions and potential breakdown between system elements, and is not tied to any specific kind of behavioural activity or contextual determinant. (1981, p. 30)

In answering the research question, narrative can extend our understanding of dominant logic through introduction of the schismatic metaphor into our considerations by recognising that dominant logic is underpinned by conflicts, tensions and ambivalences within and between individuals and groups. The schismatic metaphor has particular relevance and resonance for our discussion
of social theory in Chapter 3 on Social Theory and for our discussion in Chapter 4 on Paradox. However, the relevance and resonance of the schismatic metaphor is absent from the literature presented in Chapter 2 on Dominant Logic, which is underpinned by the traditional metaphors of organization-as-machine and organization-as-organism.

While the dominance of the functionalist paradigm is recognised and understood, its exclusive application in furthering the study of organization and the development of organization theory has been questioned from both a modernist (Morgan 1980; Morgan and Smircich 1980) and postmodernist perspective (Schultz and Hatch 1996) and within the body of this thesis. As such, we will present our argument for adopting an interpretivist approach to the conduct of the empirical component of our research in Chapter 7 on Narrative as Method.

5.9.2 Generative Metaphor

Consistent with the hermeneutic approach discussed earlier, Schon (1993) argues that metaphors are a particular type “of seeing-as, the ‘meta-pherin’ or ‘carrying over’ of frames or perspectives from one domain of experience to another” (1993, p. 137). In this sense, we see that reading is a metaphorical process.

Schon (1993) argues that there are two puzzles in looking at metaphor in this way. Firstly, how to infer how people think about problematic situations from what they say and do, and secondly, how we come to see things in new ways or gain new perspectives about the world.

Looking at the way social policy problems are framed, the framing of problems often depends on the metaphors underlying the stories people tell. Metaphors tend to highlight some things while hiding others. Similarly, implicit in metaphor is a value system, which privileges some things at the expense of others. While the
metaphor remains tacit some courses are naturally favoured. However, it is only by making the metaphor underlying the stories explicit, together with the assumptions that flow from it, that one can assess their appropriateness in the light of conflicting frames. However, resolution of these conflicting frames is seldom achieved rationally, by reference to facts, but through a process of frame restructuring which Schon (1993) attributes to the creation of a generative metaphor.

Schon (1993) demonstrates how an initial observation by a member of a product development team that a paintbrush is a type of pump, created a paint-brush-as-pump generative metaphor. Beginning with a description of painting in a familiar way, the team entertained an alternative description of painting in a different although familiar way, and in their redescription of painting, transformed their previous perception of painting and their description of pumping. They saw A as B when previously they had seen A and B as different things. While the team had also considered the metaphor of painting-as-masking-a-surface it did not result in new perceptions or explanations, and was therefore not a generative metaphor.

In Schon’s (1993) view there is a development process or lifecycle in the creation of a generative metaphor. In this case, the generative metaphor arose from the researchers’ immersion in the experience of the phenomenon. Initially they had a vague understanding of the similarities between paintbrushes and painting and pumps and pumping but could not articulate in what way they were similar.

In answering the research question narrative theory can extend our understanding of organizational management through an elaboration of the social processes involved in change. For example, there is a similarity in the situation presented above and the transition to a new social order described in Chapter 3 on Social Theory. In the latter situation followers can only identify what they will follow after they have seen it and not before. There is therefore an argument for
seeing generative metaphor as a potential basis for change in an organization’s dominant logic.

In the case of paint rush as pump, once triggered the researchers attempted to map the description of pumps and pumping on to paintbrushes and painting until the elements and relations of the paintbrush and painting were regrouped and renamed. Looking back, the researchers were then able to articulate the similarities more explicitly in the form of a general model or theory.

Schon (1993) argues that although a problem solving perspective has been adopted by policy makers, it needs to be recognized that:

- problems are constructed by people trying to make sense of particular situations;
- the way problems are described changes over time as new features of the problem become prominent;
- the solutions proposed are often deficient due to cognitive limitations to predict or unambiguously determine what is actually going on; and
- unexpected problems are often created by a conflict of incommensurable ends embedded in the conflicting stories leading to incompatible meanings for the situation in the problem setting phase.

In the case of urban housing Schon (1993) describes how two stories characterizing urban renewal in the 1950s as:

- the purge of a disease through an integrated redesign of whole areas; and
• the resultant backlash of the 1960s requiring a process of reinforcement and rehabilitation of community rather than destruction and dislocation.

Each of these stories construct a problem from an indeterminate and ambiguous reality and chose to focus on a number of relations and elements in a situation that would otherwise be overwhelmingly complex. The elements are coherently organized into a story that not only describes what is wrong but also implicitly sets out the solution. Through a process of naming and framing they subtly move from a descriptive to a normative position in which the diagnosis and solution seem obvious:

“In our two stories, the naming and framing of the urban housing situation proceeds via generative metaphor. Just as a paintbrush was seen, in our previous example, as a pump, so here the urban-housing situation is seen first as a disease which must be cured and then as a threatened disruption of a natural community which must be protected and restored. Here, too, the researcher sees A and B; he takes an existing description of B as a putative redescription of A. In this case, however, the constellation of ideas associated with B is inherently normative. In our ideas about disease and about natural community, there is already an evaluation – a sense of the good which is to be sought and the evil which is to be avoided. When we see A as B, we carry over to A the evaluation implicit in B” (1993, p. 147).

However, while generative metaphor may lead to a sense of obviousness it may be either positive or negative. What seems obvious, may, on reflection be seen quite differently.

“...when we see A as B, we do not necessarily understand A any better than before, although we understand it differently than before. How well we understand it has something to do with how well we understand B to begin with, something to do with the ways in which seeing A and B leads us to restructure our perceptions of A, and something to do with the developmental process by which we pass from a pre-analytic detection of similarity between A and B to the construction of a model under which we are able to see A and B (redescribed) as instances. At any stage of the lifecycle of generative metaphor, we may, in seeing A as B, ignore or distort what we would take, upon reflection, to be important features of A. We need, then to become aware of the generative metaphors which shape our perceptions of phenomena. We need to be able to attend to and describe the dissimilarities as well as the similarities between A and B” (1993, p. 148)

In recognising that “it is through storytelling that we can best discover our frames and the general metaphors implicit in our frames” (1993, p. 149), Schon (1993)
argues that it is important to distinguish between ‘surface’ and ‘deep’ metaphors. It is the deep metaphor, which makes clear why certain elements are included in the story while others are not, why certain assumptions are taken as true even though there may be evidence against that conclusion, and why normative conclusions seem so obvious. Constructing the generative metaphor is achieved through ‘reading’ the story, and testing our interpretation against the details of the story. Once constructed it is then possible to critically reflect on the similarities and differences of A and B drawing on our broader experience of A and B.

Unsatisfied with traditional approaches to dealing with frame conflict, Schon (1993) argues for an approach based on shared inquiry into the resulting dilemmas of frame conflict, which he calls frame restructuring. Based on the concept of generative metaphor, frame restructuring entails constructing a new problem-setting story, which integrates conflicting frames through inclusion of elements and relations from previous stories, without losing coherence or simplicity required for action.

"...I believe that frame restructuring and the making of generative metaphor are closely related processes. In both kinds of processes, participants bring to a situation different and conflicting ways of seeing – different and conflicting descriptions. There is an impetus to map the descriptions onto one another, but the descriptions resist mapping. In the context of a particular concrete situation, the participants work at the restructuring of their initial descriptions – regrouping, reordering, and renaming elements and relations; selecting new features and relations from their observations of the situation. As this work proceeds, they represent their experience of the situation through strategies which capture the ‘next-next-next’ of temporal experience of events; and from such representations, of which storytelling is a prime example, they draw the restructured groupings and relations of elements which they are able to embed in a new, coordinated description" (1993, p. 159)

Barrett and Cooperrider (2002) describe a change intervention which applies Schon’s (1993) concept of generative metaphor in an early version of what would later become Appreciative Inquiry. The approach combines the processes of inquiry proposed by Schon (1993) together with particular reliance on Bruner’s (1986b) “subjunctivizing” of reality which he credits to Iser’s narrative speech act and describes as "trafficking in human possibilities rather than in settled
certainties” (Bruner 1986b, p. 26). Similarly their approach reflects a renewed appreciation of the importance of the reader in narrative (Reddy 1993).

5.10 Strengths, Limitations and Relevance of Narrative Theory

Narrative is particularly relevant to understanding identity and meaning. In this sense we can see how narrative underpins the relationship between habitus and field. Narrative is the means through which we make sense of our world and our place within it and is therefore the means through which we construct our world and our reality. However, in contrast to logico-scientific reality, narrative does not aspire to truth but verisimilitude. We have already made the connection between habitus and dominant logic. They are both the product of a social process. Both dominant logic and habitus share an impoverished logic, which is inculcated through interaction with the world. As we will see in Chapter 7 on Narrative as Method this impoverished logic is the result of abductive rather than deductive or inductive reasoning. Abductive reasoning underpins the hermeneutic process in narrative and is increasingly being seen as underpinning may organizational disciplines including strategy (Powell 2001, 2003, 2002). Furthermore, both dominant logic and habitus are vitiated from a purely logico-scientific perspective because they include normative considerations. These normative considerations are inculcated through interactions within the social setting beyond the conscious awareness of agents and are an intimate part of our frames of reference. We can see this through reference to metaphor, which lies at the symbolic heart of all narrative. Just as up is positively associated with improvement and down is negatively associated with deterioration. Therefore, we can see that not only is narrative grounded in ontology, but ontology is grounded in narrative.

In answering the research question of how narrative can understand our understanding of organizational management, narrative provides a framework and template in which the relationship between metaphor and narrative is homologous to the relationships between dominant logic and organization,
between habitus and field in social theory, and between leader and group in paradox.

While we can conceive of paradox as the result of conflicting narratives this perspective provides some insight yet creates some difficulty for understanding the relationship between paradox and metaphor. We need to understand the relationship between paradox and metaphor as metaphor underpins narrative.

Understanding metaphor as a cross-domain correlation (Lakoff and Johnson 2003) leads us to suspect that in paradox there is something which prevents or obscures cross-domain correlations. In Chapter 3 on Paradox we related paradox to Bourdieu’s social theory. It was argued that doxa prevails through misrecognition or limited and limiting perspectives, which are in turn a reflection of an agent’s position in a social order or group and are linked to identity. In this situation there is no awareness, no desire or no initiative to discover or connect with other domains in the sense of wanting to understand one domain through understanding another. Alternative propositions are discounted due to lack of legitimacy. This has significant implications for learning because metaphor is also at the heart of learning. As a consequence, we can understand better how paradox affects learning, we can understand better how dominant logic is linked to the development of core competence, and we can understand better the inter-relationships between habitus, field and capital and specifically why capital is particular to a field.

However, we can also understand the role of generative metaphor in change. Through the hermeneutic process that underpins narrative, an event and an existing narrative are melded together through a plot that gives meaning to each and all the events comprising the narrative as a whole. Change occurs when an event cannot be accommodated within an existing narrative. The event will either be interpreted in such a way that it is consistent with the existing narrative or the existing narrative will change, with implications for related events as well as
related individual or group narratives, which together form an individual or group identity.

Seeing one situation as another through generative metaphor allows the opportunity to introduce a new vocabulary or language and establish new relationships that may have been obscured by the existent metaphor underpinning the prevalent narrative. Through the introduction of a new metaphor a new perspective is introduced. The introduction of a new perspective changes misrecognition and as a result the taken-for-granted assumptions and power relationships can be seen in a new light. With generative metaphor a crisis does not inexorably follow. Rather the way is opened for a redefinition and renegotiation of the existing social order.

In answering the research question, this chapter has focused on how narrative theory can extend our understanding of dominant logic, social theory and paradox and thereby extend our understanding of organizational management.

The next chapter will further extend our understanding of organizational management through the combination and synthesis of the four theories reviewed in Chapters 2 to 5, and will be depicted as a meta-theory through a representational model developed specifically for future reference in Part 3.
Chapter 6 – Theory Extensions

The purpose of this chapter is to bring together the theories discussed in Chapters 2 on Dominant Logic, Chapter 3 on Social Theory, Chapter 4 on Paradox and Chapter 5 on Narrative Theory into a composite theory or meta-theory which has explanatory value for the data contained in Part 2. Beyond this explanatory value for the data, the meta-theory has the potential to guide management action in a proactive sense in the conduct of their businesses.

Figure 2 - A New Model for Organizational Management

Figure 2 is a schematic representation of the linkage between the composite theories presented in previous chapters.
Our point of departure is the concept of dominant logic. As we have seen in Chapter 2, dominant logic is concerned with those multiple habituated ways of operating a business. Managers typically apply a model held in their minds for the operation of the business. These models or narratives are typically found to be useful (if deficient) in the first instance but generally over time, they become less useful as circumstances change.

Both internal and external circumstances change and as the model held in any manager's mind remains fairly fixed those managers modes of operation remain the same despite changed circumstances and even grossly changed circumstances.

The inflexibility of the dominant logic has the potential to render the business unable or relatively unable to survive in severely changed circumstances.

We can understand this situation rather more fulsomely when we consider the social theory of Pierre Bourdieu. In Chapter 3, we saw that an individual habitus was contoured by the habitat of the young person and the habits, which were encouraged or reinforced within that habitat. In essence, we saw that those dispositions to action under the term habitus, were contoured in the home, which is a powerful learning environment. Indeed, early learning experiences become almost too difficult for any individual to reflect on or to change. This is not to say that habitus is totally inflexible, but as it was acquired so early in life, it is mostly out of the consciousness of the individual. A major change in life trajectory can indeed bring changes to the dispositions of an individual for action. Consequently, when it comes to managing an organization the repository of dispositions to action contour the ways in which managers act in their business situations.
Given that an individual will be drawn to a particular field as a consequence of that person’s dispositions, it follows that a collection of people will be drawn to the same field, and although there will be variations in individual dispositions, that variation will not be so great as to put any individual far from the dispositions of any other individual. In those cases where there are great differences in dispositions, in most instances the person most at variance with the field will not be able to “play the game” in that field and will most likely depart that organization.

The social theory of Pierre Bourdieu therefore illuminates the concept of dominant logic, and enhances it considerably. The theory of dominant logic developed by Prahalad and Bettis, was intended to explain why diversification strategies failed and subsequently why organizations’ strategies failed when confronted with changes in its environment. Prahalad and Bettis hypothesised that it was because a dominant logic prevailed, which was inflexible and ultimately destructive to the company. However, they were not at pains to theorise about why the dominant logic prevailed and this is where the social theory of Pierre Bourdieu expands and deepens considerably the concept of dominant logic. It enables us to understand the way in which individuals are drawn to a field and play the game within the field. Naturally, one individual joining an organization may not be in a position to actually contour the dominant logic especially if that individual is a latecomer to the organization.

Together, dominant logic and social theory have a powerful explanatory value for the data which is to follow, and extends theory if only a little.

We now come to the matter of paradox. Paradox can be considered as the manifestation of the ambivalences that flow from the differing dispositions between individuals and groups.
What holds a group together is a belief that the potential benefits of continued membership are worthy of continued membership. However, each individual sees the world from their partial, limited and therefore limiting perspective. These limited and limiting perspectives result in actions and behaviours between individuals and between groups beyond their conscious awareness that seek to privilege and impose their dispositions over others without causing others to question their continued involvement.

However, the interactions between individuals and groups arising from their ambivalent interdependences create the potential for change either through a shift in the dominant dispositions within the group or the schismatic disintegration of the group. Individuals play a game in which they are not only playing to win the game but are playing ultimately for the ability to determine how the game is played.

It is counter intuitive to argue that organizations can be driven to the brink of destruction by the operation of dominant logic. Intuitively, adults should be able to reflect on their behaviour and find a series of alternatives for any given situation. And indeed this is the case. However, the operation of habitus confines individuals to select behaviours from a narrow range of behaviours. This is profoundly paradoxical. The work of Prahalad and Bettis demonstrates that in reality (although paradoxically) managers choose, if unconsciously, to go out of business rather than adopt new, challenging and facilitating narratives or a new dominant logic.

Individuals play the game in a field but it needs to be explained as to how this is so. Individuals enact a wide variety of learned narratives, and while new narratives may well be learned those new narratives need to fit well with the already learned dispositions of the individual. Otherwise the new narratives will create paradoxes, which will result in a reappraisal of the already learned narrative or the new narrative will be discarded. This further enables us to
understand better dominant logic, but it also expands further and enriches the concept of dominant logic.

From the perspective of narrative we see that constellations of narratives operate in any individual organisational space. Many will be highly congruent with the organization, although a few will be incongruent but not so many as to cause problems in the field/organization. Linking dominant logic with the social theory of Pierre Bourdieu and narrative theory makes a significant advance in theory for better understanding organizations. Naturally, this expanded theory has explanatory value for the data in Part 2, but when taken in a positive light and applied to a wider field, such as would be the case in a consulting situation, the consultant may well be in a position to highlight alternative courses of action which are constructive and run counter to the unexamined dominant logic.

**Strengths, Limitations and Relevance of the Meta-theory**

We have now closed the gap between each of the theories presented in Chapter 2-5. We have seen that individually, each theory had merits but alone also had limitations. Taken together the theories can provide powerful explanations for the material including behaviours presented in Part 2. But taken together they are very much more useful than that.

Together, they provide the pathway to insight for a manager or collection of managers, if they are prepared to pause and reflect, perhaps with the assistance of a facilitating consultant, to identify alternative pathways for the future. Such pathways could involve new strategies, new business plans, conceived in ways which would have been beyond the capabilities of those people involved in the organization without the privilege of a new perspective grounded in dominant logic, social theory, paradox and narrative theory.
A new theory or greatly expanded theory has the power of liberation to new courses of action based on insight.

An alternative representation that makes the link between the meta-theory and the related dimensions of organization is presented in Figure 3. To demonstrate how this model provides explanatory value in the context of organizational management let us focus on the conjunction of Executive Management, Dominant Logic, and Social Theory.

**Figure 3 - Overlay of New Theory onto Traditional Organizational Functions**

Within traditional organizational theory the executive management of an organization occupies a special position of influence over an organization. Similarly, the originally discussion of dominant logic took place in the context of linking the quality of executive management to an organization’s performance.
Therefore focusing on executive management serves the purpose of illustrating the explanatory power of the meta-theory and simultaneously extending our understanding of organizational management.

Bourdieu’s social theory provides an overarching framework that explains that people are attracted to a particular field based on a resonance between their dispositions, inculcated through their earliest social interactions and shaping their current and future social interactions, and the field. The process of inculcation results in a person’s experience shaping the way they interpret the world around them. In other words it provides a frame of reference through which the world is apprehended. A person’s frame of reference is normally beyond their conscious awareness and conscious review because there are epistemological complexities that make it difficult to review a frame of reference from within that frame of reference. This therefore explains why an individual’s particular frame of reference prevails – the individual cannot see the error of their way – despite it being obvious to others that it may require review.

The resonance between habitus and field is therefore preconscious or unconscious. Though, it does provide an elegant explanation why a person goes into a functional specialisation or pursues a particular career for example, beyond a certain point it depends on the particular opportunities that arise whether they will enter a particular industry or organization or area within an organization.

While it is possible to reconcile field with organization or industry it must be remembered that we are dealing with units of analysis whose boundaries, while related, arose in different disciplines and for different purposes. Organization and industry can be conceived as subsets of fields that have developed a logic through which organizational and industry participants negotiate and enact their place in the world. While this may be considered a limitation of the theory it also recognises that a person’s ultimate future is not determined with any certainty by their past. The best that can be said is that they are more likely to follow a
particular path than another but what actually happens is guided by the opportunities they see and their ability to pursue those opportunities. This in turn is a reflection of their particular dispositions or habitus and their education, skills, competencies, and social network or capital.

Whether an individual is allowed into a particular field is dependent on whether he/she is perceived as posing a potential threat to the existing social order, which in turn is a reflection of their dispositions relative to those already within the field.

While Bourdieu’s social theory was not focused on career management as such the concept of attraction between habitus and field is useful for understanding better the concept of dominant logic. In addition to the difficulty inherent in reviewing a frame of reference from within that frame of reference which explains how a frame of reference prevails, there is a vetting process that takes place on two levels. Firstly people are selective about the fields that they enter and secondly the field is selective of those it admits or choses to accommodate. This process of variance reduction, which is explicitly referred to in relation to dominant logic, demonstrates how competing dispositions, logics and the resulting repertoires are reduced to those considered more predictable by those already within a field. The resulting limitations from this selection process constrain adaptability when people are confronted with circumstances that do not conform to those considered to be predictable and therefore cannot be anticipated.

Whether someone becomes a member of executive management in a particular organization in a particular industry is dependent not only on their dispositions relative to those of people already within the field but also their capital. Those in power have a tendency to value their own skills and attributes in such a way that they have the most symbolic capital in the field given the particularities of the field. Therefore some skills and attributes are elevated above others. There is therefore a hierarchy of capital and a hierarchy for the conversion of each form of
capital into symbolic capital within the field that is particular to the field. Those with greater symbolic capital have greater influence than others in the field and symbolic capital makes possible the movement between fields. Recruitment to a senior management position or a Board position is possible because of the candidates’ symbolic capital. However, even though someone may have symbolic capital that allows them to enter a field it is a question of the fit between habitus and field that will determine whether the field will accommodate them or they will leave the field by their choice or the choice of others.

It has been demonstrated that people are unaware of their frame of reference and the behaviour that flows from it (Argyris and Schon 1974; Smith 1982a; Smith and Berg 1997). Bourdieu provides a comprehensive theory, which describes how a person’s dispositions or frame of reference are inculcated, how people’s behaviours and actions are often at odds with their explanations of what guides their behaviour and actions, how people’s behaviour and actions can be viewed as their attempt to reproduce the social conditions which have given rise to their dispositions, and how people’s interactions amount to symbolic struggles and conflicts for the dominance of their dispositions and the power of legitimation. Similarly, paradox emerges from the ambivalences that exist within and between groups reflecting the differing dispositions of those within the field. Therefore Bourdieu’s social theory and paradox extend our understanding of one another. In the context of executive management both also extend our understanding of organizational management.

Through reference to paradox it is demonstrated that people hold a false image of themselves, of how they interact in the world, and of what guides their actions. This goes to the very heart of many organizational disciplines, which are underpinned by assumptions of conscious rationality and deliberateness consistent with the mechanical and organicist metaphors. Bourdieu’s social theory and paradox are more consistent with the schismatic metaphor, which extends our understanding of organizational management by recognizing a
different basis for action. In combination they forcefully demonstrate that conflict is endemic within and between groups, whether they are within and between organizations, within and between industries, within and between national economies, or within and between various fields. Yet the conflict, and the basis of the conflict, is hidden from those involved in the conflicts. Not by others, but by themselves. Through defensive behaviour and thought, which includes avoidance and projection, they shield themselves from a view of themselves at odds with their endearing and enduring view of themselves.

When we look at social theory and paradox in the context of executive management we can see that conflict within an executive management group reflects the different dispositions of the different members of the executive management group. The conflicts that take place between the members of executive management are a reflection of their struggle for domination and for the power of legitimation. As such executive managers in finance or in marketing or in production or in human resources all have a view about how the organization should be run, what the priorities are, and what is the best course of action in a particular situation. At the extreme, their efforts are often aimed at undermining the views and actions of the other members of executive management with whom they are not aligned and elevating their own views in the presence of the Chief Executive Officer, each competing to prove the superiority of their perspective. On occasion sub-groups may form reflecting the similarities of dispositions between some members. Over time an executive management group can alternate between being fragmented and being polarized through shifting allegiances and changes in the individuals forming executive management. In the executive management group the Chief Executive Officer is usually dominant and his or her dominance reflects his or her level of symbolic capital or his perceived competence, judgement and influential relationships – particularly in relation to the Board of Directors, major shareholders or customers. The Chief Executive Officer usually has the power of legitimation within executive management.
Within executive management groups there is therefore a hierarchy of dominance. Some of the members are more dominant than others and therefore have more influence over the decisions and actions of other executive management. Their dominance is the result of deference by the other members of the executive management group due to their relative level of symbolic capital. As we have argued, traditionally the most dominant member of the executive management group is the Chief Executive Officer. However, in some circumstances the power within executive management resides with another member or members.

In an incorporated business the Chief Executive Officer is a member of the Board of Directors. Again some members of the Board are more dominant than others. In the main the most dominant member of the Board is the Chairman. There is therefore a hierarchy that runs from the Board, down to executive management and into the organization. In the case of IPC as we will see, the Board of IPC is also in a reporting relationship to Central’s Board. Many of the IPC’s Board of Directors are either current or past members of the executive management of Central.

Bourdieu argues that a field extends as far as its influence over the way events are interpreted by the particular logic within the field. The greater the level of influence the more autonomous the field. While executive management can be considered to be a separate entity from the Board it is not autonomous from the Board, which exercises influence over it. However, the implication is that there are influences on executive management and the field, industry or organization in which executive management operates which may lie beyond the boundaries of influence within which executive management work. In other words, if there is an addition to the field, say through a joint venture arrangement, through which a new group is introduced into the field, say through shared Board membership, that addition can have the effect of influencing the field, industry or organization
in which executive management operates. This influence extends to the actions that take place within the field. The changing composition of participants in the field introduces the potential for the introduction of different dispositions and a change in the social order through the revaluation and reconversion of capital within the field, industry, or organization.

In an incorporated business the shareholders or the members of the Board normally elects the Chairman. The Chairman then appoints the Chief Executive and the Chief Executive appoints his direct reports who in turn appoint their direct reports. In effect those in a superior relationship install people below them to manage the business the way they want it to be managed. This process cascades down throughout the various levels of the organization. As we have seen the Chief Executive Officer is a member of the Board. However, with a change in the field through the introduction of new dispositions and capital into the field the Board may lose faith in the ability of the Chief Executive Officer through a revaluation and reconversion of his capital.

Similarly, whether the Chief Executive Officer is considered to be the leader of the executive management group will be determined by whether the Chief Executive has the power to determine the valuation and conversion of capital within the organization. That is whether the members of executive management will defer to his habitus and capital. However, if the members of executive management consider the Chief Executive Officer to be worthy of leading them, then there is a very good chance of increasing tension between the Board and executive management led by the Chief Executive. However, if the Chief Executive is not considered to be worthy of their leadership there will be increasing tension between the members of executive management. If in these circumstances the Chief Executive Officer prohibits displays of conflict between the members of executive management the tensions will simply manifest themselves at other levels of the organization.
These relationships are replicated throughout the hierarchy. We are therefore confronted with the situation in which each subsequent level of management is connected and yet partially autonomous. For example, the Operations Manager may be a member of executive management below Chief Executive Officer yet within Operations the Operations Manager is at the top of the hierarchy. Therefore the Operations Manager is accommodated within executive management as long as his dispositions and capital align with the other members of executive management. However, within Operations the Operations Manager’s dispositions and capital are more explicitly the basis on which inclusion within Operations is justified. There is therefore the potential for a disparity between the dispositions and capital within executive management and those within Operations. These disparities are a reflection of the ambivalences within Operations and between Operations and the other organizational groups.

As the distance between these groups or classes increases people negotiate their identities, meanings and interactions within the constraints of the boundaries they use to define their group. The group provides an individual’s identity and the individuals within the group provide the group’s identity. The shared dispositions of individuals within the group provide the bases for inclusion or exclusion by the group. Those included within the group are far from homogenous and group membership is characterized by ambivalence. Within the group there is a hierarchy of dominance, which influences the way the members of the group look at the world. Through a process of social comparison individuals position themselves relative to others within the group and also position their group relative to other groups.

The ambivalences within and between groups are a manifestation of the tensions between interdependence and independence. Groups in relationships with other groups experience tensions between interdependence and independence. When groups are interdependent their relationships have a tendency of being complementary, that is, one group is often dominant while the other submissive.
Whether a group is dominant or submissive is dependent on the degree to which one group is dependent on the other. When groups are independent yet operating within the same field they tend to be competitive with one another. In the case of executive management as a group within an organization we can see that it would usually be the case that in its relationship to the Board of Directors it would be submissive while in its relation to the various areas within the organization it would be dominant.

As we have seen people are unaware of their frame of reference and the behaviour that flows from it preferring instead to maintain a particular view of themselves. Groups are comprised of people and therefore similarly have a tendency to have a particular view of themselves in relation to other groups. Groups participate in defensive routines such as avoidance or projection in order to maintain a particular view of themselves. These projections have the tendency of exacerbating the dominance and submission or the competition between groups. This tendency is seen in relation to the various relationships that executive management has with other groups including the Board of Directors, the executive management of competitor companies, supplier organizations, customer organizations, and different groups within an organization.

In the day-to-day operation of an organization executive management make decisions that affect the interactions within and between organizational groups and between organizational groups and those groups external to the organization including customers, suppliers and shareholders. These decisions commit part or all organizational participants to a course of action. The basis for their decisions is information brought to their attention through standard management reports and non-standard reports that may be prompted by an unexpected internal or external event.

As we have seen dominant logic can be conceived as a lens and a filter through which the world is perceived. Implied within standard management reports are
assumptions in relation to cause and effect relationships. Therefore, standard management reports are designed with a particular view of the world in mind and produce information that reinforces that view of the world whether it is in relation to the organization or the broader environment.

We have already seen the connection between dominant logic, social theory and paradox. Narrative theory provides a substantial step up in building the explanatory value of our meta-theory as well as providing a better understanding of organizational management.

In the context of executive management the standard management reports reflect the cause and effect relationships held by executive management in the overall management of the organization. These shared assumptions reflect a particular view of the world otherwise described within an organizational context as dominant logic. Social theory adds substantially to our understanding of dominant logic by providing a comprehensive framework for understanding its recursive nature. It provides an explanation of dominance and logic. Similarly paradox recognises the push pull nature of relationships and the inherent tensions within and between different groups. The link between social theory and paradox are the ambivalences that exist within and between groups that have their origins in people’s dispositions and form the basis for their inclusion and exclusion in relation to groups.

Turning to the contribution of narrative theory, particularly in relation to executive management, provides a substantial step up in terms of the explanatory power of the meta-theory. As we have seen, the individuals within executive management have dispositions inculcated from birth, with early experiences framing later experiences. These frames therefore exist as both unarticulated narratives or experiences, and articulated narratives. An individual’s articulated narratives tend to reinforce a particular view of themselves and their world, which makes sense of the world and provides them with an identity. However, the unarticulated
narratives often intrude and override an individual’s perceptions and behaviours and influence articulated narratives. Therefore some of the reasons an individual acts and behaves in a particular way are inaccessible to them in an articulated form. Similarly there are some things that individuals hide from themselves if those things threaten their self-image. This explains an individual’s paradoxical perceptions, actions and behaviour resulting in tensions within and between groups and brings into question the underlying assumptions of control over thoughts, actions, and behaviours that underpin many accepted organizational disciplines. In the case of executive management, which comprises the most senior managers in the organization, their inclusion within executive management emanates from the similarities of their dispositions while the underlying tensions that manifest themselves within executive management are explained through their differing dispositions. These dispositions are the result of unarticulated and articulated narratives. When executive management interacts with other groups such as the Board of Directors or other groups within their organization executive management’s perceptions, actions and behaviours are a reflection of the individual and group narratives regarding those other groups.

However, as we have argued there are other influences on organizational management besides Executive Management.

Prior to applying our model to the data in Part 2, the next chapter on Narrative as Method extends our discussion of the ontological and epistemological considerations of narrative in Chapter 5 on Narrative Theory to consider narrative from a methodological perspective.
Chapter 7 - Narrative as Method

7.1 Introduction

The previous chapter presented a schematic representation or model of the composite or meta-theory which has been developed for the purpose of extending our understanding of organizational management.

This chapter extends our discussion of narrative in Chapter 5, which dealt with ontological and epistemological issues relevant to our explanatory model, to consider narrative from a methodological perspective prior to the presentation of our data in Part 2.

7.2 The Emergence of the Naturalist Paradigm

Putnam (1983) argues that a classification distinguishing functionalist and interpretivist paradigms, is equally valid to that proposed by Burrell & Morgan (1979) which proposes a schema of functionalist, interpretivist, radical humanist and radical structuralist. Putnam argues that the functionalist paradigm is based on a positivist orientation in which interpretation reduces to inferences about human behaviour drawn from data, while interpretivists attempt to distil meaning from social action.

In contrast to the functionalist paradigm, which treats social phenomena as concrete tangible entities distinct from human activity, the interpretivist paradigm considers reality to be socially constructed through social interactions including words, symbols and behaviours. While people with a functionalist orientation consider structures to pre-exist individuals, those with an interpretivist orientation treat structures as complex relationships emerging from social interactions. Similarly, while people with a functionalist orientation consider individuals to be
the product of their environment, those with an interpretivist orientation believe individuals create their environment. Furthermore, while those with a functionalist orientation assume a unitary view of organizations, rationality, and a managerial bias, those with an interpretivist orientation would be more likely to take a pluralistic view. Consequently, when considering communication issues those with a functionalist orientation adopt a container perspective and focus on transmission and channel effects while those with a functionalist orientation focus on content and meaning. Similarly, those with a functionalist outlook pursue value-free causation as the basis for universal laws, while those with an interpretivist outlook focus on understanding the subjective and shared meaning of specific situations and events.

Putnam (1983) further divides the interpretivist approach into naturalist and critical schools. Those with a naturalists orientation essentially aim to generate insights, explain events and seek understanding, essentially accepting the status quo of social reality and focusing on understanding it without judgements of value. In contrast, those with a critical interpretivist orientation are more focused critiques of the status quo, exposing the deep structures, power relations and rationalities with the aim of freeing individuals from domination and repression.

In contrast to Putnam’s approach, Guba (1985) distinguishes between positivist and naturalist paradigms in yet another schema of inquiry paradigms. In Guba’s view, the distinctive characteristic of naturalist research is that it occurs in natural settings rather than the “contrived laboratory or experimental settings” (Guba 1985, p. 102), and resonates better with human, social and cultural inquiry.

Guba (1985) argues that the naturalist paradigm recognizes multiple constructed realities that can be studied holistically through interrelated research which is influenced by the inquirer’s value choices and in which the inquirer and object interact to influence one another. Action is explained in terms of mutual and simultaneous shaping by multiple interacting factors. Guba (1985) traces the
emergence of the naturalist paradigm as a transition from an ontology of naïve realism in positivism, through critical realism, and ultimately arriving at constructivism. Subsequently, this schema is embellished by Guba and Lincoln (1994) who distinguish positivism based on an ontology of naïve realism, post-postivism based on an ontology of critical realism, critical theory based on an ontology of historical realism, and constructivism based on an ontology of relativism. This schema is further modified by the addition of the participative inquiry paradigm based on an ontology of participative reality (Guba and Lincoln 2000).

7.3 The Emergence of the Participative Paradigm

The new participative inquiry paradigm is based on the work of Heron and Reason (1997) who argue that the constructivist view is deficient because within it reality is a construction of an individual mind and experiential knowing is unacknowledged. Yet from Heron and Reason’s perspective reality’s objectivity is shaped subjectively by the individual as well as inter-subjectively with other individuals:

Knowing presupposes mutual participative awareness. It presupposes participation, through meeting and dialogue, in a culture of shared art and shared language, shared values, norms, beliefs. And, deeper still, agreement about the rules of language, about how to use it, presupposes a tacit mutual experiential knowing and understanding between people that is the primary ground of all explicit forms of knowing. So any subjective-objective reality articulated by any one person is done so within an intersubjective field, a context of both linguistic-cultural and experiential shared meaning. (1997, p. 280)

The nature of knowledge under positivism is verified hypotheses established as facts or law, under post-positivism knowledge is non-falsified hypotheses that are probable facts or laws, under critical theory knowledge is structural or historical insights, under constructivism knowledge is individual and collective reconstructions sometimes coalescing around consensus, and under the participative paradigm practical knowledge has primacy.
Heron and Reason (1997) argue that there are four forms of knowing which constitute our subjectivity: experiential knowing, which is based on empathetic resonance with others; presentational knowing, which aesthetically evidences the significance of that resonance; propositional knowing, which is knowing something in conceptual terms; and practical knowing which is knowing how to do something and “fulfils the three prior forms of knowing” (1997, p. 281). Critical subjectivity brings the required reflexivity - we accept our subjective experience as the experiential articulation of our being in the world, while also accepting that if naively exercised “it is open to all the distortions of those defensive processes by which people collude to limit their understanding” (1997, p. 282). Moreover, critical subjectivity extends to critical intersubjectivity:

"Because our personal knowing is always set within a context of both linguistic-cultural and experience shared meaning, having a critical consciousness about our knowing necessarily includes shared experience, dialogue, feedback and exchange with others” (1997, p. 283)

Following from this epistemology, a collaborative methodology of inquiry is required, in which “all involved engage in democratic dialogue as coresearchers and as cosubjects” (1997, p.283).

In addition to ontology, epistemology, and methodology Heron and Reason (1997) argue and Guba and Lincoln (2000) acknowledge that axiology, or the way values influence the inquiry process, is another distinguishing characteristic of inquiry paradigms.

Heron and Reason argue that while positivism and post-positivism value propositional knowing, and critical theory and constructivism value social emancipation, the participative paradigm values practical knowledge which they define as how to flourish with a balance of autonomy, cooperation, and hierarchy.
While Heron and Reason rely on their formulation of the participative paradigm to argue for various forms of collaborative inquiry, it is consistent with an ethnographic approach to narrative as method.

Fisher (1984) argues that narrative presumes that discourse consists of symbolic action that creates social reality and that values are ultimately persuasive in narrative. People evaluate the soundness of narratives on how well they cohere (narrative probability) and whether they ring true with experience (narrative fidelity).

### 7.4 Ethnographic Research

Ethnographic research embeds narrative. This ethnographic study has a number of defining characteristics. Ethnographic research is interpretive (Creswell 1997). Its primary objective is to understand the social process, actions and behaviour through which a group constructs its meaning:

“The goal of ethnography in general is to decode, translate, and interpret the behaviours and attached meaning systems of those occupying and creating the social system being studied. Ethnography, therefore, is largely an act of sense-making, the translation from one context to another of action in relation to meaning, and meaning in relation to action” (Rosen 1991, p. 12)

Ethnographic research is longitudinal by definition. The ethnographic researcher adopts an approach, which seeks to remove the barriers between the researcher and the social systems under research, in order to understand the actions of agents and meanings attached to those actions. Because an ethnographer is fundamentally interested in the system of meaning his or her primary focus is the symbolic dimension, which is largely problematic for the positivist researcher (Rosen 1991). Modern ethnography is concerned with organizations as much as with ethnic groups within a society.
The focus of an organizational ethnography is to understand the interrelationships between actions and meaning in an organization. Therefore research is undertaken within a single organization in which the shared values, beliefs and assumptions are established rather than across multiple organizations. While the ethnographer needs to be able to access the organization and see the organization through the eyes of a ‘native’ he must also be able to see what ‘natives’ do not. The researcher normally gains entry to the organization through a gatekeeper, selects a group to study, and develops relationships with key informants. However, these informants’ anonymity must be a high priority of the ethnographic researcher.

Ethnography is a method for both data collection and analysis. As the ethnographer is interested in understanding the components of the social system under study and the way they interact, the researcher must be immersed in the day-to-day activities and interactions within the social system in order to understand what is required to operate within the system in a meaningful way. The techniques employed for data collection include observation and participation, interviews and the collection of archival material all of which contribute to an understanding of what regulates behaviour in the social system. However, as Rosen argues, these techniques “must be accompanied by an overlay of social theoretical ideas concerning meaning and action” (1991, p. 13).

Berg and Smith (1988, p. 29) argue that the relationship of the researcher and researched determines the quality of the findings of the research and should be recognized as an important part of the whole research process. In their view, social research should exhibit:

- direct involvement of the researcher in the social system being studied who should recognise their ethical and professional responsibilities;
• a commitment to self-scrutiny on the part of the researcher, given their often conflicting interests for engaging in the research;

• a willingness to change or adapt theory in the research endeavour;

• a preference for dense and thick description; and

• participation in the social system being studied given that the “perceptions, thoughts, emotions, and beliefs of the people constitute the primary subject matter for our investigations”.

7.5 Ethnography as Narrative

Bruner (1986a) uses the metaphor of ethnography as narrative to make the point that ethnographic studies are effectively the study of narratives and have a narrative structure:

“Just as a story has a beginning, a middle, and an end, culture change, too, almost by definition, takes the form of a sequence with a past, a present, and a future. Our predicament in ethnographic studies of change is that all we have before us is the present, the contemporary scene, and by one means or another we must situate the present in a time sequence. It would be naïve to think that we anthropologists simply describe the present but reconstruct the past and construct the future, even though we use language that suggests this – for example, when we talk of gathering and collecting the data as if it were like ripe fruit waiting to be picked, or when we talk of our special anthropological methodologies for reconstructing the past, as if the present were not equally constructed. The past, present, and future are not only constructed but connected in a lineal sequence that is defined by systematic if not causal relations. How we depict any one segment of the sequence is related to our conception of the whole, which I choose to think of as a story” (1986a, pp. 140-141).

At any point in time there is a dominant narrative, which contains a past and a future and frames the present, overshadowing any number of other narratives. These narratives organize and give meaning to experience. It is not an inductive process in which a theory is constructed from the data, or a deductive process, but an abductive process:
“...whereas induction and deduction entail establishing links between samples and populations, or between particulars and general rules, abduction is a process whereby actors infer and apply implications from a narrative to their particular context. It is a process of articulating and consolidating a listing of events, information about the historical and social context, and the thoughts and feelings of actors into a schematic whole that attributes significance to individual elements according to their effect on the whole” (Bartel and Garud 2003, p. 330).

Bruner (1986a) describes ethnographic field work as the three tellings:

• in the first telling the researcher begins an ethnographic dialogue and text negotiation with the people being researched, the researcher telling of their intentions and requirements, the informants telling of their experience in response, and both coming to share the same narrative;

• in the second telling the researcher transcribes the information collected, recognizing its paucity relative to the lived experience, fulfilling the role of narrator and audience; and,

• in the third telling the researcher interacts with colleagues, another audience of the story, in the preparation of publication of results.

A subsequent fourth telling occurs when others use the information for their own objectives, and in this way, the retellings continue indefinitely sharing the narrative. From this perspective the traditional subject-object dichotomy, emerging from the functionalist imperative cannot be supported. Therefore:

"The ethnographer appears not as an individual creative scholar, a knowing subject who discovers, but more as a material body through whom a narrative structure unfolds" (1986a, p. 150).

Consistent with ethnography as narrative, Smith (1988) discusses several epistemological problems in researching human relationships. He explains how the distance advocated by those with a functionalist orientation between researcher and researched may potentially vitiate the results of research through innocent ethnocentrism. Similarly, he cautions against focusing on characteristics
of actors rather than the interactions between them, describing the situation where some researchers may be encouraged “to take what might be described as characteristics of the relationship, objectifying them (calling them ‘things’), and then putting them into one of the entities enacting the relationship” (1988, p. 125). He argues that this is a misattribution similar to treating the boundary that distinguishes figure from ground as part of the figure or ground, a breach of the law of logical types, and cites some studies of leadership as an area of particular concern.

Smith (1988) argues that research should guard against dialectical thinking by which he means believing that the solution to an organization’s problem is doing the opposite of what created the problem in the first place and that it may be more productive to help actors learn to solve their own problems than solve them for them. Similarly, rather than concentrate on maintaining stability it may be more productive to concentrate on resilience. This approach reflects a shift in thinking about fluctuations as disturbing equilibrium to thinking about fluctuations as creating order. This is particularly relevant in dealing with conflicts inherent in social relationships. Furthermore, social researchers need to understand the emergent social order rather than impose a social order. The emergent social order can be divined through perceiving the unwritten text or rules that tie the surface behaviour together:

“Their behaviour is governed by rules they know implicitly but which are not part of their awareness they can comment upon. Their awareness or knowledge of the rules is encoded within their behaviour and not in any system of self-commentary upon their behaviour.

The key issue is to comprehend the idea that latent within all social discourse may be found invisible texts that are only visible beneath or between the lines of the observable text. If the explicit text is difficult to comprehend, by unravelling the latent text it may be possible to notice links between parts that otherwise may appear uncoupled.

A key element of latent texts and ground rules is that they provide a powerful contouring of subsequent experiences. They give us a template, a type of master mold from which our perceptions are mapped. These templates, these latent scripts, serve as guides to action as powerful in their regulatory force as the rules of grammar are for the formulation of a verbal communication” (1988, p. 131).
In addition, researchers should guard against reifying thinking of structures and processes as independent and should recognise that structures are processes performed repeatedly. As a result, when an aberrant event occurs the researcher can recognize that it threatens the credence of the prevailing system of structures, which can potentially reveal something that may otherwise remain hidden. Moreover, research requires the application of multiple perspectives and descriptions, the importance of context in social discourse for an understanding of meaning, and the related practice of reframing. As Smith (1988, p.141) argues;

“It is only when we have learned how to formulate anew the substance out of which we build our theories [context and latent text] that we will be ready to generate epistemologies adequate to the tasks of understanding organizational relationships”.

7.6 Design of the Study

Explanatory narrative research, of which this thesis is an example, aims to explain why something has happened through constructing a new narrative, ordering and rendering events in such a way as to make apparent how they led to something happening. Therefore, narrative explanations are retrospective.

While everyone constructs narrative explanations in order to make sense of their lives, explanatory narrative research requires the researcher to seek out all the evidence that is relevant to their inquiry and to reflect upon that evidence and other 'prototypical narrative explanations' accumulated through their experience. This section describes the design of the study.

7.6.1 Data Collection

In collecting all relevant evidence a narrative researcher may rely on interviews, documents and other artefacts, which help to uncover what happened in the past. These are then organized into a unified story that establishes the
relationship and significance of various events. The use of numerous sources provides a form of triangulation to give confidence that the events did occur and may highlight differences in the way these events can be interpreted at different times and from different perspectives:

“Because past ‘facts’ are not open to direct, present observation, they must be established on the basis of traces, for instance, documents, memos, and personal memory. As described in an earlier chapter, events retained in memory as aspects of a narrative account are often reshaped by later happenings and by the plot line. The reconstruction of past facts thus frequently resembles detective work, with several personal accounts together with partial written records needed to infer what actually has happened” (1988, p. 174).

The collection of information and the selection and emphasis of different pieces of that information as evidence is made on the basis of the evolving narrative under construction. New information is sought on the basis of gaps or for clarification from conflicting evidence. Therefore, the construction of the narrative and the collection of evidence evolve iteratively:

“Collecting past ‘facts’ and placing them in correct chronological order, although necessary for a narrative explanation, is not sufficient. The researcher has to select from the multitude of past facts related to an incident, and the selection is made on the basis of the narrative under construction. The narrative may show gaps in the information base and may lead the researcher to search for the missing information. A narrative explanation draws the gathered past facts together into a whole account in which the significance of the facts in relation to the outcome to be explained is made clear” (1988, p.175)

For the first 6 months, I attended the organization every working day conducting interviews, attending meetings, and making observations. During the second 6 months I attended the organization once a week conducting interviews, attending meetings and making observations, which were recorded in an electronic diary.

7.6.1.1 Interviews

The interviews took place in a context in which a new management team had been in place for 18 months. This new management team was a mixture of old and new employees of the organization. The main customers had indicated in a
customer survey that while things were improving, the service being provided remained unacceptable, and complained of regularly receiving partial deliveries rather than full deliveries, late deliveries rather than deliveries on time, and delivery of products of poor quality. They intimated that they were considering moving their business elsewhere. While recognizing that the new management team had made a number of changes, the expected improvements were not yet apparent. The primary customer went so far as to say openly that they were considering all their options in relation to the organization.

As indicated earlier, narrative research often relies on interviews. Mishler (1986) advocates an approach to interviews which recognises that interviews are the joint construction of meaning by the interviewer and the interviewee through the discourse that takes place, rather than the standard approach of suppressing narrative in the pursuit of interpretation and generalization, in which respondents’ answers to the interviewer’s questions are disconnected from essential socio-cultural grounds of meaning where each answer is “a fragment removed both from its setting in the organized discourse of the interview and from the life setting of the respondent” (1986, p. 23).

The interviews undertaken followed this model. The interviewees were encouraged to discuss their experience in and of the organization during their time with the organization. The early interviews guided subsequent interviews by highlighting a series of events, which acted as reference points for the discussions, which made it possible to triangulate events that were discussed, while also allowing a comparison of the interviewees’ perspectives.

In total 34 interviews were recorded on a digital recorder and subsequently transcribed. In total there were over 45 hours of interviews. I interviewed all of the senior management, then a selection of middle management, then a number of workers on the shop floor, then the senior management team again, and then just the Operations Manager and CEO.
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7.6.1.2 Meetings and Observations

My main liaison within the organization was a senior business analyst who reported directly to the CEO who introduced me to the senior management team. As I had direct access, I was fortunate to be able to make appointments for interviews directly. I was free to move around the facilities except into areas for which I had not been granted security access. However, in the event I wanted to speak with someone I could arrange to meet them beforehand by telephone and meet them at the entrance to the higher security area. I was also given access to meetings if requested. As a result I was able to attend the regular morning handover meeting between shifts of the Print Hall. I attended a number of the Operations management meetings and a senior management meeting. Detailed notes of these various meetings were recorded in a diary.

In addition to the transcribed interviews I typed detailed diary notes of observations made in the day-to-day activities and conversations observed between with various people as well as notes from my observations of the meetings that I was able to attend.

7.6.1.3 Secondary Data

In addition to interviews and observations, there was a large amount of data in the form of Annual Reports, confidential consulting reports, workshop and
meeting agendas, copies of internal correspondence, job descriptions, together with in house analysis and training material regarding the organization, its history, and key processes.

7.6.2 Rendering the Data

In rendering an explanatory narrative, the information collected was analysed to uncover the common themes and plots. This hermeneutic analysis is not reducible to a scientific formula, recipe or algorithm, in as much as the themes and patterns identified will be determined by resonance with the experience of the researcher, yet the results are not idiosyncratic either, in as much as other researchers can agree that the implications drawn do follow from the data:

“The recognition and composition of meaningful plots require a corresponding understanding of the kinds of activities that compose human action, the kind of events that can be gathered together into a plot, and the temporal order in configuring events into a plot” (Polkinghorne 1988, p. 143)

There is a relationship between the narrator, the listener or reader, and the narrative and this relationship is based on practical understanding:

“Narrative assumes practical understanding on the part of the narrator and the listeners, and competence to understand and use such terms as ‘agent’, ‘goal’, ‘means’, ‘success’, ‘failure’ and so on. Narrative adds to simple action statements the structure of a plot. The rules of narrative composition determine how to order action sentences into the total action sequence of a story. Because of the sequential linking of sentences into a plot, the agents, their deeds, and their sufferings receive a deepened meaning” (Polkinghorne 1988, p. 144)

The narrative presented in Part 2 is constructed to present the evolution of the organization over time. It therefore follows a chronological order. In this way the challenges facing the organization are seen as the result of past action and decisions as well as the ongoing interactions between various individuals and groups.
Throughout the narrative titles rather than names are used in order to ensure the anonymity of individuals. It is felt that titles rather than names allows a better focus on the power relationships within the organization. The narrative voice used in the construction is that of a reporter rather than participant.

The amount of data collected was probably too extensive but was beneficial to the final product by providing a rich database. However it created a significant challenge in distilling a salient and coherent story which was certainly guided by the chronology of events. The objective was to produce a narrative, which not only provided a logical flow but one, which also allowed reflection on the research questions.
Part 2
Chapter 8 – Data

8.1 Introduction

Impressive Printing Corporation (IPC) is a wholly owned subsidiary of a central arm of the executive government of Australia.

IPC is recognised around the world, for its pioneering development and enduring use of polymer as a substrate for the printing of security documents. It is also regarded as an exemplar for Australian ingenuity and innovation, being the recipient of various awards and has been rewarded for its contribution to the Australian Printing Industry, most recently, as the recipient of a Gold Medal for Innovation in the National Print Awards.

However, there is another side to the public image of IPC, which is shielded from public view, beyond the security systems that have been established to protect the intellectual property underpinning the security features built into its products. While these security systems ensure the continued confidence in the security of the documents it produces from various threats and criminal intents, they have been ineffective to prevent a threat to the integrity of the production systems themselves. Nor have the various initiatives detailed in the Financial Reports of its owner, Central.

In 2003, as part of ‘Questions on Notice’ to the Government, documented in the Official Hansard (Senate 2003) it was revealed that there had been an independent investigation into allegations of bullying, intimidation and harassment as part of a change program that had taken place within IPC over the previous three years. As a result, the workforce went on strike for the first time in 17 years.
8.2 Early Commercial Era

Prior to 1924 the antecedents of what would become IPC had been established as a specialist security printing operation. Between 1924 and 1945 it operated for the express purpose of producing security documents as part of a quasi-government organization. In 1945 it formally became part of a central arm of the government, Central. In 1963 changes were legislated, which required a significant change to the look and feel of the security documents it produced. However, subsequent events transpired which highlighted the potential for the ultimate users of these security documents to lose faith in their authenticity. As a result a more significant change was initiated, which would ultimately result in the development of a new polymer substrate, which was considered superior to the paper which had previously been used exclusively for the security documents produced by IPC.

8.3 The Public Service Era

In 1970 IPC was known as the Impressive Printing Division (IPD) of Central and employed 838 employees. In those days it was difficult to find and retain people to work in IPD. As a result, IPD as an organization could not afford to be too discriminating in recruitment. People were employed as general hands without specific printing skills and learned on the job in noisy, dirty and potential dangerous conditions.

By the early 1970’s IPD’s facilities were no longer considered adequate for forecast requirements. Consequently plans were commenced for the establishment of new purpose-built facilities 25 kilometres away that would finally be commissioned in 1981.

The new facilities were originally designed to accommodate over 1,000 employees with a production capacity of over one billion (1,000,000,000) security
documents per annum. The site was chosen because the sedimentary rock base provided security against tunnelling, there was sufficient space for further expansion, it was close to transport infrastructure in the form of the interstate highway, airport and train lines, and it was anticipated that the local population would be a ready source of non-skilled workers for the manual inspection of the security documents.

In the late 1970’s IPD operated as a distant division of Central, which was located some 1000 kilometres way in the capital city of the adjoining state. The General Manager was usually appointed from the ranks of senior bureaucrats within Central as a sort of reward for their long and faithful service to the organization. Their appointment to the role of General Manager of IPD was normally their last appointment prior to their retirement.

IPD had a number of attributes that made it attractive to some people. It was stable, not overly demanding, and it paid well. However, employees had to be prepared to work in a high security environment in which personal movement was restricted and inter-departmental communication was discouraged.

When the facilities were commissioned the surrounding area was open paddocks and fields with few cultural amenities and little established infrastructure. The designers therefore made the facilities as comfortable and self-sufficient as possible. The facilities included a barbershop, a video shop, a general store, a banking outlet, and a built in theatre. Yet it was a far cry from working in the well-established inner city location of the previous facilities with its proximity to city attractions, pubs, eateries and shopping centres.

In an effort to lessen the attrition of the workforce in the move to the new facilities IPD provided further financial incentives to the established workforce. However, in the years leading up to the move, people employed were required to sign an
agreement that they would not be entitled to these financial incentives, creating a further division within the workforce.

The problem of attracting people to IPD was exacerbated by the move away from the city. However, the financial incentives had the desired effect of retaining people and the workforce was very stable.

Once people became established within a department of IPD, change was atypical. Each department was isolated from others for reasons of security and inter-departmental communication was discouraged unless unavoidable. Even then formal approval to enter another department was required. Security personnel were located throughout the facility to ensure security was not breached.

A person could serve out their entire career, after leaving school to ultimate termination or retirement, within the confines of one department or area within one department. For example, one manager currently in a New Product area within IPC joined IPD as an apprentice Fitter and Turner in the Maintenance Department in 1983. After 15 years in the organization, he was still the newest and youngest permanent employee in the Maintenance Department. Length of service determined one’s position in the hierarchy and those at the top of the hierarchy reinforced loyalty to established practice and their power by the allocation of more menial tasks to newer employees irrespective of prior experience or qualifications.

The difficulty in attracting suitably qualified people also meant that existing employees were given opportunities that they may not have received elsewhere.
8.4 The Research and Development Era

In 1983 IPD employed 653 people, 180 less than in 1970, and 35% below the designed accommodation of 1,000 people. It produced 370 million security documents or 37% of the designed capacity of one billion.

In a departure from previous practice, a new General Manager was appointed from outside the ranks of Central. With a background in R&D and the commercialisation of new technology, his mandate was to commercialise the production of polymer security documents. He challenged everything and anything within IPD.

To those stimulated by the challenge he was an inspiring leader who supported them to push the limits, while those who responded negatively considered themselves victims. Those who were there remember being under a great deal of stress in an environment where questioning and challenging became the established practice and procedure. As a result, industrial relations became a major problem.

The challenge to the established order was not restricted to the organization but extended beyond its borders to various participants in the global security printing industry. This included established suppliers such as paper manufacturers, ink suppliers, and machinery manufacturers. These suppliers had established relationships not only with IPD but also with many other security printers around the world. In IPD's case they went from negotiating with a Central bureaucrat to negotiating with a hard-nosed commercial operator who had no loyalty to the past. He questioned and challenged long held assumptions and long standing relationships.

In 1984, IPD employed 625 people, a slight reduction on the previous year, and produced 420 million security documents, a slight increase on the previous year,
but still only 42% of designed capacity. During the year Central decided to withdraw some security documents which substantially reduced production volumes.

In 1985, Central decided to trial the printing of the first polymer security documents. For that purpose, specialised equipment was installed for the production of experimental batches of a polymer-based substrate. No one knew with any certainty whether a suitable polymer could be produced or whether printing on polymer substrate would ultimately be successful. This uncertainty combined with the already high stress being experienced by those directly involved. Again, some employees responded positively while others responded negatively. At the same time IPD was still required to produce the remaining paper-based security documents.

Throughout this period the General Manager continued to challenge, inspire, and support those people who supported him. For some, these were the golden years of the organization and a formative experience for them personally. It was also a formative period in the evolution of the organization.

In 1987, IPD still only produced 420 million security documents or 42% of design capacity, including 22 million for export and employed 552 people. This was a reduction of over 70 people from 1985 numbers and only half the number the facility had originally been designed to accommodate.

In 1988, one of the remaining paper security documents was withdrawn from production. The combined effect of losing this and the other paper-based security documents almost halved the volume of security documents produced by IPC.

In the lead up to the first polymer security document in 1988, in spite of the doubts that existed about whether it could actually be done the General Manager announced that there was no turning back. By all accounts when a problem
came up the General Manager was directly involved in its solution. This created the impetus in IPD’s employees to go that extra mile.

8.5 The Manufacturing Era

In 1989 a firm of international management consultants, Kilts & Co, was commissioned to conduct a strategic review of IPD. In their final report dated 26 April 1989 and entitled Repositioning Impressive Printing Division, Kilts & Co. recommended that:

- IPD should develop as a competitive security printing business whose main customer was Central. However it should also take commercial advantage of the intellectual property developed around the polymer technology. An additional 40 specialist personnel were recommended for this purpose;

- IPD should undergo fundamental organizational change in which the number of employees should be reduced to 270 within which commercial, product costing, and production scheduling skills deficiencies would need to be addressed, as well as incorporating the additional 40 personnel recommended in the previous point;

- The relationship between Central and IPD should be substantially amended. It was argued that although many decisions, appraisals and reviews were dependent on input from Central, that organization had insufficient commercial skills to help IPD in a competitive market environment;

- IPD should report into a subsidiary or advisory board on a quarterly basis;
The IPD Board should include private sector business representatives, should set direction and monitor performance, and should provide an environment conducive to the development of production management and marketing skills, while acknowledging IPD’s role as part of Central;

Interactions with Central staff should be confined to negotiating and resolving commercial issues between Central as customer and IPD as supplier as well as common issues such as superannuation and housing loan schemes.

In the same year, prior to the implementation of Kilts & Co’s recommendations, the General Manager left IPD. Some thought he resigned, others thought he was pushed. In his place an ex US Navy, senior executive from a large paper manufacturer was appointed as General Manager. At the time IPD employed 488 people, a reduction of over 60 people since 1987 and less than half the number of people that the facility had been designed to accommodate.

The new General Manager was quite different from the old General Manager. He was considered to be much more conservative and less charismatic, much more of a company man and much less of a maverick, and more process driven. He was also considered to be less proactive than his predecessor and much more regimented. His mandate was to complete the production and delivery of all IPD’s security products on polymer.

It soon became apparent to those in the organization that the new General Manager’s management style was divisive. While the previous General Manager involved himself in the day-to-day conflicts, this new General Manager tended to be more focused on reinforcing his dominance through the established hierarchy. He is reported to have regularly unearthed deficiencies about what people were doing or not doing and highlighting those deficiencies in front of others.
In the opinion of employees with direct experience of the General Manager although the increased focus on process and hierarchy provided an impression of stability the General Manager’s criticisms created a level of negativity and doubt in the minds of the staff about their own ability and future direction.

In 1990, IPD produced 275 million bank security documents or 27.5% of the facility’s designed capacity. In implementing the cost reduction recommendation of Kilts and Co the new General Manager reduced IPC’s head count by 43% from 488 in the previous year to 278, or 28% of the level for which the facilities were designed to accommodate.

The reduction had been achieved through a program of voluntary redundancy and was overseen by a Joint Union/Management Consultative Committee established specifically for the purpose. This overall approach had gained currency within public administration circles at the time.

The result may have reduced the number of employees to the levels recommended by the Kilts & Co report but the downside was that IPD also lost many of its most experienced employees. IPD soon found the loss of these experienced employees adversely affected IPD’s ability to perform its core function. IPD had to rebuild the lost knowledge through an intense effort of specialist training provided by its major suppliers.

Voluntary redundancies, resulting in the loss of difficult to replace organizational knowledge and experience, was to be the pattern of all subsequent efforts to reduce costs and the workforce. Moreover, costs associated with operational activities were reduced in preference to those associated with administrative functions. More blue-collar workers (i.e., those involved in the physical production of IPD’s products) left than those involved in administrative functions.
In part this reflected the volatile nature of the security printing business, but with the combination of redundancies and shift work there was a significant and noticeable change in the attitudes of employees, particularly in their level of care and attention to detail.


In 1993, IPD produced 331 million paper security documents and 359 million polymer security documents for Central, and none for export. At 690 million total security documents the facility was running at just under 70% of designed capacity. In addition, the Vice-President of Central became Chairman of the Advisory Board of IPD. Two other Board members were also appointed – the Managing Director of a listed mining company, and a former member of Central’s Board. In addition, IPD was contracted to design and print the pages of a ‘new’ security document for another arm of the executive government, Foreign.

In 1994, IPD produced 232 million paper security documents and 364 million polymer security documents for Central, and none for export. At 596 million total security documents the facility was running at just under 60% of designed capacity. This was the last year that IPD printed any security documents on paper and dedicated itself to printing exclusively on polymer.

In 1995, IPD produced 259 million polymer security documents for Central as well as 11 million for export customers. At 270 million total security documents the facility was running at just 27% of designed capacity. In addition, Central’s Annual Report detailed the intention to raise the quality of IPD’s operations through the progressive implementation of a team structure amongst staff.
This first attempt to introduce self-managed teams was considered by those who lived through the experience as an abysmal failure. While in theory it seemed to make sense, it was felt that there was little commitment on the part of management beyond the formation of the teams. It was an initiative developed at the top of the organization’s hierarchy for implementation by people in middle management. No one seemed to have a good understanding of how self-managed teams worked. However, when people at the bottom of the organization tested how committed senior management was to the concept by requesting rewards for any performance improvements made, management declined their proposal and reinstituted a more traditional hierarchical team structure.

In 1996, IPD produced 291 million polymer security documents for Central and 40 million for 5 export customers. At 336 million total security documents the facility was running at just under 34% of designed capacity. In addition, Central established a joint venture with International Film Products, a Belgium based group, to take over the production of the polymer substrate, which had previously been produced within IPD. The joint venture vehicle, Global Polymer, then created a brand to market the polymer substrate to other state owned and commercial security printers.

In 1997, IPD produced 195 million polymer security documents for Central and 132 million for 2 export customers. Therefore, IPD produced just under 20% of designed capacity without exports, and just under 33% with exports. In addition, IPD was awarded ISO 9001 certification. ISO 9001 certification was becoming a requirement in customer supplier relationships, particularly in overseas markets. However, by all accounts ISO certification was a particularly difficult exercise for IPD. The main focus of the initiative was in documenting all of the existing practices and procedures within the organization. Those involved in the project found it very difficult to get people in the organization to not only document everything that was done, but also how it was done.
With the significant decline in security documents to Central, developing export markets was becoming increasingly important. However, there was growing concern that the momentum that had developed in exports was unsustainable given the General Manager's perceived reluctance or lack of competence in growing the export business.

The General Manager finally employed a high-calibre marketing professional to pursue the exports. However, within six months she had resigned and was followed shortly afterwards by the General Manager himself. Those familiar with the circumstances leading to his resignation surmised that the obvious conflict he had with the Marketing Manager made him realize his own deficiencies in the area.

8.6 The Market Development Era

In 1998, almost a decade after Kilts & Co’s recommendations were made, IPD was incorporated as a wholly-owned subsidiary of Central and named Impressive Printing Corporation (IPC).

Central still dominated IPC as its owner and its primary customer. Some employees were of the view that Central’s underlying motivation was to distance itself from the risks inherent in IPC’s business operations. Others pointed to the popularity of incorporation that was evidenced in State-owned enterprises at the time. However, all agreed that on a symbolic level, the incorporation of IPC created a conceptual division between Central and IPC.

The position of General Manager was upgraded to Chief Executive Officer (CEO) and the incumbent became a member of the IPC Board. The other Board members continued as Board members of the incorporated entity. However, at the request of the IPC Board, Central’s Board Audit Committee was retained as
IPC’s Audit Committee. Central’s Board Audit Committee comprised the then Vice-President of Central as Chairman, a non-executive member of Central’s Board, and an external appointee. In addition, minutes from Central’s Board Audit Committee were circulated to the other members of Central’s Board for information and discussion.

During 1998 IPC produced 180 million security documents for Central and 127 million for 2 export customers. Without the addition of the export orders, IPC would have produced only 18% of the design capacity of its facilities. In addition, several cost reduction initiatives implemented in IPC were reported in Central’s Annual Report.

Following the retirement of the General Manager, rather than one of the senior management team being elevated, even temporarily, to the role of CEO, the non-executive IPC Board director temporarily took on the role of caretaker CEO until a suitable appointment could be made.

During this transition period the caretaker CEO relocated IPC’s administrative functions, previously on Level 3 of the Main Building, to Level 2, the same level as the production areas, to bring the administrative and operational areas closer together. Although there have been attempts to sub-lease the area on Level 3, the high security nature of the facilities made the logistics of such an arrangement impractical resulting in the area remaining vacant to this day. The caretaker CEO is also attributed with being the first person to articulate the aspiration of ‘polymerising the world’.

Eventually in 1998 a new CEO was appointed from a well-known manufacturing company with a sizeable export business. It was clear to all that the new focus was to develop the IPC’s export business.
In 1999, IPC produced 189 million security documents for Central and 162 million for 4 export customers. Therefore, without exports IPC would have produced only 19% of designed capacity. Also during the year, Global Polymer exported Guardian polymer substrate to 2 international security printers. In addition, a new Board member was appointed to the IPC Board from Central’s executive ranks. This brought the total Board members to five, three of whom were past and present Central executives or Board members.

The new CEO of IPC had quite a different style from his predecessor. Given his marketing background he could appreciate the difficulties of establishing export markets for polymer security documents without having people dedicated to developing particular markets. Export customers would need to be convinced that the benefits outweighed the costs and risks involved in using polymer for their security documents.

The new CEO established business development managers located in Asia, the Americas, and Europe respectively which seemed to initially deliver improved results.

In 2000, IPC produced 190 million security documents for Central and 466 million for 3 export customers. At first glance this appears to be a significant improvement on previous years, however, in the lead up to 2000 some export customers had bolstered their holdings of security documents due to the uncertainty about how computer systems would be affected by the 'millennium bug'. In the same year, Global Polymer exported polymer substrate to another international security printer.

In 2001, IPC produced 73 million security documents for Central as well as 205 million for export customers. As was expected, the number for security documents produced was down substantially on the previous year. Those produced for Central represented less than 7.5% of the designed capacity of the
facilities. In addition, Global Polymer exported polymer substrate to another 3 international security printers. However, Central’s Annual Report noted that Global Polymer had a disappointing year in 2001, although the Annual Report also stated that the joint venture partners continued to believe Global Polymer had significant potential.

It was around this time that the CEO of IPC and the CEO of Global Polymer agreed to co-ordinate their market development efforts. As one current senior manager indicated:

The CEO of IPC decided with the CEO of Global Polymer that their marketing efforts were not working and needed to be changed. So the catchcry was that we had to polymerise the world. Global Polymer took responsibility for all the marketing efforts allowing IPC to focus on the technical side of the business.

Unlike IPC, Global Polymer identified people located overseas to work for Global Polymer. This made a huge difference because, for example, the people we now had in South America actually lived there, they knew the culture, they had contacts, and as a result they were much more successful operating in the area. The logic behind the strategy was to have key agents in the geographic area to get the big players to accept the technology. Until the technology had credibility with the big players the little guys weren’t going to come across. (20060202_DR, p. 8)

Under a revised agreement, Global Polymer marketed the benefits of polymer security documents while IPC focused on production, which included training other security printers (both state-owned and commercial) who were interested in printing on polymer. The idea was that Global Polymer would have a network of preferred printers certified to print on polymer.

Global Polymer would originate the deal to print on polymer and allocate it to one of the Preferred Polymer Printers.

In 2002, IPC produced 96 million security documents for Central and 176 million for export customers. With export orders IPC produced 27% of the designed capacity of its facilities. Without exports, IPC would have produced just under 10% of that capacity. In addition, IPC and Global Polymer formally established
TechPrint, a jointly funded service for technology transfer to overseas state-owned print works as well as high security printers interested in printing on polymer substrate.

Under the agreement reached between IPC and Global Polymer, R&D was undertaken by IPC staff on behalf of Global Polymer, managed through a Joint Technical Committee comprising representatives from IPC and Global Polymer, and reporting to the Boards of each company.

As part of the new arrangements Global Polymer was assigned all the existing patents developed during the development of polymer substrate by IPC. All future R&D breakthroughs would similarly be assigned to Global Polymer even though IPC resources would be undertaking the R&D.

Originally IPC was entitled to a share of the revenue generated by Global Polymer, however under the new arrangement IPC was not entitled to a share of Global Polymer’s revenue. IPC’s rewards were restricted to the work done directly on behalf of Global Polymer through TechPrint for which it received a once only payment representing twice IPC’s labour costs incurred.

IPC would also undertake printing jobs on behalf of Global Polymer when no other security printer was available or willing to do so. Often this required undertaking printing work on non-commercial terms. As one IPC middle manager said:

We’ve run at a loss for a number of years and that has a lot to do with the export contracts from when we went out to ‘polymerise the world’. We knew they were loss jobs when we costed them but they turned out to be even bigger losses for us because the spoilage rates turned out to be worse than those we used in the quotes. We were in this situation for a number of years. Obviously that does not go down too well with your shareholder. (20060301_AM, pp. 1-2)
In 2003, IPC produced 113 million security documents for Central and 153 million for export customers. In addition, Global Polymer exported polymer substrate to 3 other international security printers.

At the end of 2003 IPC entered into a 10-year contractual agreement for the design, development, testing and production of a new security document for Foreign. IPC previously had responsibility for design and printing, but now would also assemble and finish the documents as Foreign had terminated the services provided by the third-party organization due to their perceived poor performance.

8.7 The Cultural Change Era

In the latter part of 2003 it was revealed that there had been an independent investigation into allegations of bullying, intimidation and harassment in IPC as part of a change program that had taken place over the previous three years, which had prompted IPC’s workforce to go on strike for the first time in 17 years.

The cultural change program therefore commenced in 2001, it was agreed that Global Polymer would have the responsibility for marketing both the polymer substrate and the printing services of IPC because it was believed that Global Polymer’s overall approach would be more successful. Amongst other things this reflected the ascendency of Global Polymer relative to IPC.

IPC’s CEO determined that IPC’s culture was the cause of many of IPC’s problems. He believed IPC was slow, ponderous and reactive, still trapped in a public service mentality, whose work practices and attitudes were unsuitable for a world competing against commercial security printers in the global market or, perhaps, more close to home, even competing against Global Polymer for resources.
Even though he knew that an earlier attempt had failed, the CEO was convinced that part of the solution was the establishment of self-managed teams. The CEO turned to an External Consultant whom he knew worked with organizations to change their culture. Shortly after the external consultant was formally engaged the CEO’s Personal Assistant was appointed to the role of HR Manager, without any formal qualifications, formal experience, or relevant attributes. These three, led by the External Consultant, were instrumental in orchestrating the implementation of self-managed teams and the subsequent cultural change program. As a middle manager appointed just prior to the end of the External Consultant’s engagement said:

> When I came here I thought it was a very strange environment. I’ve studied psychology and I thought it was just like some sort of a cult. The HR Manager was previously the Personal Assistant to the CEO. She didn’t have any qualifications or experience to be in that sort of position. A consultant was working very closely with the CEO and very closely with the HR Manager. Some people believed that she was actually running the company, and to a fair extent she was. She had a big say in the way the organization was run. (20060316_JG, p. 2)

The previous HR Manager had been moved into the role of Operations Manager even though he did not have any prior experience in running an operational area and did not have a good understanding of the technical issues associated with the production of polymer notes. A Support Services Group was established with responsibility for managing the technical issues and headed by the Support Services Group Manager, leaving the Operations Manager with primary responsibility for the Print Hall, Finishing and the emerging New Product area.

There had been a succession of Operations Managers over the previous decade with each one lasting eighteen months or less. As a result people within the organization had developed a negative superstition about the role. Being appointed to the role of Operations Manager was believed to be an organizational death sentence. No one wanted the role. Whether the new Operations Manager had sought the role, out of a sense of duty or been given an
ultimatum regarding the role remains a mystery. In any case, his tenure in the role was as equally short as his predecessors.

Those employees with experience in other security printers were of the view that the role of Operations Managers in IPC had been occupied by a succession of incumbents who shared a particular disposition. They were considered to be relatively junior within the IPC hierarchy compared to the administrative and support areas and were generally thought by staff to be submissive in accepting criticism of Operations from the administrative non-production areas. As one senior member of the Print Hall said:

> Throughout the time that I have been with this organization in Operations we have suffered from what I call the biggest boy on the block syndrome, where the biggest boy on the block determines what happens and who gets blamed when things don’t work. When I worked for Empire Printing for example, the equivalent of the Operations Manager, who was my manager, was the biggest boy on the block, besides the CEO. In IPC, most of the Operations Managers have been junior managers. Whenever, there was a meeting, whether it was spoilage, or quality, or delivery issues all the big boys on the block would blame Operations and their inability to get Operations to perform, and they would accept the criticism saying, ‘Yes, it’s our fault’. (20060316_GS, p. 8)

As a result, many felt that senior management did not have a sound appreciation of the skills and competence of the people within Operations or the challenges regularly faced by Operations. Those outside of Operations seemed to believe that they had a better idea of what Operations should be doing than people actually working in Operations.

According to employees the second attempt to establish self-managed teams did not work for the same reasons that the previous attempt had failed. Although the workers were being told to be self-managed their view was that they were not allowed to manage themselves the way they wanted. They had to manage themselves the way the senior management and the External Consultant wanted. Just as the previous failed attempt had resulted in a more authoritarian style of supervision, this failed attempt was used to justify a cultural change program that many viewed as the worst period of their working life with the organization.
The cultural change program commenced with the External Consultant conducting various workshops that were initially regarded as positive. However, as the program progressed, the External Consultant seemed to unleash conflicts that had previously been hidden. Some employees observed that as the conflicts and tensions increased, the External Consultant’s power also seemed to increase. As one current senior manager explained:

Initially, I think she had the right approach. It was very much about burying the scars of the past with the prior CEO and the negativity that developed and move forward in a structured way, developing staff potential and so on. She was saying all the right things but then she seemed to take each group in the company - senior management, middle management, staff in production - and offer them quite a degree of power and freedom. But then, to gain her ends, manipulate and victimise people just to get her point across. In so doing, I do not think she had an understanding of the skills of the company, and who were the key players. I think she tended to eliminate those considerations from her equation. Unfortunately, I do not think senior management stood the ground they should have done. She became a bit all too powerful and as a result there was a lot of infighting. People were afraid to speak their minds in case they were labelled non-supportive or negative. We became rather introverted and fed on ourselves. A lot of people who perhaps did not agree tended to get shunted to other roles, into Global Polymer, or out of the company completely. So there was a lot of fiddling with the fabric of the company and as a consequence we went into an unstable period where things went backwards at a rate of knots. Some left, some were given the flick, and others were shunted to other roles. (20060207_NB, pp. 2-3)

IPC’s workforce was divided into various groups along hierarchy and function. The workshops exposed the main problems that were occurring within the organization. Each group was encouraged to express its frustrations.

According to employees, each group characterized their problems as emanating from other groups with which it interacted. The senior management group complained that their main problems were with the Board and middle management; middle management complained that their main problems were with senior management and front line management; and front line management complained that their main problems arose from their interaction with middle management and the workers. As one middle manager recalled:
At first it was about educating the various people at different levels within the organization about respect for other areas, customer focus and common direction, and that was great. But then for some reason, and don’t ask me why, we were pitted against each other.

Let me break that down for you. Senior management had a workshop and their problem was the Board and middle managers. When middle managers had their workshop their problem was senior managers and their front line managers or team leaders. When we as team leaders and front line managers had our workshop our problem was middle management, other front line management and the shopfloor. (20060316_CH, p.6)

In addition to exposing the submerged conflicts between different groups, the workshops also unearthed the conflicts and tensions within different groups. The External Consultant solicited views from individuals about other individuals in confidence and then shared the information solicited with the whole group. Employees saw others being isolated and victimized. As one middle manager recalled:

I can remember one of the maintenance guys had been away at their retreat and he said one night after they had finished their workshop they were sitting around having a meal. He said everybody was sitting around having a few beers. The External Consultant and the HR Manager of the time were there, pretending to have had too much to drink. They started a conversation with him. They asked him hypothetically what he thought about the idea of forming a company made up from the maintenance team. He said, ‘No I would not be interested in doing that. Not with some of these guys’. He did not think any more about it. When he walked into the workshop the following day he said the consultant let the rest of the group know how he felt about them and finished off by saying ‘If I were you lot, I would take him out and ….’. I think a lot of the guys were just dumbfounded. There were literally dozens of stories just like this. (20060303_AA, p. 7)

Employees felt that they were not permitted to openly question what the External Consultant did, or criticize her approach. They saw what happened to people who criticized her. Senior management did not seem to be interested in their complaints. Many employees began to believe that the External Consultant was pursuing her own agenda and that the senior management was scared of her. Many of them observed that the cultural change program seemed to take on a life of its own - a program of change for the sake of change. As one current senior manager, who had seen the interaction of the External Consultant and the Senior Management Team, said:
I sat through a Leadership Team meeting once. All of the Leadership Team or Senior Management Team as it was referred to then, deferred to her. She berated them in the meeting. I can remember thinking that if I were in their shoes I would have told her what to do. She was actually directing this cultural change program without having an outcome in mind. We were going to change the culture of the operation. However, there were no defined targets for the organization. It was almost like a cultural change program for a cultural change program. Although she talked about high performance work teams, those teams were given no Key Performance Indicators (KPIs) or guidance about their function, or how they were inter-related, or any assistance in terms of what needed to be done or how to prioritise their initiatives. She organized a meeting between the Operations team and their customers. I remember talking to her and saying that if the customers came in with a bag full of expectations, which the Operations guys were not able to meet she was just setting them up for failure. But she seemed to have no understanding of the consequences of these initiatives. (20060207_MD)

People in the organization increasingly saw the cultural change program as an open conflict between the power of the External Consultant and the power of individuals and groups within the organization. It was as though the consultant was systematically creating divisions within the organization. As the divisions increased so did her power. Through desperation a letter was written to the President of Central highlighting the need for his intervention. But the President reinforced support for the senior management team even though by this stage the External Consultant dominated the senior management team.

Even the Print Hall, which had traditionally been the main adversaries to management’s initiatives, had lost power in their conflict with the External Consultant. Employees were aware that the External Consultant maintained a ‘black list’ that contained the names of people who opposed or criticized what was happening. She would tell people that the list contained the names of those who were working against the organization. As one middle manager recalled:

The External Consultant was under the impression, that certain members within the company formed a clique, and were working against her efforts to improve it. In her view, those people had to be destroyed. (20060316_CH, p.7)

It was common knowledge within the organization that the Operations Manager was at the top of the External Consultant’s black list. Employees believed that the
External Consultant had orchestrated his removal from the role of HR Manager and his appointment to the role of Operations Manager. They believed that she wanted to remove his influence with the CEO because he was opposed to what she was doing. As one senior manager explained:

> The Operations Manager was a power broker. At the time it was all about power. He had a very high influence with the CEO at the time and the External Consultant wanted him out so she could have all the influence over the CEO. (20060511_AG, p. 4)

Staff knew that a select group of employees were being systematically victimized and removed from positions of influence within IPC. They all had long tenures with IPC, had made a recognized contribution to the business, lacked formal qualifications, were male, had a loyal following within the organization, and were openly critical of the External Consultant’s approach. As one middle manager described:

> There were a lot of people who were in a worse position than me, to the extent that they were being driven out of the organization. Not through performance management because they were performing quite well. They were being driven out. They were being excluded from information that they should have been receiving to do their job well. It was a concerted effort to drive these people out. (20060316_CH, p. 8)

The number of people who visited the on-site doctor suffering from work-place stress increased markedly during this period. The number of complaints reporting bullying and intimidation received by the union also increased substantially. Eventually, a stop work meeting was called where many employees described their experiences to the gathering.

At first the CEO refused to acknowledge any problem despite the complaints. He argued that people were complaining because they were resistant to change. Eventually he agreed that an independent third party should be brought in to investigate the organization. It was further agreed that the third party investigator would have to be approved by both IPC management and the union. The organization chosen for the investigation, Together, specialized in these sorts of
organizational investigations. Shortly after commencing their investigations the principals of Together concluded that the External Consultant and the HR Manager, who had previously been the CEO’s Personal Assistant, had acted improperly and unprofessionally. It was subsequently discovered that the External Consultant’s membership of the professional association had lapsed.

When the External Consultant’s services were terminated she began litigation against IPC claiming that her contractual agreement had been prematurely terminated. An out of court settlement was made by IPC to the External Consultant and both parties agreed that this settlement would remain ‘confidential’. However, the Official Hansard reported that the External Consultant’s 3-year involvement cost IPC over $800,000 in consulting fees.

The cultural change program affected every person in the organization. There is still a lot of resentment and anger within the organization towards the External Consultant, the CEO, and his senior management team because of what was allowed to happen. As one middle manager said:

> It was just uncalled for, the company wasn’t that bad. I mean the CEO had made a lot of bad decisions towards the end of his tenure and to try and justify why he should still have the job he looked at apportioning blame to other areas, and it was about this time that he had actually employed the consultant as his life coach. (20060316_CH, p.11)

However, many within the organization agreed that it brought people together with a single focus on removing the External Consultant from the scene. It also reinvigorated support for the union and resulted in a deep suspicion of all senior management. As one employee said:

> I think in hindsight IPC did get something out of the cultural change program, especially from a union perspective it gave us a stronger bond together. I don’t think it was a total loss. I think what hurt the most wasn’t that it happened, but that when it happened and the problems were highlighted to management, they didn’t do anything about it. It was all being run by a consultant, a female consultant, and one of our managers, who was also a female. When it came to our core management, there were just too many issues highlighted for them to ignore, so when they ignored the problems, that’s when it started getting really bad. (20060321_GS, p. 4)
Many employees questioned how the External Consultant was allowed to exert the level of influence she did. They viewed it as an indictment on those who were in a position to have prevented it. However, there were no obvious consequences for any members of the Board or the Senior Management Team, except for the HR Manager who was eventually removed from the organization, placed on extended sick leave, and received workers’ compensation.

A new Operations Manager was recruited to manage the Operations area. He inherited a situation in which there was no longer a Print Hall Manager or a Pre-Press Manager. The Print Hall was operating without authorized leadership although there were still many experienced printers who knew what needed to be done. From management’s perspective however, the Print Hall was out of control. There was virtually no compliance with established policies and procedures. As one senior manager said:

We lost control of the process. With the botched implementation of self-managed teams the whole supervisory level of management had been taken out of the business. The people in the Print Hall were running their own crews and machines. We had no manager assigned to the Print Hall. It was just a mess. Documentation was not being completed, processes were not being followed, and they were working their own crews. (20060209_PS, p. 7)

In addition to the problems in the Print Hall, the new Operations Manager was growing increasingly alarmed at how the New Product line of business was developing. He had little faith in the person previously appointed to develop the business as he had been assessed as performing below expectations in his previous role and had no experience managing a comparable project in terms of scale or complexity. Eventually his services were terminated, but only after being given the opportunity to fail. As one senior Manager recalled:

So while all this was happening, we started the new production line. The person they appointed had previously had little relevant previous experience and his performance in his most recent role had been below expectations. The poor guy had never project managed anything and he did not know anything about setting up a
production line. He had no idea. As a result he was terminated. He was one of the first. We have had a lot since. (20060209_PS, p.7)

8.8 Current Era

In late 2003 a new HR Manager was appointed who had substantial experience in industrial relations within large industrial companies and public enterprises. One week after his appointment, a new CEO-in-waiting was appointed to the newly created role of Business Development Manager and was introduced to the key customers and suppliers under the tutelage of the retiring CEO.

In 2004, IPC produced 78 million security documents for Central and 99 million for export customers. In addition, Global Polymer exported polymer substrate to a newly established state owned security printer, which had been set up with the assistance of TechPrint, the joint venture between IPC and Global Polymer.

Following the departure of his predecessor, the new CEO automatically became a member of IPC’s Board. An additional senior executive from Central was also appointed. This brought the number of directors on the IPC Board to 6, over half of whom were current or past executives of Central. The new CEO of IPC also became a member of the Global Polymer Board, as a representative for Central.

Also in 2004, a private-equity consortium led by Handover PLC acquired Industrial Film Products, Central’s joint venture partner in Global Polymer. The Board of Global Polymer now comprised three voting members appointed by Central, three voting members appointed by Handover PLC (International Film Products), and the non-voting CEO of Global Polymer. In addition, IPC’s Chairman was also the Chairman of the Global Polymer Board.

Just prior to the May 2004 IPC Board Meeting, a new Chief Financial Officer (CFO), was appointed to IPC from a similar role in another public sector
enterprise. Together the new CEO and new CFO attended the May 2004 IPC Board Meeting. Immediately following that meeting, they were introduced to Central’s Board Audit Committee, which orchestrated the annual 270 audit days of IPC. These audits were more than just financial audits, they were also operational and process audits, conducted throughout IPC’s various departments, including:

- Production
- New Product Assembly
- Pre-production
- Authentication
- Financial Controls
- Security
- IT
- Contract Management
- Staff & Resourcing
- Financial Year End
- Payroll
- Travel
- ISO 9001 2000
- Cash Count

After a brief introduction, IPC’s 60 outstanding audit items, accumulated over the previous 5 years, and IPC’s consistently adverse audit reports were discussed at some length. Central’s Board Audit Committee indicated IPC’s performance had been unacceptable and they expected the situation to change. As one senior manager recounted:

We had the opportunity to meet with the IPC Board and Central’s Board Audit Committee. Their loud and clear message to us was ‘Do not take this personally. We are glad you are here and that you are going to fix things up, but we are absolutely sick and tired of IPC and its performance and its non-compliance. When are you guys going to get your act together? Anyway, good luck with it. (20060201_BH)
Following these meetings, the new CEO commissioned a strategic review of the organization by a group of external consultants and a Customer Survey by another group of consultants focusing on Central and Foreign.

The strategic review concluded that every aspect of the organization required significant attention. However, the breadth and depth of the problems were staggering. For example:

- Spoilage rates were extremely high;
- Production orders were not being delivered on time;
- Those production orders that were being delivered were incomplete;
- Both Central and Foreign complained about the quality of the products that were delivered;
- Customer relationships were adversarial;
- Industrial relations within the organization were fragile;
- Relationships with suppliers were strained;
- Maintenance of the buildings and machinery was inadequate;
- Critical machinery had not been replaced since their original installation in 1981; and
- Non-compliance with established policies and procedures was rife.
Furthermore, the results of the Customer survey, delivered in August 2004, revealed that both customers:

- rated their respective satisfaction with IPC as below acceptable;

- considered IPC’s inability to provide a quality, usable product at contract specified volume as a major concern;

- felt that IPC was not taking their responsibilities seriously under their respective agreements;

- questioned the value of IPC’s touted ISO 9001 accreditation, which had been awarded and maintained since 1997; and

- believed IPC received the lion’s share of benefits from their respective relationships.

The new management team was also coming to grips with the prospect of presenting a forecast $10 million loss, the company’s biggest, to the IPC Board.

At the August 2004 IPC Board meeting, the CEO and CFO presented the results of the strategic review and customer survey as well as the forecast loss to the IPC Board. The Board seemed surprised by the revelations and claimed that the previous CEO and his senior management team had kept them in the dark about what was going on.

Following a review of the Board reports, papers and minutes of Board meetings of that period, the CFO confirmed that the information being tabled at the Board meetings and the discussions minuted indicated a high level of reticence on the part of the previous management team to share any information with the Board of Directors about what was happening at IPC. However, it was not apparent that
the Board of Directors had made any attempts to rectify the situation. As one senior manager recalled:

The Board of Directors did not really know what was going on. They did not really know how the business was performing. But perhaps the more sensitive and the damning aspect of the situation was that although they were not receiving the information to effectively perform their duties, they should have gone looking for it, they should have thumped the table and asked for it, but they did not. (20060201_BH, p.5)

The new CEO presented a blueprint to the IPC Board for turning the organization around under the rubric of “Back to Basics”, which captured the CEO’s perspective that the workforce needed to refocus on doing the basics well through a number of focused work streams and initiatives.

It was argued that the “Back to Basics” program would address each of the deficiencies identified in the strategic review and customer survey and would be completed over a two-year timeframe. The new CEO and CFO also committed to adopt a much more open flow of information to the Board than the previous management team.

The reaction of the Board was initially very positive and supportive, and the CEO was encouraged to pursue the initiatives with some vigour. As one senior manager recalled:

When we said to the Board, ‘We are going to have a two year Back to Basics program to rebuild this place, to get this place right’, they said, ‘Great, good, we’re right behind you. It’s the right thing to do. No doubt about it’. What they were really saying was, ‘Good, they’re going to bail us out. We were asleep at the wheel, and they’re going to fix it up’. They did not say anything but you could read their minds. Meanwhile, all the export customers around the world thought IPC was great. They looked at the finished product and they said, ‘They make a bloody good product. We’re happy with it’. They did not know what it was really like. (20060201_BH, p. 7)

Over the course of the next two years the IPC Board became increasingly defensive as the information flowing their way painted a picture of an
organization in crisis and raising questions about what the Board had been doing. As one senior manager said:

One of the sensitivities is where you have got to continually put papers or reports or facts and figures, whatever they might be, on the table, saying 'Here is what is happening. Here are the contractual things we have got ourselves into over the last so many years', and of course it was all under their watch. So we've been giving them this steady stream of news, 'and here's what we are doing about it' and occasionally it's touched a raw nerve. The words haven't been said but it is like, "Stop blaming us. Stop telling us all this bad news". They have become a bit tired of it. It’s obviously pricked a raw nerve because, 'Hang on, this was all happening under our watch. Oh, no. We were not asleep at the wheel'. (20060201_BH, p.5)

The CEO proceeded to implement a number of management changes, which had been foreshadowed in the “Back to Basics” program and which he hoped would result in significant improvement in organizational performance.

The Print Hall Manager who had joined the senior management team of Global Polymer during the cultural change program was encouraged to return to IPC as Business Development Manager and a member of the senior management team. The new Business Development Manager was responsible for managing the relationship with Central as IPC’s primary customer.

One of the external consultants who had undertaken the strategic review of IPC was contracted to the role of New Product Manager to set up the new business line for the new security document to be produced for Foreign. He also became a member of the senior management team.

The Support Services Group which had been established when the HR Manager had been appointed to the role of Operations Manager, was dissolved and the functions reintegrated into the Operations area. It had been concluded that the separation of these support functions from Operations was counter-productive.

There were also concerns regarding the Support Services Group Manager’s leadership ability. Although she had significant technical knowledge particularly in
relation to inks, she was not considered by the CEO to be an effective manager of people. She was appointed as Technical Adviser reporting directly to the CEO refocused on special projects, and a member of the Senior Management Team.

According to staff, there were growing concerns that the Operations Manager was not up to the challenge of managing the current Operations area and would not be able to manage the reintegrated Operations and Support Services Group. It was management’s view that while he may have been able to manage a manufacturing operation that was operating well, he was not capable of turning a poorly performing operation into a good one. He was also handicapped by a lack of prior experience in security printing. As one manager commented:

The Operations Manager at the time was a poor communicator and did not have what it took to turn Operations around. Operations drastically needed to be changed. It was not stable. The Operations Manager would have been fine in a stable business but we were not in a stable situation. It was not possible to just come in, make a few small changes and maintain things. We needed someone to come in and change things dramatically. (20060317_JG, p. 11)

The Operations Manager had appointed a Production Manager to manage both the Print Hall and the New Product line for Foreign. Although he had some prior experience within IPC he lacked the respect and support of the printers and was therefore ineffective. As one of the printers commented:

It was a bit unfair on the Production Manager. He had worked in the Print Hall as an assistant a few years beforehand. He left IPC to work for a commercial printer and then he came back. When our supervisors left, I was asked to look after the floor until they found someone else. Then he put up his hand but he didn’t have their respect. In those days we used to start the shift at six o’clock in the morning and he’d get in at seven o’clock. He suspected some of the guys of starting late. (20060317_CV, p. 14)

But more important than experience in the industry, it was a widely shared view that neither the Operations Manager nor the Production Manager had an ability to argue their case for change. As one middle manager recalled:
The Operations Manager had the Production Manager running the Print Hall. He would say, 'We haven't got stuff' but he wouldn't argue in the management meeting. The others would say, 'Why aren't you fixing this, and why aren't you fixing that. The Operations Manager never came in and said, 'I can't fix this unless I get more people'. He just seemed to accept it, going to meeting after meeting and getting hammered and not knowing how to argue back. (20060317_JG, p. 12)

The CEO appointed someone he had worked with before into the role of Document Production Manager reporting to the Operations Manager, with the expectation that he would be able to sort things out. Within three months it became obvious to people that either the Document Production Manager's abilities had been overstated or Operation's problems had been understated, or both. In addition to not having security printing experience his disposition was to immerse himself in detailed analysis rather than manage people. As two middle managers recalled:

When the CEO took over he dissolved the management structure of IPC, but he underestimated the turmoil that the company was in, and he basically threw the Document Production Manager to the wolves. The Document Production Manager has his own quirks and tends to delve into the detail and because of the number of problems he tends to get snowed under. (20060316_CH, p. 14)

When the Document Production Manager came in he was the saviour of the business but within three months he was pulling his hair out saying, 'I can't fix this. I need more people. We've got so many problems. I can't fix this on my own. I'm drowning'. (20060316_JG, p. 4)

In 2005, IPC produced 159 security documents for Central and 231 million for export customers. In addition, IPC printed and assembled 1.4 million new security documents for Foreign. Also in 2005, Global Polymer exported polymer substrate to 2 international security printers.

During 2005, IPC also transferred its in-house ink manufacturing facility to Universal Inks in support of Global Polymer's efforts to create a market for polymer security documents, but without any direct benefit to IPC. IPC had successfully developed and manufactured its own inks for use with the polymer substrate. However, Universal Inks was the most widely used producer of inks for the security printing industry. It was believed that if Universal Inks became the
producer of inks for use with polymer substrate other security printers would be encouraged to print on polymer.

Because the base formulation of inks produced by Universal Inks was different from those of IPC, an unexpected chemical reaction occurred between the ink produced by Universal Inks and the polymer produced by Global Polymer, resulting in buckling of the security documents.

Universal Inks refused to reveal its base formulation to IPC. However, rather than simply returning to using its own formulation, IPC disrupted its own production schedule to work with Universal Inks to eliminate the problem, effectively subsidizing Universal Inks in the development of a future annuity stream from which IPC would derive no direct benefit under the agreed arrangement. Under these circumstances IPC’s alternatives seemed limited. They needed to solve the problem not only for their own production purposes but also because it would be shared by all the other security printers that printed on polymer. They were also the best placed to do so, having been instrumental in the development of polymer as a substrate.

IPC also negotiated a new occupancy agreement with Central as landlord. This was the result of a report completed 2 years previously in which the maintenance of the facilities was reviewed. It was found that maintenance was not being adequately performed. As one middle manager said:

Part of the decision to get the landlords on site was because of the state of the buildings. They did a report about 2 years ago and found some really major maintenance problems. (20060316_JG, p. 8)

Also during 2005 IPC began the implementation of a new Enterprise Resource Planning System, ERPS, in association with Central as a replacement of the previous information system. However, once implemented, users of the system outside of the Finance function were not complimentary of the information that
could be retrieved from the system, particularly from a manufacturing perspective.

Industry experience became an increasingly recognized as a requirement when recruiting people for IPC but it was also recognized that there was not a ready source of people experienced in security printing in Australia. The choices were to recruit people with security printing experience from overseas or get people with the right basic skills and train them in the business. As one middle manager said:

I’ve had a fair bit to do with recruitment here. I’ve come to understand that this business is the only one of its kind in Australia. For example, the Intaglio and Simultan printing processes are unique to this business. We cannot just go to the local market. We either have to get them overseas and bring them to Australia or we have to bring people in who have the basic skills and train them ourselves, and that’s going to take a lot longer than we originally thought. These are the choices with a lot of the positions in this business. (20060316_JG, p. 5)

8.8.1 The Industry Specialist

In April 2005, IPC approached an industry specialist working for Empire Printing, a multinational commercial security printer, which had acquired a security printing business in England two years earlier. The industry specialist had been employed in the security printing operations that had been acquired by Empire Printing and had been retained to assist in its integration into Empire Printing. When approached the industry specialist was a direct report to the CEO of the printing operations.

IPC flew the industry specialist out to Australia for interviews, mainly with the then Operations Manager who felt that his knowledge and experience would allow him to make a significant contribution to improving IPC’s operations.

Eventually the industry specialist was offered the role of Print Hall Manager reporting directly to the Operations Manager. After weighing up his options he
accepted the offer. Shortly after giving his notice to Empire Printing, a middle manager from IPC’s Human Resources Department contacted him to say that the role that he had discussed with the Operations Manager was no longer available and enquired whether he would consider doing another role, yet to be finalized. Although taken by surprise the industry specialist had committed to moving to Australia. Arriving in September 2005, he was met at the airport by the same Human Resources Manager and informed him that the Operations Manager who had interviewed him had been replaced by an external appointee, and that the new Operations Manager had already finalized his management structure and team.

IPC’s senior management had dismissed the previous Operations Manager because it was felt that he was not up to the task of turning Operations around. They had appointed the Document Production Manager with the intention of appointing him to the role of Operations Manager but had reassessed their plans when he fell short of their expectations. At that time a number of high calibre personnel became available through the closure of Photographic Films local operations.

The new Operations Manager had been with Photographic Films for thirty-one years and had been responsible for closing down the Melbourne operations. He agreed to take on the role of Operations Manager for a period of two years, after which the role would be opened to other aspirants.

When the industry specialist arrived, the new Operations Manager offered him a role as a Performance Improvement Engineer. He floundered in the role. After a frustrating month, an experienced Performance Improvement Engineer was employed whom the new Operations Manager had worked with at Photographic Films. The industry specialist was told to report to this newly appointed Performance Improvement Engineer. By this stage the industry specialist was becoming annoyed. He felt he was being used as a consultant to educate people
who had no experience in security printing. However, he was not being paid as a consultant. As he recounted his experience:

I was reporting to this Performance Improvement Engineer who knew absolutely nothing about security printing. I was supplying him with information and he was going off to meetings. I said, ‘Hang on guys, what's going on? If you talk to me as a consultant then you can pay me as a consultant. I'm here to do a job, not supply bits of paper and train people. So basically they said, ‘Well what do you want to do?’, and I said, ‘You're still looking for a Shift Manager in the Print Hall even though the Print Hall Manager's job has disappeared I'll do that for a while. (20060309_NS, p. 12)

Certainly, those in Human Resources were keen to recruit people with industry experience. They had recruited a number of high calibre people who were on a very steep learning curve. As one middle manager said:

We have brought in really good people like the new Operations Manager and his direct reports. None of these people actually know this industry. So they are going through a steep learning curve. That would not be the case if we were in Europe. Here, we are the labour market for the sort of printers we want. There is no market out there for the printers that we need unless you happen to fluke it by finding a commercial printer who has spent time in a security printer. I pushed for recruiting the industry specialist because I believed we needed to get people from our industry. It is our major weakness. It takes a long time, say 6 months, once you have found someone, relocate them, and start developing them. That is why we need to bring in graduates and junior apprentices. When our senior people leave we cannot replace them from the local market. The more I think about it, it is not all positions. It is the printers and the engineers that support the printers. (20060316_JG, p. 6)

There seemed to be an imperative to recruit people from outside the organization and a more recent imperative to recruit people with industry experience, which had resulted in the recruitment of the industry specialist. However, when asked about why the people already in the organization were not being considered for these middle management roles, the same manager said, “That’s a good question. It is something I have not thought a lot about”. (20060316_JG, p. 6)

Eventually the industry specialist moved into the role of Shift Manager supervising the printers in the Print Hall. When he was briefed about the job, he was told that:
• the printers were bad workers;

• the printers were to blame for all the quality problems;

• the machines were old and had been poorly maintained; and

• he should therefore keep an eye on their work.

What he discovered was that the printers were doing whatever they wanted because they had been allowed to do whatever they wanted. Policies, procedures and systems were being flouted because of a lack of training, a lack of discipline, and a lack of leadership. As he said:

When I decided to go in the Print Hall as a Shift Manager I kept hearing that it was a disaster. ‘The printers are crap. The machines are old. They’re lazy. They can’t do anything. Quality issues are all their fault. Keep an eye on the work’.

I went in and discovered that they hadn’t been managed at all. They did whatever they wanted. There were all these security keys lying around in the staff room. Guys were coming up to me saying, ‘I need a pair of safety shoes’. ‘Right, you better tell me what I’m supposed to do. I can sign for your boots’. People were trying to dispose of hazardous chemicals. I said, ‘What am I supposed to do with it?’. I’ve never heard of it before. So they have not really been managed at all. They have just been allowed to do what they want.

The previous manager was pretty weak and in my opinion did quite a lot of damage starting jobs up without getting suitable signatures. The auditors highlighted all these gaps in the forms. They just decided to break the rules. A lot of the rules in here are crap but we’ve got to follow them until we change them. Mistakes keep getting made. (20060309_NS, pp. 12-13)

He also found the printers to be very cooperative and collaborative, and concluded that if they had been militant in the past it may have had something to do with the way they were being treated. As he said:

I was told they were militant but nothing could be further from the truth. They don’t seem to be a problem. In England most factories buy the lunch break from the printers to keep the machines running. These guys are actually trying to find a way to keep the machines running through lunch themselves. I think there has been a change. I’d like to think it’s got something to do with the way they’re being treated. They just were not listened to before. They were just dismissed. Managers did not
have any time for their problems. They wanted shoes or tools. It's not unreasonable to have the right tools and shoes to do their job. These are just small things but they are important things. (20060309_NS, p.15)

From his experience, the profile of the employees in the Print Hall was similar to that of other security printing operations he had observed, perhaps even a little better. As a result he concluded that management’s criticism of the printers was an excuse to hide their own deficiencies. As he said:

There are some crap printers and lazy printers here but where I come from its pretty much the same, but they're decent. One of the Intaglio printers here, an Irish guy, he's one of the best Intaglio printers I've ever seen. I've seen about fifty security printers around the world. He's the quickest at setting the machines up and the best at setting the machines up that I've ever seen. He's ex Empire Printing and he's a cut above the rest. No doubt about it. I gave him a compliment before. I think people recognise he's good. What I'm getting at is the shop floor make up is no different from other places but, management used it as an excuse. 'It's all the Print Hall’s fault'. I don’t want to name names but I think we’ve still got people in the wrong jobs. We’ve still got managers that aren't very good. (20060309_NS, pp. 15-16)

Even though the industry specialist would openly talk about what needed to change and why, the new Operations management team did not seem to be interested in his views. As he said:

I am frustrated at the moment because I know how this industry works, but although they brought me here to replace some of the expertise that they have lost, they just do not seem to want to know. I have spent 6 months talking about the need for detailed specifications until I am blue in the face. They pay lip service to it and move on. (20060309_NS, p.19)

He observed that during his induction there was a lot of information given out that completely missed the point of the induction. While there were in-depth presentations on Occupational Health and Safety and IPC’s Paradigm system, which contained all of IPC’s policies and procedures, there were no practical links made to the workplace. As he said:

You go through two days of completely over the top inductions on Health and Safety and how to use a system called Paradigm that holds all IPC’s policy documents, but that’s not really any use to you on day one. Yet you’re not even told what a fire alarm sounds like or where the nearest exit is. It's just bizarre. (20060309_NS, p. 1)
In his view people needed to be able to connect the training they received to their work. Without that connection being made any training became irrelevant to them in the workplace. As an example he compared the situation of Occupational Health and Safety in Europe and IPC:

In Germany and England, Health and Safety is a mark of how well a company is running, while Health and Safety here is shot. It’s unbelievable. (20060309_NS, p. 17)

Similarly, in his view a lot of the systems in the organization were systems in name only. Processes and procedures were documented but they were ignored. He believed a lot of the knowledge about systems had been lost when people left the organization. The knowledge had not been passed on, or if it had, it had not been shared.

I think this place had a lot of these systems but all the people who knew how the systems worked and how to use them left or were removed. A lot of new people have been brought in but no one has any idea what their responsibility is in regard to these systems. For example, they have an ISO 9001 system here but I have no idea after six months which quality documents apply to me, or which records I need to maintain, or which ones are used in my area. I have no idea at all. Whereas in my old place of work you knew exactly which high level procedures applied to you, which forms and working instructions were being used, how they were used, who used them. You knew the high level procedures in your area. I’ve been here six months and I still do not know that stuff. (20060309_NS, p. 2)

In his opinion, part of the problem was that the organization was in a constant state of crisis and panic. There were so many errors and mistakes that the root causes were either not identified or if identified were not addressed because people were always trying to catch up with the production schedule. As a result the errors and mistakes gave rise to further errors and mistakes, which gave rise to further errors and mistakes. It was a classic vicious circle.

In his view people in IPC seemed to get a certain satisfaction from pointing out that someone had made a mistake or had not followed a procedure. Given the lack of effective training, people learned about procedures through innocent transgression followed by punishment for the transgression. People’s knowledge
of IPC procedures was therefore generally acquired in a similar way to their dispositions, incomplete and piecemeal. As he said:

You just get beaten up and told. There was a classic done to me just the other day, which I still don’t fully understand. It had something to do with the security system for opening our vaults and which keys people are allowed to use. Security came down and said, ‘So and so is an A and he came and picked up a B key the other day. We’re going to get audited in a few weeks and it won’t be my blood it will be yours’, and I said, ‘Hang on a minute. I’ve been here six months and not once have you told me what the rules are and how they operate. I didn’t even know so and so was an A or that there was a B key. So how can I stop my staff from picking up the wrong key. No one has said to me, ‘Your responsibility as a supervisor here is to ensure that X, Y and Z procedures are followed and it’s your responsibility to make sure all your staff are briefed to follow these procedures. If the auditors come down, all that I will tell them is that I’ve had no training from you whatsoever. I have no awareness of the system. (20060309_NS, p. 3)

Although there was a position description for the Shift Manager’s role that had been updated in March 2006, the industry specialist was not aware of it. The Shift Manager’s position description, like all the other position descriptions, was stored in the Paradigm information system, which had been introduced as part of his induction program. The position description had the following categories:

- Scope of Position;
- Duties and Responsibilities;
- Safety Statements;
- Relationships;
- Financial Authorities;
- Skills, Knowledge and/or Experience; and
- Key Performance Indicators
However, the content beneath the headings was not written to inform the incumbent how to perform the role but assumed that anyone reading either knew what was required or would be informed by another unidentified source. For example, under the heading of Duties and Responsibilities were a number of items including:

- Actively supervise staff and processes ensuring that all processes are being carried out in the correct manner and with appropriate resources and equipment;

- Ensure that security and safety procedures are adhered to;

- Maintenance of Quality Standards; and

- Run CI meetings

However, in the opinion of the industry specialist, even if people knew what the systems were, there was no real consequence for non-compliance. As he said:

The systems have been flouted for so long because previous supervisors and managers have not cared. It's been accepted that the wrong guy picks up the wrong key for example. There is no consequence. It's easier so they do it. It seems to me that no one is responsible or accountable for anything in here. (20060309_NS, p. 3)

In his view, too many people were involved in decisions, which they were not qualified to comment upon. In the absence of a clear statement about their responsibilities people involved themselves in matters that interested them rather than those activities for which they were accountable. As he said:

I have so little responsibility as a manager or supervisor here compared with my previous job. How can I be responsible for the quality of a job or sign-off, if I have a look at it, the quality manager has a look at it, the process improvement manager has a look at it, the operations manager has a look at it. All having a slightly different opinion about whether it's right or wrong. There are no clearly defined roles. We had an instance the other day when changes were made to the inks on the afternoon shift. The press wasn’t running that well. The colour was ever so marginally off-
shade but would be covered by another process anyway. It was deemed acceptable and signed off by the afternoon shift manager. I came in the next morning. It's acceptable. Production Manager came in at eight o'clock. It's acceptable. At 11.30 the Quality Manager came in and said, ‘I don't like it, stop the machine’. (20060309_NS, p. 3)

In his opinion this would not have been tolerated in a security printer like Empire Printing. The starting point was to have a clear idea about what was being produced through a detailed product specification. In the context of security printing this requires the specification of tolerances of measurable attributes in both inputs and outputs. As he said:

I’ve never seen a factory make a product with no specifications. How do you know what you are supposed to be building? For example, how would Toyota build a car with no instructions, with no final specification of what the car needs to do? A product specification says that for a particular security document the ink will be Blue 1, which has magnetic resonance of so many teslas per square metre measured using such and such an instrument. Maybe later in the Appendix the measuring method is detailed and instructions are given describing how the instrument must be calibrated in such and such a way. So the specification details the characteristics that must exist. (20060309_NS, p.4)

From his observation of the way the Print Hall operated, IPC did not have the sort of product specifications he had described for any of the security documents it produced. He believed that there had been attempts to write product specifications in the past but there always seemed to be a higher priority, which drew resources away from the task.

In his view IPC did not really know how to write a product specification. For example, in trying to write the specification for one parameter of one security document, a sixty-page document had been drafted. He knew from his prior experience that the entire specification for a similar European security document was only eighty pages in total. As he said:

The entire specification for that European security document is probably eighty pages long. It describes every single feature and is used in 14 different countries around Europe that all print the same security document. A security document printed in Spain may go through a machine in Belgium. They need to be pretty close to each other in how they are printed. Different equipment. Different people. Even different ink manufacturers sometimes. They all have to work to the same
specification. The specification for an entire European security document is as big as one parameter here. It's just unbelievable. It means people don't know what they are doing. (20060309_NS, p. 5)

In his discussions with people in IPC, it had been rumoured that Central, as the customer, was resisting the introduction of product specifications. Yet, in his view, the customer should have been demanding delivery against their specifications. However, he explained the apparent paradox in the context of what he had observed in the Print Hall. There had been a drift in standards since the first polymer security documents were originally printed. This drift in standards had arisen through the combined effect of poor procedure compounded by changes in the ink and substrate, which were beyond the control of the printers. As he described the situation:

When the original polymer security documents were produced a standard was established. The next year it was produced they looked at the previous standard but rather than keep that old standard the more-recently-printed security document became the new standard. So there's been a drift in the standard. In addition, there are only two material inputs in security document - ink and the substrate – and both have been changed. When you change your raw material inputs you change your product. (20060309_NS, p.8)

In his view, Central seemed to have been complicit in this drift in standard, yet more recently had reinforced the original standard. He described how during his time in the Print Hall, the Business Development area had agreed to produce a security document with the same colour of a 1998 version of one security document but the magnetics of the same security document from 2002, without knowing whether it was possible. He couldn’t imagine Empire Printing ever proposing or agreeing to such a course of action. As he said:

The first time I printed a particular security document, I got the job bag instructing me to match the magnetics of 2002 and the colour of 1998. Somebody had said, 'Yeah, we can do that'. But how do you know you can do that. The magnetics are produced by iron oxide, which is black. As you increase or decrease the amount of iron oxide your shade of blue changes. If you try to match one, the other changes and vice versa. But somebody had promised that we could do it. So we went around in circles for three or four weeks taking things up and down to Sydney trying to match something without knowing whether it was possible. It may have been possible, but the answer to the customer should have been, 'We understand your concerns. We've drifted away from the standard. Your preference is to have the colour from
1998 and the magnetics from 2002 but that may not be possible. We'll do our best but there's no guarantee that we'll get exactly what you want. There's going to be a compromise somewhere'. We would then do some trials off-line, documenting our progress. Then go back to Central and say, 'These are the technical reports to explain why we can't do exactly what you want. Will you accept it?'. Empire Printing would have said, 'You have a choice. If you don't accept it you may be able to find someone else to print it. In our view, it's not possible, but good luck'. (20060309_NS, p. 9)

But according to the industry specialist, not only was IPC submissive in its interactions with Central, it was also submissive in its interactions with its suppliers. From his experience, the security printing industry was characterised by a small number of global suppliers. As such it was difficult to get them to customize their offerings for their customers. It was a question of take it or leave it. However, if there was the possibility that they might lose the business or could be convinced it was in their interest to do so, they would. As the industry specialist said:

By now I would have thought that IPC would have nailed down its specifications with its suppliers. But let's look at inks. Our supplier for inks is in house, although now Universal Inks manage it. In this situation we are the customer, so we should be setting the specifications. For example, inks have viscosity tolerances. An ink supplier will naturally try to provide inks that make their life either more profitable or easier. They are setting the tolerances they deliver to us. I recall Empire Printing had a similar problem with Universal Inks. Empire Printing were originally making their own inks too. Then Empire Printing entered a global supply arrangement with Universal Inks. Universal Inks were supplying inks that kept causing problems. I was responsible for inks then and I said, 'I want inks within this band because I know that a wider band is going to cause us problems'. They said, 'We can't do it'. So I said, 'We used to make them in-house'. Over the weekend they produced what we wanted. Now they deliver inks to Empire Printing's specification. There are a couple of people in here that understand this, but they have been sidelined or they are not interested, or the new people are reluctant to let them get involved. (20060309_NS, p. 9)

In the industry specialist's view it was as though the different groups within IPC were more interested in fighting amongst themselves than working together for a good organizational outcome, and the conflicts were obvious to all. As he said:

The politics in this place are just unbelievable. I've never worked anywhere like it. There are so many currents going around in here. It's incredible. You can see it in week two. You've got people at a very senior level in Finance and Manufacturing clearly not getting on. Openly not getting on. What does that do for morale within the company?
I’d like to say that there are only two sides in here but there’s almost three. You’ve got the old guys that don’t respect the new people and vice versa. Then you’ve got the old people fighting each other. Actually, when I think about it there are more than three sides. (20060309_NS, pp. 9-10)

Others who had joined the organization under IPC’s new management team also shared this view. As another middle manager said:

Nobody works with anyone else unless they have to. It is hard getting them to work together. It is not just management and the shop floor – the traditional fight. It is the traditional fight plus the fight within the Senior Management Team plus the fight with the next few people plus the fight with the rest of middle management plus the fight down the line. It is like anarchy. The workforce sees that senior management is too busy fighting amongst themselves to worry about them and they keep doing what they want. They don’t know where they’re going and don’t have a path for change. (20060301_AM, p. 14)

Many people believed that as a result of all the infighting, insufficient attention was devoted to developing a strategy or set of objectives that would allow the organization to emerge from the vicious cycles it appeared to be trapped in. As one manager said:

I don’t know their agendas but until they are resolved this place isn’t going anywhere. We might have a nice sounding Mission Statement, Vision and Values but there’s no strategy other than get orders, and spoilage and overtime. Most people realize that this place is in a mess and it’s a bit dysfunctional. There’s nothing there to get us out of this and we keep getting pulled back into the problems. I’m constantly being pulled into the problems. There are so many meetings. I only go to fifty percent of the ones I’m invited to, and of those only fifty percent produce any value. (20060309_NS, p. 10)

8.8.2 The Operations Manager

While the industry specialist felt his experience was being under-utilised within Operations, the new Operations Manager was directing the cumulative experience of an increasing number of ex Photographic Films personnel to the problems within Operations.
When the Operations Manager was considering the role at IPC he was aware that there were serious problems, which were being attributed to the shop floor. However, as with other senior recruits, he soon discovered the shop floor was not the problem. As he said:

What I heard before I came here was, ‘We’ve got a very unresponsive floor. They are very militant’. You know, ‘They’re the whole problem’. So I came in here with those premises. It took me about two months to realize that the problem was not the people on the shop floor. It’s the management. In most organizations, you know that 80% of the problems are management driven.

When most people come to work they just want to do a good job. They want some leadership and they want you to help them solve their problems, and the majority of them want to be empowered to run their business. They do not want to be micro-managed. They do not like that ‘old sort of supervision’. You know, ‘You must do…’. They like a bit of freedom.

I’ve been here for six months now. I can tell you that these people have been nothing but superb in terms of shift rosters and fixing the process. (20060210_JW, p.2)

He came to the conclusion that the problem with IPC was management - too much micro-management and not enough leadership. As he said:

It’s a very hierarchical Centrally-driven philosophy that is tied up in micro-management and audit. It’s so tied up that getting things to change is extremely slow and painful. (20060210_JW, p.2)

In the Operations Manager’s view the two forms of motivation used in IPC had been money on the one hand and the threat of closure on the other. While the money was used to ensure delivery, it also motivated the perpetuation of problems within Operations. As he said:

The way they used to fix everything was just to throw overtime at these people. They used to get them to work 24 hours a day for nine months. They had overtime levels of fifty to fifty-five percent.

Over time people get used to that level of salary and driving improvement becomes very difficult because they always want the money. People take on mortgages and other financial commitments. We have had to dramatically change the way people work here such as changing shift structures and the people have been superb. (20060210_JW, p.2)
Furthermore, while the threat of closure was used to motivate improved levels of performance, over time it created an attitude of cynicism and resignation that resulted in diminishing levels of performance. The threat of closure was only effective if people believed it would happen, but management had used the threat of closure so much that people no longer believed it. As a result he invited the Head of Security Documents in Central to speak directly with the workforce. He wanted them to know that the message was coming from Central. As the Operations Manager said:

There aren’t many organizations that change without a crisis. The crisis in this organization was if you don’t perform or you’re performing badly we’re going to close you down. It’s a fairly powerful vehicle for change if people believe it, but the problem is you can only cry wolf so many times. (20060210_JW, pp. 2-3)

But a more difficult problem in the Operations Manager’s opinion was that the organization no longer understood that the basis of its existence was its manufacturing capability.

This organization has lost sight of the fact that it is a manufacturing organization. Everybody here should be working to support manufacturing. Instead they think manufacturing is here to support them. So they can tell manufacturing what to do and if it fails they can beat it up. (20060210_JW, p.2)

Every area within the organization outside of Operations acted as though Operations was there to work for them. It was as though there were two classes of people within IPC. However, in his view, they were there to support Operations, not the other way around. As he said:

I think this organization went through a significant change in direction. They went out to polymerise the world. All of a sudden they became a marketing organization and they lost sight that the basis of the organization’s existence was its ability to manufacture. The way I look at it, our job, my job and everyone else’s, is to remove the impediments from the people who produce security documents. Everyone in the organization should be aligned to that objective. But people outside Operations see themselves as more important than the blue-collar workers. Rather than finding the ninety-nine reasons why we can’t do something, they should be trying to find the one reason why we can. (20060210_JW, p. 3)
The Operations Manager complained to his management team that he was constantly being beaten up or criticized by the rest of the Senior Management Team for Operation’s poor performance, and he was constantly fighting against their unwanted intrusion into Operations. In his view, they were attempting to interfere in the way he and his team were managing Operations. As a result his whole team felt the same way. As one manager said:

He’s a good communicator, there’s no doubt about that. He’s like a coach. I’ve seen him in meetings. He repeats the same message over and over again. He gets his management team together once a week and he spends most of the time talking. He’s a good listener too. He knows how to invoke this sense of challenge. He would say things like ‘I’m sick of being kicked at the leadership team meetings. You know, we’re all being kicked’. You would get the feeling that we were all getting kicked together. This would be the Operations team meeting and he’d make us feel like we were all being kicked. He captured how we were all feeling. Then they started talking about how they were going to stop getting kicked. He would say ‘Things won’t always be like this’. It was a bit like creating a vision. ‘We have got to get their trust that we can do this. We will be able to get more people. We will be left alone. But we’re being interfered with at the moment. Everyone puts in their two cents about what we are supposed to be doing. Well, I’m the Operations Manager and we’re the Operations Team and we should be deciding. They should stay out of it. I’m sick of being kicked. Let’s prove to them that we know what we are doing and just tell them to piss off, to leave us alone. (20060316_JG, p. 9)

The Operations Manager observed that there were a lot of highly technical specialists and bureaucrats within the organization and very few generalists. In his view these technocrats tended to be detached introverts, not very good as people managers, either as listeners or communicators, and more comfortable making decisions than listening to people’s problems. In his view, IPC had put research people into technical jobs to drive manufacturing. But these technical people did not have, what he called, soft skills. He believed that people with soft skills were suspected of having poor technical skills. Therefore, people with technical skills were often uncomfortable working with people with soft skills. However, in his view, these technical people often created problems for others to solve and when they could not solve them they punished them.

In the Operations Manager’s view, IPC’s senior management had under-valued and under-developed IPC’s workforce and did not understand how to lead them.
As a result a number of emergent leaders had taken control of the workforce. As he said:

The shop floor is an interesting dynamic. In any organization you’ve got good leaders and bad leaders. When leaders are bad they’ve got a passion, it’s just that their passion is often misdirected through frustration. Bad leaders often drive shop floors through voicing their opinions. If you can turn them into good leaders you have a very powerful organization. (20060210_JW, p. 5)

The Operations Manager applied this philosophy soon after being appointed to the role. When he arrived at IPC, the industrial relations environment was very tense. He introduced himself to the union delegate who expressed an interest in pursuing a role as a Safety Coordinator, a role he believed he would have to leave IPC to acquire. Soon after their meeting the Operations Manager offered the union delegate a Safety Coordinator role reporting directly to him. It was an arrangement of mutual benefit. As one manager observed:

We had huge union issues here. You would not notice it now, but it only changed in the last six months. It was a highly militant unionised workforce. The senior union delegate was working as a storeman but he was quite interested in becoming a Safety Coordinator. He was actually completing studies for that purpose. He thought he would have to go elsewhere to get a role as a Safety Coordinator. A lot of senior management thought he was a bit of a troublemaker. But the Operations Manager appointed him to the role of Safety Coordinator reporting directly to him and sitting outside his office. Before that we had constant union dramas. It was a win-win but it was also a very smart political move. (20060316_JG, p. 10)

As he learned more about IPC, the Operations Manager believed IPC’s workforce had been poorly treated and the way to improve performance was to do the reverse. As he said:

There’s a deep scar in the organization that previous management created by letting a consultant in here to run loose. Management can use consultants to give them advice but, at the end of the day, management not consultants have to execute their ideas.

There is also a lot of frustration about being micro-managed and I share that frustration. My philosophy is to empower people to do the job. I’m driven by measures of performance. I set some measurement goals but I trust the people to go out and drive the programs that they need. I come from a different background. People in here are not driven by a proper measurement system. They do not have proper measures. This place is more driven by papers and reports than face-to-face
communication. People cannot be motivated to do things by pushing paper at them. (20060210_JW, p. 5)

His approach was empowerment and engagement, underpinned by the principles of lean manufacturing and Kaizen, and reminiscent of the aspiration of self-managed teams. However, in his view it was not just a question of giving a name to an initiative, it was also the demonstration of leadership through listening, helping, and teaching. As he said:

When I came here nobody was working with anyone else on the shop floor. They had been left to their own devices. If you walk out there now you'll see quality people, process engineers, and managers. They are not there to check on them. They are there to solve their problems when they occur. They are listening to them and helping them. I have stressed to them that every time they make a decision, 'Do not just tell them the decision. Tell them the reasons for the decision, because if you do not tell them the reasons for it, everyone will put their own interpretation on it. Negative forces always grab the negative connotations of a decision. We involve a lot more people from Operations when we have got a problem with a shift. We hear their opinion and they hear how we work through it. It is a lot more transparent than it used to be. (20060210_JW, p.12)

The Operations Manager and his management team believed they had the right methodologies to stabilize the process, and then start to drive improvement, but they were also aware they were on a steep learning curve. As the Operations Manager said:

Outputs are up about thirty percent and quality levels are coming up and the people are working together now to get the results. I think we have almost stabilized things. There is more predictability. We have been drinking out of fire hoses but we are making a difference to the organization. (20060210_JW, p. 14)

However, in his view the internal dynamic was working against improvement. Everything in the organization seemed to create division and distance rather than empowerment and engagement. Information travelled through the organization via formal channels too slowly, which slowed down decision-making. Rather than communicate face-to-face people wrote reports and conducted Lotus Notes warfare. As he said:
This organization only has about 250 people in it and its located on one site but it's amazing how many Lotus Notes messages get sent. If I want something done, or I want someone to do something, or I want to know something, I’ll go and talk to somebody. When I was at Photographic Films I had about 600 people overseas and I reckon I got one-tenth of the Lotus Notes messages I get here. Instead of sitting in a room and resolving problems we get into Lotus Notes warfare. It’s very different to what I’m used to and it slows everything down. (20060210_JW, p.5)

He was also amazed at the level of involvement of the Board in the day-to-day operational decisions and how little discretion management had to operate. Everything seemed to be delegated up to the Board for decision. As he remarked:

I’m just amazed at how much say the Board seems to have on day-to-day operational matters, and how much information is presented to them. I’ve been a Director of other companies. A Director needs to understand issues about governance and compliance as well as the strategy the organization is pursuing.

But I’ve never heard of a Board having to approve an increase in the number of employees if the volume or workload goes up. Management won’t do anything without putting it to the Board. I have a six million dollar budget but I’m not permitted to manage how that figure is spent. Every bit of expenditure has to go through the CFO to be signed off. (20060210_JW, p. 5)

However, unlike his predecessors he was not prepared to submit to the will of others just because they were in a position of authority. He would not just do what he was told. They had to demonstrate why he should do what they said and how it would be beneficial to the organization or the people in it. As he said:

It’s a very punishing organization. People tend to find delight in finding out what goes wrong for others and jumping on them. They do it outside their areas of expertise. I know people before me left. They only lasted twelve months. I know that they were continually beaten up. I say, ‘If you’ve lost six people in six years, maybe you better start looking for the real problem’. They’re failing to address the real problem. You have a great deal of control by Central and you seem to have a greater degree of control or influence by the IPC Board.

There’s a faction of people here who do not like me because I operate very differently to my predecessors. I do not take getting beaten up. I fight back and I stand up for people. I will not let them do to the people what they have done in the past. I am hard but fair with people. There are some people here who just want to take things away from them. I said, ‘Why do you want to take it off them? What would you do if I took $10,000 off your salary. They have earned these terms and conditions. Taking things off them is not the answer. We have to find ways of getting the result without beating them over the head with a stick’. (20060210_JW, p. 7)
The Operations Manager was highly critical of the weekly senior managers’ meeting held on Monday afternoons, and which regularly went for up to five hours. In his opinion, the discussion became very subjective because there was little hard data available for discussion. He was particularly critical that no one could provide him with the sort of data he believed he needed to manage his part of the business.

The issue was so important to him that he tried to recruit a manufacturing accountant in order to get the information he wanted. But just prior to an offer being made to a selected candidate, the CFO found out about it and protested to the CEO. The Operations Manager did not get his manufacturing accountant.

Not only did he believe he was being disadvantaged by the lack of relevant financial information to manage his business, he also believed he was being disadvantaged by the prevailing emphasis on formal written papers and reports. As he said:

> You’d expect to see some Key Performance Indicators and progress against them. You’d expect to see things like schedule attainment plastered all over the place. But there’s nothing. We’re great at putting words together but we’re very poor at replacing the words with objective data. (2006010_JW, p.6)

> Because we don’t have hard measures in place it becomes very subjective so everyone throws their penny in and tries to tell us what to do, and not from a helping perspective but from a punishing perspective. (20060210_JW, p. 8)

A senior business analyst reporting to the CEO was also aware of the deficiencies in performance reporting. As part of the completion of the monthly management report, he often found anomalies. For example, on one occasion he wanted the index of lost days broken down by major organizational grouping. It was only reported at a group level. When he asked why it was not broken down by major organizational grouping, the response had been, ‘It wasn’t provided because the number of lost days in the New Product area was bad’. The senior business analyst concluded that the information was being withheld to protect that part of IPC. When he brought this to the New Product Manager’s attention,
his response was that he did not realize that there were so many people being injured in his area and he would like to have known so that he could have done something about it. (20060616_DN)

The Operations Manager believed a lot of this sort of behaviour, hiding information about performance, was due to risk averseness that started with the Board, and cascaded down through senior management and into the rest of the organization.

In his view, the critical first step in changing any organization was to encourage action because once people start doing things, even if it turns out to be wrong, they learn from their mistakes and change what they were doing. However, all the criticism of IPC’s workforce made people unwilling to do anything. As he said:

Making a decision is the right answer. If you make the wrong decision you can change it. Not making a decision is just bloody hopeless because it holds people back from action. Making a decision allows movement. It gets people moving. It might not be the right direction, but as long as they are moving in the same direction you can at least change direction. I use a football analogy to describe it. If you go out in the first quarter and you lose the toss and you’re playing on the wrong side of the ground you can minimise the damage. But if half the team goes out onto the wrong-side and half onto the right-side, you’ll get your head walloped. (20060210_JW, p.9)

However, in his view, there was actually a lack of awareness of risks that existed in the business. Not only were there risks related to late or incomplete delivery, there were also risks in relation to the potential exposure of IPC in the event that the security documents were somehow released without the approval of the overseas customer. As one middle manager said:

When you start looking at the underlying contractual terms, with some of those export contracts, we had a liabilities clause covering the face value of the security documents that we’ve provided, should they somehow get into the field without proper authorization. The Board didn’t know, and senior management didn’t know, until it was pointed out to them that with one contract alone we had a potential exposure of $170 million. We can’t afford that. How could anyone sign that contract? We should never have entered into that contract. (20060301_AM, p. 16)
While there was a push to increase the export of security documents there were a lot of risks that had not been quantified in the contractual arrangements. From the Operations Manager’s perspective there was also a lot of risk involved in disrupting the production schedule, which created undue pressure on Operations and increased the potential for mistakes to occur. As he said:

They are risk averse about some things but then they overload manufacturing just when it will have a devastating impact. They don’t understand the risk they create by doing that.

The people work their butts off and try to get it right and they overload and overstretch them. Some of these deals can take twelve to fifteen months to pull off. Then all of a sudden you’ve got to produce without an order. Then two months later something else happens. It’s impossible. (20060210_JW, p.9)

As a way to reduce these risks the Operations Manager proposed the establishment of a Sales and Operations meeting, chaired by the CEO, with the objective of orchestrating the activities of Business Development and Operations in order to reduce disruptions created by large lumpy orders being imposed on Operations for delivery at short notice.

After a short diagnostic period, a system was developed whereby Business Development would discuss the sales pipeline, then Operations would have a meeting to discuss the production pipeline, and a monthly meeting would be incorporated into the weekly senior management meeting. In the Operations Management view, the effectiveness of the meeting was dependent on the CEO being able to make a decision regarding the activities of Business Development and Operations. In the first of the scheduled meetings held, no decisions were made.

In July 2005, shortly after the appointment of the Operations Manager, a second Customer Survey was completed on behalf of IPC with a focus on Central and Foreign. Since the previous Customer Survey was delivered in August 2004, improvements in communication, particularly with Central through the appointment of the Business Development Manager, were highlighted. The flow
of information to Central had improved significantly and Central were becoming confident that their interests were IPC’s primary concern.

IPC’s relationship with Central and Foreign were considered to have improved. However, while the report documented that both customers were aware there had been a number of positive changes within IPC, they were still waiting to see tangible improvements, particularly in the area of product quality. Foreign was also particularly critical that delivery schedules were not being met. While product quality and delivery issues in relation to the products of Central and Foreign were related, those for Foreign had their own specific issues.

8.8.3 The New Product Manager

The New Product business was originally seen as an add-on to the main business. The original business case proposed a five-person crew to operate the New Product assembly line. By January 2006, under the newly appointed New Product Manager, that number grew to 70 people comprising permanent, part-time, and casual employees and the New Product area was budgeted to contribute one hundred and ten percent (110%) of IPC’s profitability.

As the New Product Manager described it, when IPC started operating the new production line everyone agreed that the designed process and machinery were flawed. The most expensive component, an electronic chip, entered the process early and was progressively spoilt throughout the remainder of the process. Furthermore, all the decisions about other materials used, such as glues, paper, colours etc., were made without the benefit of any technical knowledge or advice. In the staff’s view, these flaws substantially exacerbated the problems experienced in the production of the new product.

Foreign had originally requested IPC to participate in the development of the production process but IPC had declined due to a lack of technical knowledge in
the area. Foreign therefore did most of the development work on the process and machinery design without any involvement from IPC.

Due to the security nature of the product, Foreign required IPC to keep track of the movement and level of stocks of each of the components and different levels of completion, or spoilage throughout the production process. However, an effective reconciliation system had never been designed or installed. When the New Product Manager was appointed, there were 12 months of spoils that had not been reconciled sitting in the vaults. In addition, there was up to thirty percent (30%) production line downtime due to materials shortages, in addition to downtime due to machine breakdowns.

When he was appointed to the role he was told that the workforce was difficult and militant. However, his direct experience of the workforce had been significantly different, considering the level of change and uncertainty involved in developing the new business. As he recounted:

Most people here are very proud of the product. They're really quite enthusiastic and energized about it. It's not a run of the mill product. Everyone you talk to can relate to the product you make. It's got all the building blocks to make it a very successful organization. (20060207_MD, p. 8)

The New Product Manager preferred to describe the workforce as cautious. In his view, the workforce lost trust in senior management and Central as a result of the cultural change program. No one, prior to the appointment of the Operations Manager, was able to demonstrate or prepared to commit to improve things. As he said:

They have always been described to me as a fairly militant set of people. 'They're not very flexible. You know, they're very entrenched in their ways, rigid, not very innovative, and things like that, and don't necessarily work towards the company's goals'. When I've been talking to people, I think the reality of the culture is quite different. There might be a core group that are fairly rigid, but I think it's due more to a high level of frustration and lack of trust in management. They don't believe what they're being told. It's more that they are protecting themselves than necessarily being recalcitrant or blocking in any way. They're cautious. With the new
management team I think they’re starting to see some stability in their lives. Trust is growing and I think you’re starting to see some flexibility.

You know, none of these guys trust Central. They all have longer tenures than any Operations Manager in the business. They’ve seen three guys in that role in three years. None of them had the answer. None of them could tell them what the place was going to look like or how it was going to be better for them. I think the Operations Manager and his team are now doing that. I’ve been into all sorts of organizations as a consultant. From my experience when the senior management claimed that they had really strong unions I knew immediately they were a weak management team. People only turn to the union if senior management aren’t leading them. (20060207_MD, pp.5-7)

In addition to the difficulties involved in managing the internal dynamic, the New Product Manager intimated that interacting with Foreign was challenging. There were significant difficulties in meeting their quality expectations due to the issues discussed earlier. However, in his view, Foreign was exacerbating the problems.

When the New Product Manager first started, Foreign had nine days of stock in their vaults, which threatened the incentive payment to IPC for delivery against the contracted production schedule. As the New Product Manager explained, there was a need to dramatically increase the number of people in order to catch up to the contracted deliveries. Despite increased delivery volumes Foreign continued to hold IPC to the original production schedule, even though by his calculations Foreign’s inventory had reached nine months of stocks. Then Foreign suddenly notified IPC that they would not require any more security documents until the following year.

From a situation of building a substantial workforce through a steep learning curve IPC faced the prospect of significantly downsizing its workforce and losing that learning. Moreover, in his view this was irresponsible because he knew he would have to again recruit substantial numbers in the following year to meet the anticipated orders.

Given the early problems around reconciliation Foreign was highly critical of IPC’s ability to manage their stock levels. However, at one point, Foreign had
made an urgent request for the production of seventy thousand (70,000) old series security documents in the following week. As he said:

I got a phone call one morning. ‘We need another 70,000 books of the old series. Can you get them to us next week’. I said, ‘Well, you know we have been running down stocks. We do not have printed stock available. You are having a joke with me because we’ve talked about this so many times. He said, ‘No. I’m not going into the details but we need 70,000 security documents by Tuesday’. So I made a few calls into the Operations guys and arranged to meet at 9 o’clock the next morning. I met with the Print Hall Manager, the Planning Manager, and our people to work out how we could actually do it. We set aside some people to run the old series job. I had been saying to the Operations guys that Foreign were committed to the new series and didn’t want any more of the old series. Fortunately they had not scrapped the plates yet. The team produced the books as requested. I was told later that Foreign had run out of books for 4 hours. We had put a lot of effort in to delivering on their request. It was amazing. Then Foreign hit us because we had stuffed up our other deliveries to them. (20060509_MD, pp. 9-10)

After making significant efforts to fill Foreign’s request, they were criticised by Foreign for missing deliveries against another series of security documents. To top it off when Foreign rechecked their physical stocks they actually had the old series security documents in stock. As a result Foreign had to write-off fifty thousand (50,000) old series security documents.

Ultimately, Foreign expressed their dissatisfaction with IPC by withholding the incentive payment from September 2006 until assurances were made that IPC would significantly improve their performance.

8.8.4 The Technical Development Manager

In September 2005, following the previous incumbent’s retirement, a new Technical Development Manager responsible for R&D was appointed and automatically became a member of IPC’s Senior Management Team.

The new Technical Development Manager who had a PhD in Chemistry had been lured from a senior position in another arm of government. Soon after being
appointed he was deeply involved in sorting out the relationships between IPC and Global Polymer emanating from the joint venture agreement made in 2001.

Global Polymer emerged from the activities of IPC. It was a corporatized joint venture in 1996 between Central and International Film Products. When originally formed the Intellectual Property (IP) developed within IPC was assigned to Global Polymer in exchange for IPC’s right to receive fifty percent (50%) of Global Polymer’s profit. Furthermore, if IPC developed a new substrate feature or IP relating to the substrate, IPC would own it and Global Polymer could use it under license.

This arrangement was changed as a result of the 2001 agreement between IPC and Global Polymer. As the Technical Development Manager explained a Joint Technical Committee (JTC) was formed and the IP assignment was changed by the agreement of both Boards. The scope of the JTC was significantly broader than under the old joint venture agreement. In his view, the appointment of a senior manager from Global Polymer as the Chairman of the JTC changed the relationship between IPC and Global Polymer. The JTC meetings became increasingly strained and at some point, the arrangement whereby IPC would receive 50% of Global Polymer’s profit was removed.

Under the JTC agreement of 2002 all IP related to substrate belonged to Global Polymer irrespective of whether Global Polymer had made any contribution to it. There was also an issue about where print technology ended and substrate began. The other dimension to the new arrangement between IPC and Global Polymer was that IPC would provide all their printing-related IP, developed in the Print Hall, free of charge to other printing operations to encourage the use of the polymer substrate being marketed by Global Polymer. In the Technical Development Manager’s view, IPC was effectively putting itself out of business without any recompense from Global Polymer, for the sole benefit of Global Polymer.
According to the Technical Development Manager, the matter took on a new urgency with the development of the New Product area within IPC. Under the revised arrangements, it appeared that IPC’s IP, which it had developed specifically for the New Products area, also belonged to Global Polymer, even though they had made no contribution to its development.

In the Technical Development Manager’s view, people who had been associated with the evolution of the relationships between IPC and Global Polymer were more tolerant of this arrangement because they had a strong loyalty to the technology. However, there was growing resentment within the organization, not restricted to the recently appointed senior managers of IPC, about what had happened and a shared belief that the situation had to become more equitable.

Paradoxically, if a more equitable arrangement could not be reached, it was possible that future R&D on polymer technology would cease within IPC. IPC was the only organization that had, and arguably could, perform that sort of research. In the Technical Development Manager’s view therefore, while the underlying motivation for originally entering the arrangement with Global Polymer had been the future success of polymer substrate technology, without continued R&D provided by IPC, the future success of the technology was in doubt.

8.9 The November 2005 Board Meeting

In November 2005 the Chairman of IPC invited the Head of Security Documents from Central to the IPC Board meeting. It was clear from his remarks that he was far from happy with IPC’s performance and was beginning to have concerns about IPC’s turnaround. As one senior manager observed:

At the request of IPC’s Chairman, the Head of Security Documents was invited to the November Board meeting and tipped an enormous bucket on IPC and this management team when he said, ‘I’ll give you one out of three. Your communication,
reporting and relationship management have improved significantly. But your production performance, delivery, and time frames are dreadful and you should know that we are taking the quality of your delivered product under sufferance’.

You could have heard a pin drop. The customer was saying loud and clear, ‘We are not happy. We were with you in that first year. We have been patient but it is not happening. Let’s get on with it. You are supposed to be managing this business not us. That’s what you guys are paid to do. We are happy to work with you, but will you please get on with it’. They have expressed a sense of urgency about getting on with things and have become more and more critical.

That’s when we have conflict in the senior management team. Even with these alarming comments becoming more frequent, IPC is not responding. (20060201_BH, p.13)

The Head of Security Documents also used the IPC Board meeting to announce that rather than renew the existing commercial agreement with IPC, they would be performing a ‘root and branch’ review of IPC by October 2006 which would determine the basis upon which any future commercial agreement would be negotiated. Amongst other things the commercial agreement between IPC and Central included details of:

- services to be provided by IPC to Central;
- specific responsibilities of authorized personnel within both organizations regarding the commercial agreement and the services provided;
- quarterly review procedures and meetings in which IPC service provision would be reviewed by Central;
- respective warranties, indemnities and liabilities between IPC and Central;
- fees and payments to be made by Central to IPC; and
- dispute resolution procedures in the event of disagreements between Central and IPC.
As we have seen, some people in the organization believed that Central would not actually consider closing IPC, while others pointed to examples where a state-owned security printer had been sold to commercial security printers.

In the latter part of 2005 a Disaster Recovery Plan was announced by IPC to ensure supply of polymer security documents to Central in the event that something happened to IPC.

IPC had introduced Central to one of their best competitors, Swiss Print, a Swiss security printer, who IPC had trained to print on polymer. Central indicated that it would use Swiss Print as a benchmark for IPC and even invited Swiss Print to review IPC’s operations. Many staff knew that Swiss Print operated on the latest equipment while IPC used printing presses commissioned in 1981. As part of their review of IPC, Swiss Print advised Central that IPC required a capital investment in the order of sixty million dollars ($60,000,000) to seventy million dollars ($70,000,000). There was even more concern amongst staff when Swiss Print had shown their competitive nature by underpricing IPC in a tender to print polymer security documents for Singapore. As one senior manager said:

> While we have been fumbling around with our own business and the very modest results that we have been getting, we have actively gone out of our way to introduce Central to our biggest and strongest competitor. Ironically we trained them how to print on polymer but they seem to have overtaken IPC. They are Swiss, they are precise, and they are detailed. They do all the things we don’t. They get it right pretty much the first time. They are obviously efficient and smooth too because they undercut us in a tender with Singapore. We produced their security documents before that. It has been a bit contentious. As part of the Disaster Recovery Plan we went to the Board and said we will enter into an arrangement with this company so that if something happens you can get your security documents made elsewhere. (20060201_BH, p. 15)

### 8.10 Disappointment All Around

In 2006, IPC produced 220 million security documents for Central and 160 million for export customers. In 2006, IPC printed 1.6 million new security documents for
Foreign. In addition, Global Polymer exported polymer substrate to a number of international security printers.

In January 2006, 18 months after the “Back to Basics” strategy was initiated by the CEO in August 2004, a lot of the issues had been identified and were being addressed, however dissatisfaction with the pace of improvement was evident from Central and Foreign as well as members of the Senior Management Team. As one senior manager said:

> We started off on our two years’ ‘Back to Basics’ strategy. We set ourselves some targets. We put some Key Performance Indicators in place. We developed a bit of a business plan. Each of the leadership team developed deliverables for each of their departments. They were all sort of aligned. Never been done here before. We said, ‘Right, let’s get on with it. We’ve got two years’. We estimated that two years was about the right time frame that we required to really turn things around. I still think that estimate was right. It should have been turned around in two years. But, we missed every target in the first year and we are on track to miss every target half way through this year. (20060201_BH, pp. 7-8)

Many staff expressed their dissatisfaction with the pace and direction of change within IPC. They complained about a lack of clarity of purpose, confused accountability, mixed messages about priorities, disconnects, inconsistencies, and an undercurrent of desperation, confusion and abandonment that pervaded the organization.

The previous management team had been blamed for IPC’s current plight. However, increasingly the new management team asked how the IPC Board could have allowed it to happen. Members of the senior management team were also aware of significant differences that existed within their team, which hampered efforts to improve IPC’s performance. As one senior manager said:

> Part of the problem has been in assessing the situation, assessing where IPC is, how it is performing and what we need to change. As a management team we do not agree on it. So we have no hope. If we cannot agree on where we are today we have no chance of agreeing on what sort of action is needed. We do not agree on where we are today and where we are going. Some of the management team share the same view as the people. You know, ‘It’s all right. It’s Central. They are not going to go anywhere else. They need us. Either they or the government will never let
someone else make these security documents. You’re exaggerating!’, while with some of them it’s, ‘Don’t rock the boat. You know, we’re going to be here for a while too’. (20060201_BH, p10)

Members of the senior management team felt their efforts to improve IPC’s performance were having little measurable impact. Some of them pointed to IPC’s public service history and described IPC’s workforce as lacking initiative, incompetent and dishonest, militant, greedy, and complacent. As one senior manager said:

Most of the people here take the view that, ‘We are owned by Central and they have huge deep pockets, so we are safe. IPC does not really have to perform as a business. We are not a business. We make security documents and it does not matter how long it takes or how much it costs. We are protected’. It is a very paternalistic view of Central. ‘They will bail us out if we need more money or more machines or whatever. They will throw it at us. We do not really need to perform as a business, as a stand-alone business’. Most of them do not realize that we are a stand-alone proprietary company with a separate Board of Directors. Central has deliberately set up a corporate structure to manage the risk inherent in the business and have it perform.

It is very much a job for life. It has got a huge, generous Defined Benefits Superannuation Fund. So it is very much, ‘Grab your cardigan at the front door, grab your moccasins, and away we go. She’ll be right’. There are no performance plans. Very few, if any, performance appraisals are done. No accountability whatsoever. Certainly not on an individual or a team or a department basis.

The industrial relations environment, through the Award and the Enterprise Bargaining Agreement, is one of the most ridiculous you will ever see. It has entrenched all sorts of inefficiencies, all sorts of bullsh**, and there is far too much consultation.

The staff and unions run this place and hold the controls. It still applies now and that fuels the ‘no accountability, no performance, no appraisals’ set up. The wages here are way above industry averages for any other printer. We still pay 17.5% Leave Loading on annual leave.

Many of them have been here for 35, 40, 45 years. ‘Don’t rock the boat. You new management types will come and go. You may be here a few years, but I’ll outlast you. Don’t talk to us about needing to be competitive or efficient or accountable. That is just management jargon’. (20060201_BH, pp.8-9)

However, those with direct responsibility for managing the workforce painted quite a different picture. In their view the workforce had been blamed for errors beyond their control, cared for the organization and for each other, were eager to find better ways of doing things, and willing to make sacrifices for the benefit of
others and the organization as a whole. In their view, the problem was not with the workforce, it was excessive management and a lack of leadership.

8.11 The Enterprise Bargaining Agreement

These opposing views within the senior management team regarding the workforce manifested themselves strongly in relation to the Enterprise Bargaining Agreement (EBA). In the lead up to the renegotiation of the EBA, the new Federal Government’s Workplace Relations Legislation was passed through Parliament.

It was decided by senior management to defer negotiation of a new EBA for one year given uncertainty around the legislation and how the scheme would operate in practice. In the interim period it was decided to provide a $4\frac{1}{2}\%$ pay increase to all EBA level workers.

Some of the senior management team viewed this as yet another wasted opportunity for change. Others believed it was the most sensible option and would allow continued production without any industrial relations incidents. As one senior manager said:

The biggest example of the differing views in management is industrial relations, the EBA, and it became pretty contentious. We had two schools of thought. Everybody recognised that the old EBA contained some archaic terms and conditions, which end up being very costly. As I said, it compels an inordinate amount of consultation. It contained all sorts of inflexibilities. In the lead up to the EBA we had indicated to the Board that these inflexibilities made it difficult to manage the business as we would have liked. ‘Here’s why costs are so high’. The management team had also put IR as one of the areas requiring specific attention. So after 18 months into the ‘Back to Basics’ strategy the Board asked, ‘Why haven’t you fixed it yet?’.

Rather than take advantage of the new legislation, it was decided that we would do another EBA under the old legislation, and give them a $4\frac{1}{2}\%$ pay rise. The Board said ‘Hang on a minute. For the last 18 months you’ve been telling us you need to change, you need flexibility, you told us you have to pay penalties on penalties on penalties and you are now asking us to approve this agreement. Well since the workforce has already put it to a vote it would be pretty embarrassing for you if we did not approve it. We will, but we’re not that happy about it’. (20060201_BH, p. 23)
But differences were not restricted to the new management team. People were of the view that conflict existed throughout the organization, not just within the senior management team, or between management and workers, or between Operations and Administration. Conflict was endemic.

It was obvious to everyone that some people knew how to leverage the conflict for their own benefit while others could see what was happening but felt powerless to change it. As one manager said:

> It has to change otherwise a few of us won’t be here. They’re going to lose the people they brought in to do the change. They’re going to lose them. The good ones can go off anywhere and they’ll just be left with the bad ones. It’s so frustrating. (20060301_AM, p. 13)

### 8.12 The Relationship between IPC and Global Polymer

In the view of most of the senior management team, the relationship between Global Polymer and IPC more than anything else demonstrated the power of conflicts of interest to benefit one group (Global Polymer) at the expense of another (IPC).

Both IPC and Global Polymer shared the same Chairman and two additional Directors, including IPC’s CEO, which counter-intuitively was more beneficial to Global Polymer than IPC. As one manager said:

> The whole relationship between IPC and Global Polymer is wrong from a governance perspective. The best way to describe it is incestuous. You cannot operate two entities and expect their operations to be totally transparent, when they have the same Chairman and two directors in common. Global Polymer are our major supplier. They are the only supplier of polymer for security documents. We pay them regardless. They are also selling their products to our competitors. We have a Chairman and two Directors in common and we are trying to renegotiate a new commercial agreement with them. Worse than that we are entering into non-commercial arrangements with third parties for their benefit. (20060301_AM, p. 4)
IPC and Global Polymer had been negotiating a commercial agreement for over a year. Those involved from IPC complained that a number of issues including the assignment of IP and the absence of a fit for purpose clause made it difficult to get agreement. For example, one of the terms of the agreement, which had been in previous agreements, stated explicitly that the substrate delivered to IPC by Global Polymer did not have to be fit for purpose. As one senior manager said:

The supply agreement that we inherited was one of the most bizarre things I've ever seen. Instead of a fit for purpose clause, it explicitly says that the product does not have to be fit for purpose. Imagine even putting that clause in a supply agreement. (20060201_BH, p. 18)

8.13 The Capital Investment Proposal

At the February 2006 Board meeting IPC’s senior management presented an information paper proposing a capital investment of one hundred million dollars ($100,000,000) to upgrade machinery in the Print Hall. The senior management team argued that sixty million dollars ($60,000,000) was required to upgrade the Print Hall machinery consistent with Swiss Print’s recommendation. This investment would reduce the potential of extended machinery down time due to the age of critical machinery in the Print Hall. The additional forty million dollars ($40,000,000) would allow IPC to develop and produce polymer security documents with much more advanced features and allow it to retain its lead on other polymer security printers. It was the expectation of IPC’s senior management that Central would provide the funds through a capital injection.

The immediate reaction of the Board was to question the underlying assumptions about the age and robustness of the existing machinery. In senior management’s view, the Board were being defensive about overseeing a diminution of IPC’s productive capital.
8.14 The Numerator Machine

In March 2006, one of the Intaglio printing presses broke down for three weeks resulting in significant disruption to the production schedule. In a subsequent visit to the Print Hall arranged by IPC’s senior management, the Board saw first hand the age of the machinery and observed the numerator machine, which printed serial numbers on the security documents, leaking oil onto the floor of the Print Hall with the operator making running repairs.

A week after the Board’s visit to the Print Hall, the Operations Manager and the CEO travelled to Switzerland to inspect suitable replacements for the numerator machine even though the CEO’s Technical Advisor had cautioned prudence. The CEO and the Operations Manager questioned the wisdom of waiting. They were both aware of the symbolism of the investment and were concerned that the momentum that had been created in the organization would be lost if the purchase did not take place. They both felt that their credibility would be questioned and they would be exposed to criticism within IPC, particularly since they had championed the purchase of the numerator throughout the organization.

The Operations Manager had previously explained to the entire Operations workforce that the numerator was critical to the future of the organization and without it and the remainder of the proposed capital investment program IPC would only be viable for another three years. The new senior management’s ability to engender this investment was used to win concessions from the workforce regarding shift and roster changes.

In a subsequent Board meeting IPC’s senior management proposed the acquisition of a new numerator machine for nine million dollars ($9,000,000). To their surprise, the IPC Board rejected the proposal arguing that the business case was deficient in exploring alternatives.
In subsequent correspondence between IPC’s CEO, CFO, Chairman and Central’s executives on the IPC Board it was also revealed that alternative equipment had actually been highlighted by IPC’s own R&D area in their discussions with the Security Documents area of Central. However, they had estimated that it would be at least another two years before it was clear whether this alternative equipment would be viable.

It was observed by a number of staff that the CEO’s Technical Advisor, who had worked on the capital investment program and cautioned IPC’s CEO and Operations Manager about rushing the purchase of a new numerator machine seemed to feel vindicated by the Board’s decision.

In a subsequent meeting the Board, led by the Chairman following one-on-one discussions with IPC’s CEO, approved the purchase of the proposed numerator machine. It was reported that one of the Directors, a senior executive within Central, indicated that he wanted it to be explicitly recorded in the minutes of the meeting that he opposed the decision.

While some people saw the approval of the numerator purchase as a win for the senior management team and IPC, the CFO believed it had been achieved at a considerable cost. The business case had been presented three times to the Board. The first time some questions had been raised about the robustness of the financial justifications for the purchase. The second time Central executives on the IPC Board were aware that the Security Documents area of Central was considering an alternative technology that had been highlighted to them by IPC’s own R&D area and had asked why alternatives had not been considered in the business case. On the third occasion one of Central’s executives on the IPC Board had voted against the purchase and wanted his vote explicitly recorded in the minutes. Some members of IPC’s senior management team argued that these events highlighted the need to delineate the roles of Central as owner and customer more clearly.
In the ensuing weeks IPC’s CFO as Company Secretary was engulfed in direct correspondence between members of IPC Board. It became clear to them that while the Board said that it recognised that the existing numerator machine needed to be replaced, Central’s executives on the Board were not convinced that the proposed numerator machine was the correct move. In response, IPC’s CFO suggested that the machine could be leased for four years. In subsequent correspondence, the lease arrangement was approved but the term was reduced to two years and approval was granted on the condition that IPC would fund the lease from its own cash flow. In addition, IPC’s senior management were advised to revise the proposed capital investment program of one hundred million dollars ($100,000,000).

IPC’s CEO and Operations Manager found it difficult to understand why the Board had reacted this way. From their perspective it seemed to be an obvious decision. However, they believed they could now explain why the majority of IPC’s critical machinery in the Print Hall was 25 years old. Price may also have been a consideration. While the numerator machine carried a nine million dollar ($9,000,000) price tag, the Intaglio and Simultan printing presses, which they had also proposed replacing in the capital investment program, were in the vicinity of twenty-five million dollars ($25,000,000) each. However, in their view they needed to be replaced to ensure that IPC remained competitive.

The CEO, in particular, found the Board’s argument about financial justification difficult to understand. In his view IPC’s Board wanted IPC to be profitable and self-sufficient. Yet given IPC’s portfolio of customers and products its profitability was overly dependent on the revenue it received from Central for their security documents. The revenue for Central was a factor of the volume and price and the price was negotiated by Central on the basis that IPC should be breakeven. How could IPC be profitable when it was also being asked to breakeven? How could IPC be profitable when it was being asked to support the use of polymer sold by
Global Polymer by entering export contracts on non-commercial terms? How could IPC be profitable if it had to transfer its polymer printing IP to other security printers for a once-off fee of twice the cost incurred in providing the service? How could it be profitable if it had to assign its patents to Global Polymer? How could it be profitable if all applications of polymer technology developed by IPC were assigned to Global Polymer?

The CEO concluded that the only way for IPC to justify the purchase of the numerator and other capital equipment was through increasing the proportion of new customers and products. But IPC’s printed offerings were restricted to the polymer substrate, which accounted for about four percent of the total global market for security documents. How could it increase its profitability if it was constrained to only print on polymer substrate?

When the CEO turned to the Chairman and Directors for clarification and guidance regarding their agenda for IPC, he expressed disappointment with the result. Up to this point the CEO had relied on the Chairman’s guidance, but now he questioned what was guiding the Chairman and the IPC Board in their decisions regarding IPC’s future. It occurred to him that he did not even know whether the Board had the authority for approving the proposed capital investment program of one hundred million dollars (100,000,000).

The CEO expressed some concern about whether the Board had any idea about IPC’s future. He also recognized his inability to find out through his relationship with either the Chairman or the other Board directors as they had kept their relationship with him very formal and distant.

8.15 Damaging Relationships

While the CEO struggled to understand what was happening, the Operations Manager floated an explanation. In his view Central had revealed its hand. It did
not really want IPC to be successful. It had given IPC a poison chalice, a challenge it did not believe it could meet, as a face saving device, for either the closure or sale of IPC to an alternative security printer. The Operations Manager believed that IPC needed to get behind the obscurity and ambiguity that surrounded the IPC Board.

In late June 2006 IPC discovered a problem in the production of one of the security documents it was producing for Central. In the CFO’s view a lot had been riding on the production of those security documents without incident. They were being printed to replace security documents that had been produced in 2002, whose surface quality was degrading at an alarming rate. The problem had been identified as resulting from a chemical reaction between the polymer substrate and inks used in their production.

Following the decision by the Board to approve the acquisition of the numerator machine, Central indicated that the seven million dollars ($7,000,000) to eight million dollars ($8,000,000) associated with replacing the security documents would be borne by IPC.

The CFO summarised the situation cogently by saying, “The numerator machine was approved by a split Board and would cost IPC $16 million rather than the price of the machine of $9 million” (20060522_DN, p .18).

8.16 Ink Related Problems

It was estimated that thirty-eight million (38,000,000) replacement security documents had been produced before the major problem was discovered. It was subsequently determined that the problem was caused by an impurity in the ink supplied by Universal Inks. While disappointed that the problem arose, the Operations Manager was even more disappointed with the reaction from the rest of IPC’s senior management. Rather than congratulating Operations for picking
up the problem they criticized Operations quality control systems even though it was not something that Operations had ever previously checked.

The Operations Manager also disagreed with the CFO’s view that legal redress should be pursued from Universal Inks. In his view the relationship with Universal Inks needed to be closer rather than adversarial given the issues that still needed to be resolved in the combination of inks and polymer. As will be recalled, IPC was continually running trials with Universal Inks to remove the buckling problem and other more minor issues that occurred from time to time.

8.17 Loss of Key Personnel

Shortly after the ink problem arose, IPC’s Chief Designer resigned to take up a position with Central. Within IPC he was the project manager of a special project being conducted on behalf of Central. IPC’s CEO expressed his annoyance that Central had poached a valuable resource at IPC’s expense. IPC’s CFO was particularly critical of the way the Operations Manager and the Human Resources Manager had handled their negotiations with the Chief Designer given the expected difficulty in finding a replacement. However, others were ambivalent about the loss pointing to the lack of progress that had been made on the special project under the Chief Designer.

8.18 Polymer Related Problems

In August 2006, to IPC’s senior management’s surprise, IPC received a formal letter from Global Polymer explaining that Global Polymer had delivered substrate to IPC, which contained a new security feature. Prior to receipt of this advice IPC had used the delivered substrate to print security documents for a number of overseas countries and for Central.
According to IPC’s CFO the letter from Global Polymer prevented IPC from advising its customers about the new feature. The letter further advised IPC to ensure that strong confidentiality agreements existed between IPC and its customers and that IPC should be prepared to enforce them in the event that a customer became aware of the security feature.

8.19 New Product Problems

Also in August 2006, IPC received a formal letter from Foreign. The front cover of a number of security documents recently supplied by IPC was wearing off. Foreign formally wrote to IPC to highlight the issue, holding them responsible, and requiring them to respond.

When the issue was raised in the senior management meeting, the New Product Manager indicated that he had been anticipating the arrival of the letter for some time. The CFO expressed his annoyance. He would like to have been made aware of the problem earlier as he had just finalized his discussion of IPC’s contingent liabilities with the Board as part of the preparation of IPC’s Financial Statements.

8.20 The Technical Services Group

In the face of what some thought was a lack of progress on improving the quality of IPC’s products, the CEO initiated the establishment of a Technical Services Group (TSG) under the new Technical Development Manager. It was the CEO’s intention that the CEO’s Technical Advisor (a current member of the senior management team) would accept the role of heading the Group, reporting to the new Technical Development Manager.

There were a number of areas that required attention within IPC of a technical nature, beyond the activities of R&D. Many of the problems reflected the
instability of the production process. There had been changes made to the substrate and ink used in the production of the polymer security documents. The most recent example was the buckling of the security documents that had occurred since the outsourcing of ink production to Universal Inks. There was an agreed need to develop specifications for the security documents. There were also a number of issues related to future equipment requirements that needed to be assessed.

It will be recalled that the CEO’s Technical Advisor had been the manager of the Support Services Group previously dissolved by the CEO. The CEO’s Technical Adviser felt insulted both personally and professionally.

The Operations Manager resisted the establishment of the Technical Services Group (TSG), which he viewed as unnecessary. He believed that his recent introduction of Kaizen into the Operations area would resolve many of the outstanding technical issues and was concerned that the TSG under the direction of the Technical Advisor would be a counterproductive intrusion into Operations.

8.21 The 2006 Strategy Conference

In September 2006 the CEO initiated a two-day strategy conference with IPC’s senior management team. Some of the attendees viewed the discussion of the external environment on the first day as energizing while the discussion of IPC’s internal dynamics on the second was enervating.

In the view of some participants, part of the reason for the difference in energy levels between the first and second day was the difficulty in discussing internal dynamics without speaking about the numerous conflicts of interest that existed.

The ongoing difficulties that IPC had been experiencing and the lack of progress in establishing the TSG were discussed at length. The difficulty was that although
the majority of participants at the conference believed that the Technical Advisor was the obvious person for the role they were also aware of her reluctance to accept the role reporting to the new Technical Development Manager.

After the discussion of the second day, a number of the participants mentioned that the new Technical Development Manager had appeared somewhat disillusioned. In their view he was finding it hard to get any traction in his role. They believed he realized the role he had accepted was not the role he was being asked to perform.

A few days after the conference, the Technical Advisor was confirmed as the TSG Manager reporting directly to the CEO rather than the new Technical Development Manager. However, whether the Technical Services Group would be able to address the issues depended on whether the Operations Manager would allow them access to Operations.

### 8.22 The Appointment of External Leadership Consultants

In September 2006, at the recommendation of the Operations Manager, the CEO contracted a group of External Leadership Consultants to work with the senior management team.

However, according to the senior managers it was not clear what they were there to achieve. The senior managers were requested to attend the External Leadership Consultants’ offices for confidential meetings, following which, a number of their direct reports were also interviewed, as were the Chairman of the Board and some members of Central.

A number of the members of the senior management team observed that the team had undergone a change in the way individuals and groups interacted and formed around particular issues. In the early days the group had been
fragmented however it seemed to have become more polarized on a number of issues.

Some of the senior management team became privately critical of the CEO’s suitability for the role. While he was positive in his attitude and communication style he was uncomfortable with conflict. They believed:

• he preferred to suppress conflict among individuals or groups rather than engage in understanding the reasons underpinning the conflict;

• his discomfort with conflict was evident in his submissive relationships with the Chairman, the IPC Board, Central, Foreign, and Global Polymer

• he tolerated conflicts of interest that he had inherited as part of his responsibilities even though they compromised his decisions;

• he backed away from embarrassing people even if there was a performance issue; and

• he relied on the people who reported to him to protect him from conflict and embarrassment.

A number of senior managers believed that the appointment of the External Leadership Consultants was consistent with this view of the CEO’s leadership. In their view, by engaging the External Leadership Consultants he was able to distance himself from the conflict within the Senior Management Team and the unpleasantness of engaging with that conflict, while at the same time appearing to be positive and personable.
Some senior managers, managers, and staff expressed a feeling of déjà vu with the establishment of the TSG, the appointment of the External Leadership Consultants, and the continuing problems in production.

8.23 The Root and Branch Review

In November 2006 Central delivered a 48-page review of the ‘Back to Basics’ program that the Head of Security Documents had promised in November 2005 and which had been authored by the Head of Security Documents and the same Central executive on the IPC Board who had voted against the acquisition of the numerator machine.

On the day of its delivery the CEO received a personal briefing of its contents directly from the Head of Security Documents. The CEO was in transit to one of the several overseas conferences he attended. Prior to boarding his flight the CEO briefed the CFO by telephone about the contents of the review. The CFO recalled that the CEO was generally positive about the contents of the review.

Shortly after the telephone briefing by the CEO, the CFO and the Business Development Manager received an emailed copy of the review directly from the Head of Security Documents for their review and distribution to the rest of IPC’s Senior Management Team.

The CFO found it difficult to reconcile the CEO’s earlier positive comments with the contents of the report he had received. As he interpreted the review document, the capital investment program was over. Central had comprehensively argued that the capital investment program could not be justified on financial grounds. Furthermore, the term of the commercial agreement the FBC offered IPC would only be for 3 to 5 years and would be conditional on IPC rectifying all areas of non-performance.
8.24 An Uncertain Future

At the expiration of the two-year period for turning around the performance of IPC, the results were considered by many to be disappointing. While some pointed to the influx of new personnel with proven skills and disciplines, the restructuring of different areas, the reduction in the outstanding items and the improved results of the ongoing audits, others commented that these changes were not having an appreciable effect on the product delivered to Central or Foreign or their level of satisfaction with the product. Many within the organization now felt that there was less certainty about IPC’s future than there was when the Back to Basics Strategy was originally developed.

8.25 Summary

From the foregoing discussion it is easy to lose track of the key issues given the number of problems faced by IPC. It should be apparent that most of the problems faced by IPC have their origin in IPC’s past and are also highly related to each other. The main issues confronting IPC are:

Quality problems related to the quality, timeliness, and completeness of production orders against orders. Quality problems also related to the durability of the product in the field. These quality problems were in turn the result of a number of interconnected issues including the absence of an objective standard of quality in the form of an agreed product specification with the customer, non-compliance to documented practice, the absence of clear lines of authority and accountability, the lack of a rigorous succession plan and selection process for appointment to positions including an assessment of relevant management and technical knowledge, the absence of relevant management or technical training to compensate for existing absences, the absence of consequence for non-delivery and more particularly the lack of a link between rewards and
performance, the reliability of machinery, changes in the production schedule, the need to respond to changes in the materials used in the production process.

The next chapter will apply the meta-theory developed earlier to the data to explain the underlying dynamics that have led the organization to this position and answer the research questions posed in Part 1.
Part 3
Chapter 9 – Meta-theory and Data Integration

9.1 Introduction

In this chapter we make good our promise to demonstrate the explanatory power of the meta-theory developed in Part 1 to the data presented in Part 2 through illuminating critical incidents and emergent themes from the data. The model describing the meta-theory is presented for convenience below in Figure 4.

Figure 4 - A New Model for Organizational Management
Figure 4 is a schematic presentation of the linkage between the composite theories presented in previous chapters. This model was constructed through the combination and integration of each of the respective theories into explanatory meta-theory in Part 1.

The events and themes discussed in this chapter are selected from the data presented in narrative form in Part 2. The events and themes selected are not exhaustive but are representative. They have been selected for the purpose of demonstrating the explanatory power of the model and meta-theory it represents.

Each theme or event allows an entry point to the model, which naturally leads to a consideration of other elements of the model through the links established between the theories highlighted throughout Part 1. Therefore although we may focus on one event or theme for explanation it is important to recognize that no event or theme is isolated from other events or themes just as there are links between the various individual theories comprising the model and meta-theory.

9.2 The Model Revisited

The model draws together dominant logic, social theory, paradox and narrative. Beginning with dominant logic as our point of departure the model argues that a set of taken for granted assumptions underpin the decisions and actions of organizational participants. These assumptions together form both a lens and filter that affects a person's or group's perception of their organizational world, they way they think about their organizational world, and the way they interact with their organizational world. These assumptions underpin metaphors, which act to highlight some things while discounting others and manifest themselves in habitual ways of problem definition and resolution through a narrow selection of habitual management practices and responses.

The model is further enriched through the social theory of Pierre Bourdieu, which provides a comprehensive framework for understanding the processes and relationships that give rise to and perpetuate these assumptions. Schemes of
perception, thought and action (habitus) are acquired by people (agents) through interactions with others in a social environment (field), which is both a product of and produces schemes of perception, thoughts and actions. Within a social environment some individuals and groups become dominant in their interactions due to their skills, competencies, or attributes (capital), which are valued more highly than others and form the basis of power within the field. This power allows the dominant to reinforce their schemes of perception, thought and action, which in turn acts to perpetuate their dominance in the field. They do this through regulating entry to the field based on potential entrants' acceptance of their dominance and the dominance of their scheme of perception, thought and action and by regulating the allocation of power within the field through the valuation and conversion of capital. Agents occupy different positions within the field and have different trajectories within the field, which together mean that their perspectives are partial rather than complete. This partial perspective is the basis for misrecognition, which in turn is the basis for doxa, or the acceptance of the world as it is without question through the imposition of one scheme of perception, thought and action to the exclusion of all others. Doxa occurs when there is perfect alignment between habitus and field and is the product of misrecognition, which results in the absence of alternative perspectives and will only be revealed for what it is as a result of a crisis. Crisis provides the necessity and opportunity to question what has previously been taken for granted. Out of crisis comes the emergence of heretical discourse associated with a new social order.

The model is further refined through a consideration of paradox, which arises from the ambivalences that arise between individuals and groups with different schemes of perception, thought and action. Individuals and groups try to understand others relative to themselves while making it difficult for other individuals or groups to understand them. This process of social comparison is undertaken in such a way as to prevent challenge to the self-identity of the individual and the group. When their self-identity is threatened they engage in
defensive behaviours such as repression, regression, projection, reaction formation and denial. The result is a frame of reference, which guides the groups' interactions, yet at the same time reduces its ability to learn. At the extreme this frame of reference results in behavioural relationships characterized as either complementary or symmetrical schismogenesis depending on the level of interdependence between groups and the desire for independence. Recognition of paradox prevents situations of schismogenesis, however at the extreme paradox results in epistemological crisis causing paralysis. Recognition of the paradox is the beginning of a process of emergence of a new meta-narrative, which reorders the significance of past events and establishes a new leadership and social order.

The model is further extended through recognition of the role of narrative in both stasis and change. Narrative is a hermeneutic process through which people make sense of their world and their place in it as they do in the process of social comparison. Unlike science, narrative does not strive for truth but verisimilitude. Each individual or group exists in and through a series of related continuous narratives. We are immersed in narrative from an early age. Our schemes of perception, thought and action are produced and perpetuated through narrative. Narrative is the basis through which we create our meaning, identity and reality. As events occur they are compared to the existing continuous narrative to which they immediately relate. When the existing narrative can accommodate a new event the narrative will not be changed and the existing narrative will be reinforced. When the existing narrative cannot accommodate a new event it becomes a question of whether the event will be changed in such a way to fit the existing narrative or whether the narrative will be changed. The process involves two levels of iteration. The first iteration is between the event and the immediate narrative. The second iteration takes place between the immediate narrative and the other continuous narratives to which it is related. If changing the immediate narrative necessarily requires change in the other continuous narratives the new narrative will not be changed if doing so would negatively impact on the self
image and identity of the individual or group. In this event the new event will be given a meaning that is consistent with the immediate narrative. This will normally be the case unless the individual or group experience an epistemological crisis, in which case change in the immediate narrative will be associated with a change in the identity of the individual or group with implications for the other continuous narratives and the prior interpretation and meaning of other historical events. Every narrative is underpinned by metaphor, which provides an alternative means of change without the need for an epistemological crisis. The process of generative metaphor is to see one situation as another. Rather than constrained by time, generative metaphor provides an opportunity to look at the situation through a different lens and thereby reintroduce learning and change. A new narrative is created through the introduction of a new language and new relationships between elements. Ultimately, narrative is therefore the basis of stasis and change.

9.3 IPC's External Relationships

The model developed and presented in Part 1 provides significant insight into the external relationships that have impacted on IPC. By looking at IPC's external relationships we can develop insights into the external forces at play in relation to IPC’s situation, answer the research questions, and at the same time demonstrate the superior explanatory power of the model.

Through the application of the model we have a comprehensive framework that explains the basis of domination and the meaning of logic in dominant logic through reference to habitus, field and capital. Dominant logic is seen as a set of dominating ideas and habitual practices that have evolved over time. These dominating ideas and habitual practices develop a particular pattern or logic.

We can characterize the relationships that IPC has with other groups with which it interacts as schismogenic, underpinned by behaviours that are consistent with
Model I, which in turn are consistent with competing habitus in Bourdieu's social theory.

Furthermore, we can explain that Central is quite clearly the dominant group and IPC is submissive. There is high interdependence between the two groups and a desire for independence from one another. Central is dependent on IPC for its polymer security documents and IPC is dependent on Central for financial support. However, there is also an underlying tension in which Central has threatened IPC that it has at least considered closing the operations or selling the business to another security printer while IPC is continually making attempts to reduce its dependence on Central through differentiating its offerings and providing its services to other customers.

The relationship between IPC and Global Polymer can also be characterized as predominantly one of complementary schismogenesis with undertones of symmetrical schismogenesis. IPC is dependent on Global Polymer for the supply of polymer substrate produced by Global Polymer and Global Polymer is dependent on IPC for polymer R&D and its support of the polymer technology through entering into non-commercial agreements and the transfer of know how. Although IPC complains about being tied to a monopoly supplier of polymer it is constrained by the decision that it cannot print on anything other than polymer. Global Polymer on the other hand is quickly developing a series of other printers who can print on polymer with the assistance of IPC who is giving away its know how to other printers. However, these other printers run on commercial terms and would not be prepared to subsidize Global Polymer in the way that IPC does. While Global Polymer is dominant and IPC is submissive the relationships were previously reversed with IPC being the dominant party and Global Polymer being submissive. The relationship change was manifested when it was decided that Global Polymer would have the responsibility for marketing polymer substrate and IPC's services. Therefore, through application of the model we can explain
that the relationship that exists between Global Polymer and IPC is the result of a dominant relationship between Central and IPC.

The relationship between Universal Inks and IPC has elements of complementary and symmetrical schismogenesis. When IPC produced its own inks the relationship could be characterized as predominantly symmetrical schismogenesis. However, with the decision to outsource ink production to Universal Inks it manifested a change in the relationship to one of complementary schismogenesis in which Universal Inks is dominant and IPC is submissive. There is now a level of interdependence between IPC and Universal Inks whereby IPC is dependent on Universal Inks for the supply of ink. This decision was again made in support of Global Polymers strategy. The relationship between IPC and Universal Inks is again the result of dominant relationships between Central, Global Polymer and IPC. Universal Inks and IPC are interdependent in solving the problem of buckling that has appeared as a result of a difference in base formulations in the inks being used to print on polymer. All security printers that print on polymer share this problem. So the problem needs to be resolved before confidence is lost in polymer.

In addition to these relationships there are relationships that may be dismissed as irrelevant if a more traditional approach to organizational analysis was adopted. However, through application of the model we can explain that the relationships between the Global Polymer Board and the IPC Board take on a new significance.

Global Polymer is a joint venture between Central and Film Products (ultimately owned by Handover PLC). The Global Polymer Board is therefore comprised of directors representing International Film Products and Central. The representatives for Central on the Global Polymer Board include the Chairman of the IPC Board who is also the Chairman of the Global Polymer Board and the Chief Executive of IPC as a representative for Central.
Moreover we can explain that these differing groups and a number of others can be conceived as describing a field or sub-field or focal point of overlapping fields. Within this field there are a number of agents. Within this configuration Central represents the dominant party. As such Central is in a position to define the valuation and conversion of capital within the field. This results in the representatives from International Film Products having a significant level of influence within the field. Global Polymer is attributed with more symbolic power than IPC. As a result the lead for developing the polymer business passed to Global Polymer from IPC.

We can explain that narratives are the means through which we give meaning to the world and ourselves. Therefore, narrative is intimately connected to identity. We can, therefore, explain that the identity of each of the senior executives is linked to doxa prevalent within the field through misrecognition. In this case, the misrecognition within the broader field in which IPC operates is that the primary consideration of all parties is the success of the polymer technology.

Furthermore, we can explain that doxa continues to be accepted as long as there is not a crisis. However, once a crisis arises the doxic assumptions are questioned through what Bourdieu describes as heretical discourse. The questioning arises through an awareness of the paradoxes that have previously been obscured through misrecognition. The immediate result is often paralysis and inaction as people lose confidence in their ability to anticipate how others will react to their actions. This situation continues until a new social order emerges through an iterative process in which a leader emerges whom the group is prepared to follow. The group can identify what they will not follow but cannot identify what they will follow until a leader is revealed who can identify the paradoxes, revealing the misrecognition that has obscured what has actually been occurring, re-order the significance of these past events in a way which
provides a coherent explanation of what has happened in the past and what needs to happen in the future.

In addition, we can explain that unless this sort of change takes place at the right level, no change will actually take place. This is precisely the situation with IPC. Change has taken place, not at the Central or IPC Board level, but at the IPC senior management level. New General Managers or Chief Executives are appointed on the basis that they are unlikely to challenge the existing social order. This assessment is made by those in power prior to the appointment of the new General Manager through sharing narratives amongst themselves. As a new General Manager or Chief Executive is appointed to IPC they are immersed in the continuous narratives relating to IPC which is the basis of misrecognition, and their tenure continues until the point where they no longer accept the prevailing doxa.

Moreover, we can explain that with the replacement of each General Manager or Chief Executive the previous incumbent's capital became the ostensible reason for their departure or lack of success in the role. The replacements therefore had to demonstrate not only a set of dispositions which were believed appropriate but also a background which could be viewed as compensating for the inadequacies of the previous incumbent even though paradoxically these same inadequacies were portrayed as strengths on their entry as General Manager or Chief Executive to IPC.

We can also explain that dominant logic equates to a doxic experience within Bourdieu’s social theory. In the case of IPC the dominant logic exists in a field that extends beyond the artificial boundaries of IPC as a stand alone organization as influenced by agents in the broader field. When a paradoxical perspective is adopted we see how the groups involved in this broader field including IPC senior management, the IPC Board, Central, the Global Polymer Board, and Global Polymer have become structurally encased through processes of social
comparison, fear of losing relative to others, and an inability to re-evaluate their respective positions.

In addition, we can explain that paradox emerges as a result of boundaries. In the case of two groups, neither group knows what takes place or is said on the other side of the boundary. They are constrained in their ability to understand why the other group does or does not act in a particular way. Therefore the group on one side of the boundary must attribute a meaning to the actions of the group on the other side of the boundary. Events are interpreted in relation to continuous narratives on each side of the boundary. The test of narrative is not truth but verisimilitude. Through application of the model we can explain that the veracity of one explanation or narrative is not only determined by what is said but also by who says it. Therefore, stories that are told by some agents are given more weight than others simply because of their position.

We can explain this influence to the allocation of capital within the field. Ultimately, this translates into a doxic situation in which stories acquire a taken for granted nature. That is, they are assumed to be true because they are believed to be true, because those with influence say they are true. However, through application of the model we can explain that narratives are also vehicles for misrecognition, in that they are also a means to advance the position of some agents relative to others. That is, some will benefit from a particular narrative more than others.

Furthermore, we can explain that on each side of a boundary, narratives develop. On each side of the boundary the stories have a coherence and veracity. However, when both are observed from a higher position the conflict between the two narratives is seen as paradoxical. When viewed from a higher position it may be possible to create a meta-narrative through re-ordering the significance of events by each party in such a way as to remove the paradox. Alternatively, more powerful agents can perpetuate paradox as part of the system of conflicting
habitus through misrecognition. The role of the shared Chairman of IPC and Global Payment would seem to be a case in point.

Moreover, we can explain how dominant logic equates with doxa. Both of which can be characterized as a set of taken for granted propositions or assumptions that have become ingrained in the decision processes and actions. While not an exhaustive list, IPC’s dominant logic includes the proposition that:

- IPC must print on polymer to the exclusion of paper otherwise polymer’s credibility as a substitute for paper will be compromised, implying that polymer is simply a substitute for paper;

- only by having global providers creating international standards can the market for polymer grow, implying that success required scale, with the implication that IPC had to outsource ink production to Universal Inks;

- in order for the market for polymer to grow there needs to be more than one printer capable of printing on polymer, again implying that success required scale, with the implication that IPC had to give away its know how in order to develop these printers;

- Global Polymer was the best placed to lead the development of the market because of its superior market development insights and as such all Intellectual Property and patents should be assigned from IPC to Global Polymer; and

- if no other printer was willing to provide the price incentive to customers to print on polymer that IPC had to do so even if that meant the job was done of non-commercial terms.
In addition, we can explain how these dominant propositions and assumptions limit the horizon of what IPC is able to do as well as limiting its possibilities. For example, if IPC had been permitted to print on paper it would arguably have been able to establish relationships with export customers, who were unwilling to commit to polymer but who were still prepared to have IPC print their security documents on paper. Therefore, it is possible that IPC could have positioned polymer security documents as a premium product rather than simply a substitute for paper security documents. Once IPC had the customer it could have worked on the introduction of polymer security documents with that customer. Therefore polymer security documents could have been positioned and priced as a premium option relative to paper. Being allowed to print on paper would have allowed IPC to consider options in terms of the supply of substrate, which under the arrangement entered was exclusively supplied by Global Polymer. Therefore, IPC would have been liberated from its dependence on a monopoly supplier. In this situation, IPC would have taken the lead role and Global Polymer the support role in establishing the market for polymer. As a consequence, IPC would have been increasingly distracted from serving its then primary customer relationship with Central. The importance of Central as a customer would have decreased as a result, but IPC would possibly have had a better chance of being self-sufficient. However, because IPC was prevented from printing on paper IPC was financially dependent on Central. If looked at in isolation as an independent commercial operation printing exclusively on polymer it would have been difficult to justify IPC’s continued operation based purely on financial terms. If IPC had been less dependent on Central and Global Polymer it is unlikely that it would outsource the production of ink to universal ink. It would however have been in a position to license the production and use of its inks to Universal Inks and other security printers with the prospect of generating even further revenue. Furthermore, it is possible that in this situation, IPC would have retained ownership of the IP and patents that it had developed for its own use and benefit, which could have resulted in a further extension of applications for polymer. Similarly, it may have been possible for IPC to license its know how to
other security printers for which it could have received an annuity in the form of a royalty payment.

Moreover, we can explain how these dominant propositions or assumptions which emanate from the relationship between Central (the dominant party) and IPC (the submissive party) paradoxically negatively impact on IPC’s performance and are ultimately responsible for the problems about which Central complains and for which it attributes blame to IPC.

Furthermore, we can explain the issues surrounding the purchase of the numerator machine. The senior management of IPC, particularly the CEO and Operations Manager were very keen to purchase the numerator machine because of the symbolism of the purchase. The purchase became part of their narrative about IPC and its relationship with the IPC Board and Central. For them, the purchase would demonstrate that they had a level of control over the destiny of IPC, which included reducing IPC’s dependence on Central. Yet paradoxically they were asking Central to finance the purchase of the numerator machine together with the rest of the proposed capital investment program of one hundred million dollars ($100,000,000). Their belief that Central would finance the numerator machine and the rest of the capital investment program was also part of the narrative about IPC, the IPC Board and Central. They believed that they needed to demonstrate their ability to purchase the numerator machine to the employees of IPC as they had argued publicly that without the purchase of new capital equipment IPC only had a 3-year horizon after which IPC would no longer be competitive as a security printer. In reflecting on this proposition it is clear that what in fact this amounts to is an attempt at creating an alternative basis of misrecognition through which the CEO and Operations Manager would establish and dominate their own social order. However, the narrative that the CEO and Operations Manager shared regarding the productive life of the machinery and the relationship between the age of machinery and increased
disruption due to breakdown and increased maintenance did not seem to be shared by the IPC Board or Central.

We can explain that this was a symbolic conflict and the manufacture of a crisis with the express purpose of questioning the wisdom of the previous management team, the IPC Board, and Central of not investing in capital equipment to maintain IPC’s competitiveness. The narrative that had been created within IPC was the CEO and Operations Manager’s own attempt at misrecognition, which presented the facts with a particular interpretation. When presented with the proposal to purchase the numerator machine the Board rejected the purchase, not once but three times and made IPC finance the purchase from its own cash flow. The Operations Manager concluded that Central had revealed its hand. It wanted to either close IPC or sell it and had given the senior management of IPC a poison chalice. Through application of the model we can explain that this is a narrative explanation that explained the situation to the satisfaction of the Operations Manager while also reinforced his level of distrust in the IPC Board and Central.

In addition, we can explain why the CEO seemed to struggle with the IPC Board’s decision. The IPC Board had seemed to support the diversification initiatives and the focus on increasing revenue and therefore profit. The CEO believed that the Board wanted IPC to be profitable. In contrast, however, in the negotiations between Central and IPC on the commercial arrangements, Central had negotiated to lower the price paid to IPC arguing that IPC should be breakeven. The CEO was further perplexed by the subsequent argument by Central in quashing the proposed $100,000,000 capital investment that it could not be financially justified. From the CEO’s perspective IPC could not justify the $100,000,000 capital investment because Central was operating on the basis that IPC should be breakeven. Yet the CEO had believed that Central would naturally invest $100,000,000 even though it could not be justified on the basis of financial return. What was it that led him to believe that they would invest
$100,000,000 in capital equipment? It was the belief that Central derived non-financial benefits from IPC in terms of responsive and dependable delivery, quality of the products, and international reputation deriving from being the leader in polymer technology. Through application of the model we can explain that the CEO had developed a narrative explanation for why Central would invest, supported by other narratives within IPC, and those of his own identity, and when Central indicated that they would not invest the $100,000,000 he needed to reassess his position. The CEO had developed beliefs about IPC’s responsiveness and dependable delivery, the quality of the products, and IPC’s reputation as the leader in polymer technology in spite of evidence to the contrary provided through the customer surveys he commissioned, the strategic review he commissioned, the audit results that he saw regularly, and the positioning of Global Polymer as the international face of polymer and the owner of IP and related patents. Fuelling his beliefs were his own efforts to be recognized though various awards that IPC won, however, the criteria used by the award granters was somewhat different from that used by Central.

Moreover, we can explain the nature of the paradoxes resulting from the relationships that IPC has with a number of external parties. However as we will see, we can also explain the connexion between what happens at this level and what happens within IPC.

9.4 IPC’s Internal Dynamic

Through application of the model we can explain the connection between the relationships IPC has with other external groups and the relationships that exist within IPC. In the case of the numerator machine purchase the Operations Manager and CEO believed that they needed to demonstrate that they had some influence over IPC’s direction in a symbolic conflict with Central and the IPC Board.
We can explain that IPC’s senior management team reflected the underlying tensions deriving from external symbolic conflicts as well as internal symbolic conflicts. For example the relationship between Central and IPC was a template for the relationship between the CFO and the Operations Manager. Similarly, the decision to split Global Polymer from IPC could be characterized as a template for the decision to split the Technical Services Group from Operations during the cultural change era.

We can explain how groups that split often develop schismogenic relationships between each other. The relationship between Central and IPC was an example of complementary schismogenesis, with Central being the dominant party. The relationship between the CFO and the Operations Manager was an example of symmetrical schismogenesis. Previous incumbents in the role of Operations Manager were normally more submissive which was more in line with the pattern established between Central and IPC. However, the new Operations Manager was more independent, less submissive, and more heretical in relation to the established social order. The relationship between the Support Services Group and Operations under previous Operations Managers had also been an example of complementary schismogenesis. However, the Operations Manager did not fit the mould of his predecessors. The result was frequent visible conflict and ongoing tension between the CFO and the Operations Manager and the Technical Adviser and the Operations Manager.

Boundaries and conflicts were a constant feature of IPC since its inception as a security printer. Originally the boundaries were the means to prevent the sharing of information in order to discourage the possibility of illegal production of the security documents. Very few employees had any understanding or knowledge of what happened within other departments within IPC because it was not permitted by Central and because it was not valued within the separate departments. The employees in each organizational division therefore confronted a separate social order in which they had to prove themselves through obedience to those who
dominated those separate social environments. Moreover, we can explain how these boundaries evolved into divisions and the establishment of separate social orders.

Through reviewing the conflicts involving the Operations Manager in light of the model we can distil a number of insights into the different dimensions of the dominant logic of IPC, including the assumption that:

- written communication was more valued than face-to-face communication, which in turn implied a preference for research rather than interaction;

- the views of those with longer tenure within IPC were valued more highly than the views of those with experience from elsewhere, which in turn implied a preference for focusing on process rather than outcomes;

- white collar workers were more valued than blue-collar workers, which in turn implied that the skills of blue-collar workers were more easily replaced;

- sales were more important than operations, which in turn implied that operations had excess capacity which could accommodate increased output with little warning;

- financial information was only used to monitor revenues and costs at a high level implying that a detailed categorization of costs and their linkage to activity was considered unimportant;

- R&D was conducted without reference to the business, which in turn implied that it was conducted for someone else, Central;
• workers were human resources to be controlled by management like other organizational resources.

As we saw in Part 2, the prevailing or dominant view of management in relation to the workers within IPC was that IPC’s workforce were militant, lazy, incompetent, dishonest, greedy, and caused all the problems within IPC. These views were directly relevant to the efforts to recruit people from outside IPC rather than promote from within. This view was consistent with the practice of placing personnel into roles for which they had no experience. Ultimately this implied that appointment of existing employees to roles within IPC was not based on expected performance in the role but was based on something done previously that was being rewarded or punished.

We can explain this practice by drawing on paradox whereby groups with differential power can become structurally encased in frames of reference that are difficult to change. Many of the attributions made by one group about another often reflect attributes that the group prefers to distance itself from by projecting those attributes onto the other group. This is consistent with the fact that each new senior entrant to IPC came to the conclusion that this description of the workforce by management was inaccurate and the real problem was a lack of strong leadership within IPC, a lack of practical and focused training and development, and a lack of clarity in relation to the roles, responsibilities and accountabilities of people within IPC. Furthermore, we can explain the familiar pattern of complementary schismogenesis between IPC’s senior management and workers that had been in place for some time and which was underpinned and perpetuated by narratives that lead to the structural encasement described by paradox.

In addition, we can explain how the boundaries between organizational divisions reflected the presence of a class structure within IPC. As we have argued elsewhere Central is the dominant party in a hierarchy of relationships with the
IPC Board and IPC management and the rest of the organization. As such we can see that Central has the power to determine the value and conversion of capital within the IPC Board and IPC. This is reinforced through the membership of the IPC Board and the appointment of individuals to the role of General Manager or CEO of IPC. The early General Managers were not appointed by Central because of their experience in the industry or their business acumen. These early General Managers were effectively titular heads. Through application of the model we can explain how they had been attracted to a career in Central because of the pursuit of academic achievement and a penchant for economic research or the application of economics to the management of the economy. Their habitus was attracted to a particular field in which capital was valued. Even though their capital was deficient in IPC’s environment, Central attributed a value to their capital sufficient for the management of IPC.

Furthermore, we can explain that there was more in common between the senior management of IPC and Central and very little in common between the senior management of IPC and IPC’s workforce. These differences were reflected in the distance between IPC’s senior management and workers. Senior management had expansive offices and separate dining facilities on upper levels of the same building as the staff cafeteria. Through application of the model we can explain the class structure within IPC in which boundaries are established as a result of different habitus where senior management were reproducing for themselves the habitat of Central. The differences between IPC senior management and workers, was as stark as the differences between Central and IPC. In contrast to Central, the industrial environment of IPC confronted by workers was noisy, dirty, discriminatory and hazardous to one's health. The educational requirements for entry into the operational areas of IPC were generally low and training was primarily through prolonged induction under the tutelage of those who had been with IPC the longest. New entrant workers were expected to prove themselves through their obedience rather than their brilliance and to follow practices, which had been in place for some time without question or criticism. Each area within
IPC had an established hierarchy based on the length of time served within IPC and specifically within the area in question, then within IPC, and finally outside IPC. One’s place in the hierarchy was based on tenure rather than ability. Recruitment of workers into IPC and each of the particular areas within IPC was dependent on their acceptance of the basis upon which this hierarchy was constructed.

Moreover, we can explain how symbolic violence was exercised by the most senior members of the group through the allocation of less challenging work and its acceptance by the newer employees irrespective of their prior education or experience outside IPC. In this environment, progression was based on patronage won through obedience. Performance was measured in terms of obedience to the hierarchy within each area. Each area therefore had its own narrative in which details of each persons responsibilities to the area and other areas was established as well as how the work should be completed satisfactorily.

In addition, we can explain how this social order was threatened on a number of occasions through the introduction of people with different dispositions (habitus), skills, competencies and reputations (capital) into IPC (field). The social order had not been threatened in the move to the new facilities; it was simply transported in tact. However, it was threatened by the challenge to develop a polymer substrate suitable for printing security documents. In this environment the established boundaries between different areas within IPC, tenure as the basis of hierarchy and loyalty to past practice as proof of obedience, were incompatible with the new necessity, which required removal or repositioning of boundaries, where ability was the new basis of hierarchy, together with a willingness to consider alternative ways of doing things. In effect, the valuation and conversion of capital within IPC was being changed. At the same time the changes within IPC were also affecting things beyond the borders of IPC. The changes had potential implications for many of the established players in the field
like paper suppliers and ink suppliers. Even Central’s position became threatened through Kilts and Co’s recommendations. The result was industrial disputation within IPC in which those who benefited from the old valuation and conversion of capital were fighting against the change, which would have disadvantaged them. New boundaries were negotiated through the development of routines involved in the production of the polymer security documents. However, as the boundaries firmed the basis of hierarchy within and between them continued. Those with the longest tenure and knowledge of IPC continued the traditions established in earlier years. Through application of the model we can explain the eventual removal of the General Manager whose dispositions (habitus) were at odds with those of the key players within the broader field.

We can also explain why the introduction of voluntary redundancies had little effect on the social order because when the longest serving employees left the organization they were simply replaced in the hierarchy by the next longest serving employees who became the authority on what to do, even if the reasons why something was done was lost with the departure of the longer serving employees. The voluntary redundancies set a precedent, as they had not previously been offered within IPC, however they also continued a tradition of providing rewards without any link to performance. Employees had previously been rewarded just for staying, now they were being rewarded just for leaving. The achievement of organizational goals through personal exertion was not the basis of reward.

In addition, we can explain why the introduction of self-managed teams on both occasions had the potential to threaten the social order. Through application of the model we can explain how the introduction of self-managed teams failed because each of the separate areas within IPC was already self-managed, but on a different basis to the one that management was trying to introduce. Paradoxically, the self managed teams had to self manage themselves in the way management wanted them to manage themselves rather than the way they
wanted to manage themselves as self managing teams. Similarly through application of the model we can explain why the ISO 9001 was difficult to implement and has been so ineffective. It threatened the established social order through attempting to remove the basis upon which hierarchical position was established by attempting to document how and why things were done. However, even though processes and procedures were documented they were not referred to by anyone. Instead those with longer tenure still determined what was done and how it was done. As we have seen, the establishment of Global Polymer did threaten the social order but did so on a different level altogether as discussed earlier.

IPC had been the dominant party in its early relationship with Global Polymer. However, within a relatively short period of time it then found that Global Polymer was in the dominant position and it was in the submissive position. What happens when a group has been in a dominant position relative to another group, and then finds itself in a submissive position relative to the same group? Through application of the model we can explain that the once dominant group will create a narrative of blame in which the more powerful within the group will distance themselves from the less powerful, and the deficiencies of the less powerful members of the group, as determined by the more powerful group, will be identified as the cause. Therefore, as the senior management team found it difficult to accept any responsibility for this change in status, it distanced itself from the rest of the organization and determined that the rest of the organization was to blame. The description of the organization that the General Manager wanted IPC to become, was not only the opposite of IPC as defined by the General Manager, but was also a description of the main attributes of Global Polymer.

Furthermore, we can explain how the cultural change program could be seen as a direct result of the displacement of IPC by Global Polymer and was most focused threat to the established social order within IPC. By all accounts the
External Consultant had a dominating personality, proactively pointing out deficiencies in others at all levels of the organization. Through this process the External Consultant effectively became the dominant voice in the senior management team. In effect the senior management team submitted themselves to her evaluative criteria (her habitus), which was given legitimacy by the General Manager, the highest formal authority within the organization. Through application of the model we can further explain how her influence over the organization was so pervasive and how she was able to determine what should or should not be done and who should or should not do it. Through application of the model we can explain why the External Consultant systematically targeted those within the organization who challenged the legitimacy of her actions, which included creating black lists of people with implications for their work and career security. The External Consultant was changing the valuation and conversion of capital within IPC through her dominance. Unfortunately, the External Consultant had assumed that there was a depth of technical and operational knowledge and understanding within the organization. This was found to be a false assumption. Knowledge about the technical aspects of the organization was not widely distributed. Through application of the model we can explain why the consultant persisted in removing those with superior technical skills in spite of evidence that it was adversely affecting production. The consultant was attributing a different meaning to occurrences. Under the prevailing social order power within the organization was distributed on the basis of tenure and technical knowledge about the organization's production. Moreover, the deficiencies in personnel and process management that had developed within IPC were effectively perpetuating this social order and were also central to most of the issues regarding organizational effectiveness and performance. However, the consultant was determined to change the basis of power within the organization in a way, that would also remove any threats to the consultant’s dominance.

Through application of the model we can explain the paradox that the External Consultant was engaged in a narrative of improving organizational effectiveness
and performance while at the same time undermining the basis of organizational effectiveness and performance – a narrative of ‘misrecognition’.

In addition, we can explain how the External Consultant’s habitus was changing the basis of valuation and conversion of capital within the organization to align with her capital. The External Consultant removed people who had years of experience in the business, who had participated in its formative activities, and who challenged the legitimacy of her influence and actions. These people were removed from their positions and sidetracked or removed from the organization. The External Consultant removed these people in order to dissipate their individual influence and that of the groups they represented and then to impose a new basis of evaluation which would discount their capital and elevate capital more in line with that of the External Consultant. For example, the appointment of the Human Resources Manager to the role of Operations Manager removed a primary source of objection from the senior management team. It was clear that he did not have the ‘capital’ to perform the role effectively. Therefore he was destined to fail and did. The appointment of the General Manager’s Personal Assistant, even though she had no prior experience or training, provided legitimation for the External Consultant’s practices. With the removal of people with critical knowledge of the organization and the appointment of people without experience, training or aptitude for roles in the business, the number of operational problems in the organization increased. A specialist area was established for the express purpose of supporting each of the operational areas with technical assistance to resolve these problems. The person who was appointed to fill the role had a strong technical background within IPC and had been involved in its formative activities. Unlike the other managers who were being removed from their positions of authority this senior manager’s authority was increasing. One significant difference was that this senior manager was a woman – the same gender as the consultant. The Support Services Group continued until shortly after the External Consultant was expelled from IPC whereupon it was disbanded and the employees returned to the operational
areas from which they had earlier been removed. As demonstrated earlier, the relationship between the Support Services Group and Operations at the time could be characterized as complementary schismogenesis ultimately reflecting the submissiveness of IPC in relation to Central.

In response to threat to the social order posed by the External Consultant narratives of revolt or ‘heretical discourse’ emerged within the organization led by those whose power within the established social order was under threat from the External Consultant. Moreover, we can explain that the complicity of the dominated is a fundamental component of any social order. In the absence of complicity, explicit rather than symbolic violence is the basis through which a new social order can be created but only while the explicit violence is condoned. However, a social order created and maintained through the use of explicit violence is more unstable than one based on symbolic violence as it can only exist as long as the explicit violence is maintained and condoned by the power holders. Ultimately, the External Consultant was forced out of IPC, which we can be explained as due to incompatible habitus and field.

The appointment of the new management team had the potential for threatening the social order but did not effectively do so until the appointment of the new Operations Manager from Photographic Films. Following the new Operations Manager’s appointment a number of other Photographic Film employees were appointed to middle management positions reporting to the Operations Manager.

There had been significant churn in the number of people who had occupied the position of Operations Managers over the previous 10 years’, as discussed earlier. However, unlike previous incumbents who submitted to the dominance of the senior management team, the new Operations Manager challenged its dominance. However, unlike the challenge to the social order under the External Consultant which was focused on unbundling the fiefdoms that had evolved in IPC, the workers believed the Operations’ Manager challenge was in the best
interests of IPC in general and their best interests in particular. This challenge manifested itself in the conflicts between the Operations Manager and the other members of the senior management team, the IPC Board, and Central. In our earlier discussion we distilled a number of dominant propositions that were adversely affecting the performance of IPC. Moreover, we can explain that these disagreements between the Operations Manager and others are examples of conflicts between the different dispositions (habitus) of the different parties (agents or players) involved with IPC (field) through the application of their respective skills, competencies and reputations (capital) in which the contest was ultimately for the ability to impose their dispositions (habitus) and elevate the valuation of their skills, competencies and reputation (capital) and thereby recreate the social conditions (field) in which their dispositions formed.

Therefore, the Operations Manager was challenging the dominance of the senior management team and the broader administrative arrangements through heretical discourse, borrowing from the social theory of Pierre Bourdieu. The Operations Manager argued that the organization had forgotten that it existed because IPC was a manufacturing company – if there was no manufacturing there would be no need for any of the other areas. The rest of the organization was there to support manufacturing and not the other way around. This reflected the Operations Manager’s own experience in Photographic Films. However, through application of the model we can explain that a class structure had been in place for some time within IPC in which senior management and the support or administrative functions were elevated above the workers through their shared dispositions with their counterparts within Central. This class structure had been reinforced through repeated interactions. However, without knowledge of the history of IPC the Operations Manager believed that the administrative functions had lost sight of the fact that they were supposed to add value through supporting Operations during the market development era. However, the administrative functions were part of the dominating class within IPC that had been established from Central’s earliest involvement.
The Operations Manager's actions and reactions to the comments and criticisms of the other senior managers increasingly created a divide between Operations and the rest of the organization, supported by narratives about interference in the way Operations was being managed. We can explain that this symbolic division had the effect of allowing the Operations Manager to create an environment in which his habitus was dominant and his capital was valued above others, particularly the other senior managers. We can also explain that with the symbolic division of Operations from the rest of the organization, the other senior managers were of the view that their influence over the business was diminishing. They believed that the Operations Manager was taking away their power and complained of being excluded from Operations. In contrast, the Operations Manager complained of the lack of help from anyone in the organization. In his view they were very quick to criticise but were very slow to assist. The level of criticism regarding Operations within the organization in his view was excessive. Moreover, we can explain that this criticism was the manifestation of complementary schismogenic relationships between Central and IPC, between Foreign and IPC, and between IPC's main suppliers and IPC. The schismogenic relationship between Central and IPC in particular was brought into the organization through the CFO who represented the IPC Board which was itself dominated by Central, through the Business Development Manager who represented the interests of the Security Documents area of Central, and through the Technical Developments Manager who also represented the interests of the Security Documents area of Central.

By focusing on a number of other differences in the Operations Manager’s approach, we can also explain why the other senior managers were becoming increasingly annoyed. For example, rather than write memos, documents or reports he believed talking to people directly was a more effective way to do business. In addition, we can explain that this reflected his own ‘capital’ - he was competent talking to a group of people but was less competent in writing a report
or a business case. This was a particular frustration for the CEO who produced expansive management reports for the Board. Another practice that annoyed his fellow senior managers was his lobbying of the CEO to make changes that benefited Operations, rather than debating an issue before agreeing on a particular course of action. This prevented their views being expressed and was interpreted by the other senior managers as political manoeuvring for the purpose of acquiring more power within the organization at their expense. Every Monday afternoon there was a senior manager’s meeting. This meeting had been established under the previous CEO but the new CEO had maintained it. The meeting normally ran for the entire afternoon. The meeting was an opportunity for the CEO to learn about the main issues affecting the organization and how they were being addressed. Each member provided an overview of their area’s main activities in the preceding week and the issues they were confronting in the coming week. As most of the problems IPC was having emerged from activities of Operations, most of the discussion focused on Operations problems or activities relating to resolving Operations problems. These discussions dominated the meetings and there was always a critical undercurrent of Operations. The Monday meeting was a forum in which those who had been with IPC for several decades and had lived through its development of the polymer substrate and the printing of polymer security documents were sensitive to a discussion of the problems being aired, as they raised questions about their past involvement. As a result they became defensive and criticized the Operations Manager’s lack of experience printing on polymer substrate and argued that he should listen to them as they had the experience he lacked. In response the Operations Manager questioned why they had not fixed the problems when they had responsibility to do so. On occasion these discussions degenerated into yelling matches between the Operations Manager and the CEO’s Technical Adviser. The CEO actively discouraged this sort of confrontation. Through application of the model we can explain the behaviour of the Operations Manager and the other senior managers as conflicting habitus. We can also explain how
the behaviour of the CEO was a demonstration of Model I behaviours emerging from the model's consideration of paradox.

Furthermore, we can explain the conflict for dominance manifested in the disagreements between the Operations Manager and the Business Development Manager. These disagreements related to disruptions to the production schedule caused by promises of delivery made by the Business Development area to Central and export. The Business Development Manager was the account manager for Central who were critical of the output of the Operations area. The Operations Manager lobbied the CEO for the establishment of a Sales and Operations Committee to be chaired by the CEO who would have the final say in whether particular sales would be pursued and under what conditions.

We can explain the disagreements between the Operations Manager and the CFO in which the Operations Manager complained about the absence of management information to run his business as a manifestation of a conflict for dominance. In addition, the Operations Manager accused the CFO of interfering in his business, citing examples of the CFO cutting his budget without discussion, and preventing him allocating his budget as he wanted. The CFO claimed that the Operations Manager was dangerous because he acted before thinking. The CFO was also critical of the Operations Manager who he believed was unprofessional and overly familiar in his interactions with the Board.

In addition, we can explain that the disagreements between the Operations Manager and the newly appointed R&D Manager also manifested a conflict for dominance. In the Operations Manager's view R&D were not focused enough on the issues that were of importance to IPC. He also saw them as having mixed loyalties between Central and IPC where they would make reports to Central about IPC and Operations in particular.
The Operations Manager also initially had disagreements with the Human Resources Manager brought about by changes in the Industrial Relations legislation. We can explain that, as with all the other disagreements between the Operations Manager and the rest of the senior management team, the Operations Manager saw the potential disruption to the social order he was creating within Operations, which he interpreted as a potential threat to his dominance over the area. There had been discussions with the Board about labour costs. The legislation required a new Enterprise Bargaining Agreement (EBA). In the workshops leading up to the new EBA it was determined that there was too much uncertainty about the application of the legislation. Therefore, an interim agreement was put in place for 12 months. As part of the negotiations a general increase of 4 1/2% was agreed. However, there were also a number of rostering changes, which had effectively reduced over time payments considerably. Predictably, on learning of the agreement the CFO was highly critical saying that senior management had missed an opportunity to prove to the Board that they were serious about reducing labour costs. The agreement was subsequently presented to the Board for ratification, which they reluctantly provided. As a result, the CFO’s opinion of the Human Resource Manager’s competence deteriorated. So while the Operations Manager and Human Resources Manager provided ongoing support for one another, from the CFO’s position neither of them was an asset to IPC.

Furthermore, we can explain the disagreement, which involved the Operations Manager, the ex-Support Services Group Manager, the R&D Manager, and the CEO. Following the disbanding of the Support Services Group, the Manager had performed a number of special projects as the CEO’s Technical Adviser. However, he had made it clear that he was uncomfortable having her report to him. His preference was to have her report to the R&D Manager and for her to perform a role, which focused on issues related to future technology investments and process improvements related to printing bank notes on polymer. The Technical Adviser refused to work for the R&D Manager and resented the
implication of the suggestion. Moreover, we can see that through a process of social comparison, which is ultimately a narrative process, the Technical Adviser was structurally encased in a particular view of her own identity which relied on her position within the organization’s hierarchy based on length of tenure and technical knowledge. At the same time, the Operations Manager had introduced Kaizen to the Operations area believing that the outstanding issues would be resolved through that process. Through the model we can see that again there was a conflict between the schemes of perception, thought and action.

In addition, we can explain the paradox in the relationship of the Operations Manager and the rest of the senior management team. We observe that while the other senior managers were critical of the Operations Manager, the Operations Manager embodied many of the characteristics that each of them considered important in a leader and which were in stark contrast to the leadership style of each of them, especially the CEO who had employed him. We can therefore see through the application of the model the disconnection between their espoused theories and their theories in use.

Between the operational areas and senior management were a number of middle level managers and supervisors with responsibility for ensuring the production of security documents. Middle management was the buffer level or boundary between senior management and workers. These different formal and informal levels of hierarchy interacted with each other in the overall management of the business. Through application of the model we can explain that there were a number of narratives taking place within different groups and between different groups, which also reflected their different schemes of perception, thought and action. These reinforced the emergent divisions between them while also providing a sealed environment in which the members of each of the groups were immersed in a processes of social comparison leading to paradox.
We can also explain that while Central was attributed to have power to change things in the organization there was a significant dependence on lower levels to perform their responsibilities and leading to a situation of complementary schismogenesis. How the workers performed their duties was for all intents and purposes a black box to those at more elevated positions in the organization’s hierarchy. Equally, how senior management performed their duties was a black box at less elevated positions in the organization’s hierarchy. Each group was a world away from the other. Moreover, we can explain how each group’s isolated and isolating narratives mediated the influence of external events and other groups. Each group’s narratives removed any paradoxes that may have emerged in the interactions of these various groups and provided the basis of interpretation of their world. Each group made sense of the world through a process of narrative explanation. The meanings attributed to actions and events were made consistent with their dominant narrative explanations.

Given the dependence of senior management on workers, to ensure that the workers and therefore the organization performed as required, the pay and conditions provided were superior than would have been the case in an organization in which knowledge of the operations were more evenly distributed.

Furthermore, we can explain that it was paradoxical to be highly critical of the workforce while at the same time providing above market remuneration. The conditions of employment were originally determined by Central in line with its own policies and procedures. As such, employment conditions were generous by comparison with other businesses for which employees could otherwise have worked. However, through this process the connection between rewards and performance was initially broken.

As we have seen people management, within IPC, was not a high priority outside of the area of industrial relations. People management in its broader sense including issues of recruitment, succession planning, education and training,
occupational health and safety, and remuneration and benefits occurred within the context of industrial relations. Within IPC people management issues were discussed in what could be described as a traditional industrial relations context in narratives of opposition and conflict between management and worker representatives. As a result, narratives of opposition and conflict between management and workers dominated their interactions. Senior management did not appear interested in developing an integrated human resource management system for the organization. The most recent appointment to the role of Human Resources Manager fitted neatly into this situation, which we can explain through application of the model as the attraction between habitus and field. On entry to the organization, the Human Resource Manager engaged the new senior recruits in a narrative, which reflected an industrial relations perspective and framed their initial perspectives about the workforce being militant and having a number of other unattractive attributes. Moreover, we can explain how frames of reference are perpetuated through a process of emplotment in which agents apply familiar plots to what they see as familiar situations.

Even prior to the move to the new facilities, IPC seemed to have difficulties in recruiting people with the skills and competencies required by the business. This was partly a reflection of the uniqueness of the printing process and partly the absence of a career path through the organization. The move to the new facilities exacerbated the problem. We can explain the paradox inherent in the internal tension that resulted from the need to move people due to the difficult recruitment situation while internal movement was discouraged because of the specialised nature of the work and the difficulty in finding people with the required specialist skills. This later issue was also supported by the potential disruption to the social order that existed within each of the areas within IPC through a change in personnel. As opportunities arose, people who were made available to fill positions therefore tended to fall into two main types. Those people who were a threat to the social order of a particular area and those who were considered not to be making an adequate contribution. Those who were making an appropriate
contribution and who had proved themselves to be obedient and loyal were retained.

Within this context the appointment of the Human Resources Manager to the role of Operations Manager and his replacement by the CEO's Personal Assistant, during the cultural change era, even though neither had relevant experience in those roles, was possible because of the long established practice within IPC of appointing people to roles as a punishment rather than being based on expected performance in the role.

In this context, it was easier to bring people into either management roles or entry-level roles, both of which had a higher generalist than technical requirement. Another solution was to encourage other family members to enter the organization. However, in this environment a tolerance for non-performance developed. This situation was exacerbated by the disconnection of rewards from performance, which had occurred for some time within IPC. Furthermore, we can explain that performance was not strictly performance for the benefit of the organization but obedience to instructions given. Organizational performance became incidental to the maintenance of the established social order.

In an effort to improve performance a number of initiatives were attempted including redundancies, the introduction of self managed teams, ISO Certification, the threat of closure, and a cultural change program, all of which paradoxically resulted in performance declines rather than improvement. Similarly, under the “Back to Basics” strategy a concerted effort was made to bring new people into senior executive roles. The previous senior management and the workforce were seen as the problem. However, rather than improve the performance of IPC the new senior management team was increasingly seen as dysfunctional due to internal conflict. While the “Back to Basics Strategy” had promised the improved performance of the organization, there were a growing
number of people inside and outside IPC that were becoming increasingly disappointed with the pace of change.

Through application of the model we can explain that IPC was the submissive party in a series of complementary schismogenic relationships including those in which:

- IPC was the wholly owned subsidiary of Central;

- The IPC Board represented the interests of Central as shareholder and customer;

- Central was the primary customer of IPC’s established products;

- Foreign was the primary customer of IPC’s new products;

- Global Polymer was the monopoly supplier of polymer substrate to IPC; and

- Universal Inks was the monopoly supplier of ink to IPC.

In addition, we can explain that the senior management team captured the different elements of these conflicts through its members who represented the interests of the various groups simultaneously. As a result the senior management team were in violent disagreement on a number of matters and these disagreements manifested themselves throughout the rest of the organization through narratives of conflicting that were taking place. As a result conflict was considered endemic within IPC.

Furthermore, we can explain that individuals and groups engage in a process of social comparison, which frames their perspectives and actions. For example:
• some members of the organization continued to address the issues they believed should be addressed, in the time frame and manner they believed they should be addressed, irrespective of their impact on other initiatives, disappointed at the lack of support they were receiving from others in the organization;

• some members of the organization effectively gave up their efforts to change things or hoped that someone more capable or more powerful would intervene and change things for the better; and

• some members of the organization felt that others should start to address the issues they believed should be addressed, in the time frame and manner in which they believed they should be addressed, or conversely should stop addressing issues that they believed should not be addressed.

Increasingly the CEO was being privately criticised by each of these groups. Some complained that he was not prepared to fully support them, some complained that he was not a strong leader and needed to be more directive, some complained that he lacked the focus or desire to actively engage the organization in change. In contrast the CEO complained that none of them had been able to provide him with a compelling vision and strategy for their areas of responsibility. Furthermore, he increasingly saw the senior management team, not as a team but as a group of individuals unprepared to constructively work through their differences for the benefit of the organization. However, in this regard he did not see himself as part of the team. The way he saw the situation the problem was with the others, not him. As a consequence he engaged a group of External Leadership Consultants to work with the members of the senior management team. The senior management team, including the CEO, were all trapped in personal and group narratives of projection and distancing.
Paradoxically, the CEO had placed himself in a position beyond review and thereby diverted attention elsewhere. As a result, the focus of criticism shifted to the Operations Manager. For those who had been with the organization in the lead up to the cultural change program there were parallels between the two situations. It was as though the actors had changed but the plot and story line were unchanged.

We can explain these as ambivalences involved in the organizational life of IPC, which have their origins in narratives circulating within individuals and groups. We see that these narratives arise through social interaction and comparison, which provide organizational participants with frames of reference, which help them to make sense of the world and guide their actions. Furthermore, we see that these frames of reference support a particular social order. We also see these frames of reference as being so intimately related to identity that organizational participants are unaware of them. Similarly, we see that organizational participants create explanations that perpetuate their self-image and avoid explanations that would threaten their self-image. Through application of the model we can explain that doing so would bring into question many other aspects of their lives. At any point in time there is coherence within and between these narratives which limits and individuals ability to rise above their frame of reference.

We can therefore explain the paradox of a successful management team being unsuccessful, why an organization in a quickly changing competitive environment responds inappropriately, and why an underperforming organization continues to underperform in spite of efforts to improve performance and change.
Chapter 10 - Epilogue

I began this thesis following a particularly turbulent period in my life following an unsuccessful move interstate to take up a senior strategy position with a major corporation.

Throughout my career I had never really felt completely at ease in the organizations, in which I was employed. Mostly my roles had involved working on the organizations rather than working in them. This allowed me to apply a critical eye over all facets of those organizations. However, as I came to realize, this did not win me many friends. I now found myself unemployed and with what seemed like little prospect of gaining employment even though unemployment in the country was at historical lows.

Given my background in organizational strategy I determined that I would try to understand the processes that led to organizational decline and the processes of organizational renewal in the hope of finding the means of helping organizations professionally and myself personally. Over time I cam to see my inquiry in broader terms.

The process of undertaking this thesis has been intellectually, emotionally and financially challenging. On an intellectual level I was challenged to explore areas that lay outside of the mainstream business literature and to make sense and linkages between different theories. On an emotional level I was challenged by the uncertainties involved in conducting research at doctoral level while at the same time having parental responsibilities in a young family. On a financial level, I have been challenged by the absence of a reliable income for the majority of time devoted to the completion of this thesis.
However, the experience has been extremely beneficial for me. By far the most enjoyable aspect of completing this thesis has been the ethnographic component of the research. I came to fully appreciate what I was experiencing as a hugely rewarding learning experience through discussions with other doctoral candidates who complained of the difficulties they were experiencing in interviews or their restricted access.

In trying to understand how the organization really operated, people shared with me aspects about themselves and the organization that were not shared with others. I was in a privileged position to share their experiences. I also came to feel that I was also helping them through providing an opportunity to talk about things that they were not able to do with other people.

Eventually I came to understand my experience through their experience. To see my experience as a long line of episodes in a narrative in which I was the writer, performer and audience. I came to see my self-defeating behaviours being guided by narratives that were limiting my horizons and through that knowledge I also understood that I could change but more importantly how I could change.

In the lead up to the completion of my thesis I began to have more success supporting my family through consulting to business. I also began to teach in the MBA program of two universities. I am now employed in a senior executive role that gives me enormous satisfaction because every day I find resonance between my working life and my thesis. But the experience has also been beneficial in the rest of my life through helping me better understand my personal relationships.
Appendices
Appendix 1 - Dominant Logic and Organizational Isomorphism

While Prahalad and Bettis (2000; 1986), the original formulators of dominant logic, focus on the dominant coalition within an organization, DiMaggio and Powell (1983; 2000), the formulators of organizational isomorphism, focus on an organizational field which they define as “those organizations that in aggregate, that constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products”. Specifically, DiMaggio and Powell argue that:

“Fields only exist to the extent that they are institutionally defined. The process of institutional definition, or ‘structuration’, consists of four parts: an increase in the extent of interaction among organizations in the field; the emergence of sharply defined interorganizational structures of domination and patterns of coalition; an increase in the information load with which organizations within a field must contend; and the development of a mutual awareness among participants in a set of organizations that they are involved in a common enterprise” (2000, at p. 145).

DiMaggio and Powell (1983; 2000) distinguish competitive from institutional isomorphism and focus their analysis on the latter, based on their view that organizations compete for political power and institutional legitimacy, as well as for resources and customers.

Three categories of isomorphism are identified:

• coercive isomorphism stems from political influence and the problem of legitimacy;

• mimetic isomorphism resulting from standard responses to uncertainty; and

• normative isomorphism, associated with professionalization.

These forces drive organizations to be more similar without necessarily being either more effective or efficient.

Under coercive isomorphism, the greater the inter-dependence between organizations, the more similar they will be, and the more dependent one organization is on another, the more the dependent will become to the other in structure, climate and behavioural focus.

Under mimetic isomorphism, the more causally ambiguous or uncertain success is, and the more ambiguous an organization’s goals, the more it will model itself on other organizations that it considers successful.

Under normative isomorphism, the greater the reliance on academic credentials, and the greater the participation with trade and professional associations, the more similar the organization will become to others in its field.
Similarly, within an organizational field, which the authors suggest can only be determined empirically, the forces of isomorphism include the degree of concentration of supply of vital resources, the level of interaction with agencies of the state, the number of visible alternative organizational models, technological uncertainty and goal ambiguity, and the extent of professionalization and structuration.

In comparing the two concepts of organizational isomorphism and dominant logic, Bettis (2000, p. 172) suggests that they both represent the tendency for organizations to seek equilibrium and are examples of variance suppression. Powell (2000) suggests both concepts provide support for each other and concern how managers engage in sense-making activities (Weick 1995) and develop mental models regarding appropriate administrative tools and practices. Powell also suggests (2000, p. 175) that “[t]hese habitual patterns of action are simultaneously rules of thumb, steeped in experience and superstition, and logics of action, formed by contacts with consultants, the trade press, and the practices of competitors and collaborators”. Scott (2000) suggests that the main contributions made by Prahalad and Bettis (1986) are their recognition of the important role played by managerial logics and the non-rational nature of these logics based on imperfect learning from past experience, while the main contributions of DiMaggio and Powell (1983) are the introduction of organizational field as a level of analysis and the identification of coercive, mimetic, and normative forces leading to organisational isomorphism. Hill (2000) argues that mimetic isomorphism is the result of a competitive process through the work of the invisible hand rather than an institutional process as described by DiMaggio and Powell (1983), and that dominant logic is simply a special case of mimetic isomorphism. Furthermore, while agreeing that there is a degree of isomorphism within various fields, Hill (2000, p. 190) contends that through the concept of uncertain imitability it is “difficult for an outside observer to accurately document and imitate the efficiency enhancing routines of a successful innovator”, as much of this knowledge is tacit.

There are a number of similarities and contrasts between the concepts of organizational isomorphism and dominant logic:

1. Both concepts are effectively based on a consideration of interactions and collective actions in the face of uncertainty, ultimately requiring consideration of collective learning, which will be discussed subsequently in this and later chapters:
   a. In the case of the concept of dominant logic the focus is on the top management team as the unit of analysis and explores how that collective group think the same way, in particular the way they evaluate, decide and manage;
b. In the case of the concept of organizational isomorphism the focus is at the level of the “field” and explores the forces that influence the degree of similarity between the structure, routines and operation of organizations in the same field as institutionally defined. As we have seen, Bourdieu also uses the term “field” however Bourdieu’s “field” is not institutionally defined as argued by DiMaggio and Powell but defined by the agents. Of course, institutions are essentially collections of agents.

2. Both concepts share an interest in shared belief systems:

a. In the case of the concept of dominant logic, it is the shared belief system of the top management team regarding what makes a business, any business, successful based on their experience in (their) business;

b. In the case of the concept of organizational isomorphism it is the shared belief system of several top management teams and influential industry participants regarding which organizations are successful. Again, Bourdieu's social theory provides an overarching framework that links these concepts together.

3. In both concepts the evaluative bases of success appear to be less than transparent, and are more accurately described as being based on justified true beliefs rather than any objective truths:

a. In the case of the concept of dominant logic, inappropriate commissions and omissions resulting in the failure of diversification initiatives into new areas of business or strategic failure more broadly;

b. In the case of the concept of organizational isomorphism the adoption of practices, structures and bases of operation without clear improvement in effectiveness or efficiency.

Underpinning each concept is a quest for the self-definition of a collective group or organization through self-reference and social comparison - a topic further discussed in the Chapter 4 on paradox.
Appendix 2 - IPC Organization Chart

Notes:

1. The Business Development Manager and Technical Manager had both reported to the Operations Manager during the Cultural Change Program.
2. Most of the Planning & Business Advisor’s work was for the CEO.
3. The CEO brought the Notes Production Manager into the organization from his previous company.
4. The Corporate Services Manager and Compliance Manager had previously worked together in another organization but in different roles.
5. People who had previously worked at Kodak are identified by a non-shaded box. Space does not permit identification of all previous employees of Kodak.
6. There were rumored to be several family connections within the workforce but the company’s records were not capable of revealing them.
Appendix 3 - IPC Organizational Relationships
Appendix 4 - Production Record

Security Document Production

- Aust Paper
- Aust Polymer
- Export

Removal from production
Stock build up for polymer launch
Indonesia

Million Pieces

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Endnotes

1 The Strategic Planning style is characterized by limited diversity of businesses and close central involvement in strategy development and flexible strategic controls. Corporate management in these companies believe the centre should participate in and influence the development of business unit strategies and often initiate strategic thrusts among interrelated businesses. Their approach is through establishing a planning process and contributing to strategic thinking. They place less emphasis on financial controls. Performance targets are set flexibly, and are reviewed within the context of longer-term progress.

2 Under the Strategic Control style there is significant diversity across industries and across types of businesses with the corporate centre adopting a low-key chameleon approach. Corporate management is concerned with the business plans of its business units, but believe in business autonomy for business unit managers. Plans are reviewed in a formal planning process. The objective is to upgrade the quality of the division’s thinking through reviewing, challenging and monitoring business level strategies. But the centre does not want to advocate strategies or interfere with the major decisions. Control is maintained by the use of financial targets and strategic objectives. These are agreed with the centre, and business unit managers are expected to meet the standards.

3 Within Financial Control style organizations there is significant diversity across industries but low diversity across types of businesses, few linkages, and the use of short-term financial control requiring a slim corporate centre supported only by a strong finance function. The portfolio of companies is restricted to those, which do not require large, long-term investments and operate in a relatively stable environment. Growth comes through acquisitions rather than the superior performance of the businesses in the portfolio. Corporate management focus on annual profit targets. There are no long term planning systems and no strategy documents. The centre limits its role to approving investments and budgets, and monitoring performance. Targets are expected to be stretching and once they are agreed they become part of a contract between the business unit and the centre. Failure to deliver the promised figures can lead to management change.

4 Stand-alone influence refers to the impact a corporate centre has on the business as a stand-alone profit centre. At a minimum this influence includes agreeing and monitoring performance targets, approving major capital expenditures, and selecting and replacing the business unit chief executive. Some parents go further by exercising product-market strategies, pricing decisions, and human resource development. These influences can have a significant positive impact but can also have a significant negative effect on the business.

5 Linking influence refers to initiatives, which the parent undertakes to foster cooperation and synergy between business units. Initiatives such as sharing back-office processing or a brand name, deepening relationships, coordinating approaches, or cross-selling a range of services. Unfortunately, these initiatives are often ill conceived and poorly executed, resulting in significant value destruction.

6 Through establishing central functions and services and forcing divisions to use them, parent corporations can create unnecessary and excessive overheads, delayed decision-making and sub-standard support with the result that parents can hamper rather than support the businesses.

7 Corporate parents which aggressively pursue corporate development activities often overpay for acquisitions, support losing ventures, and redefine their businesses in the wrong way have the potential to quickly and conclusively destroy vast amounts of value.

8 It could be argued that the concept of dominant logic could almost be considered as the progenitor concept of concepts developed by the partnership of Prahalad and Hamel, such as


10 These authors also jointly authored a paper, Ranson, S, Hinings, R & Greenwood, R 1980, 'The structuring of organizational structures,' Administrative Science Quarterly, vol. 25, pp. 1-17. applying the sociological theory of Giddens and Bourdieu and their framework may very well have been influenced by this work.

11 The original article was awarded the best article published in the Strategic Management Journal for the period 1980-1988.


13 Structuralism proposes that in the social world there exist objective structures independent of consciousness and the will of agents that guide and constrain them.

14 “What I put under the term ‘recognition’, then, is the set of fundamental, prereflexive assumptions that social agents engage by the mere fact of taking the world for granted, of accepting the world as it is, and of finding it natural because their mind is structured according to cognitive structures that are issued out of the very structures of the world. What I understand by misrecognition certainly does not fall under the category of influence; I never talk of influence. It is not a logic of ‘communicative interaction’ where some make propaganda aimed at others that is operative here. It is much more powerful and insidious than that: being born in a social world, we accept a whole range of postulates, axioms, which go without saying and require no inculcating. This is why the analysis of the doxic acceptance of the world, due to the immediate agreement of objective structures and cognitive structures, is the foundation of a realistic theory of domination and politics. Of all the forms of ‘hidden persuasion’, the most implacable is the one exerted, quite simply, by the order of things”. Bourdieu, P & Wacquant, L J D 1992, An Invitation to Reflexive Sociology, The University of Chicago Press, Chicago, London.

15 “I would not, however, speak of an ontology, unless one is ready to accept the (truly oxymoronic) notion of historicist ontology. As I mentioned in an old article “The dead seizes the living,” being – that is to say, history – exists in the embodied state of habitus and in the objectified state as fields. Habitus being linked to the field within which it functions (and within which, as is most often the case, it was formed) by a relationship of ontological complicity, the action of the “practical sense” amounts to an immediate encounter of history with itself, through which time is engendered.” Bourdieu, P 1993a, ‘Concluding remarks: For a sociogenetic
16 “The relation between habitus and the field through and for which it is created is an unmediated, infraconscious, practical relation of illusio, of investment, of interest in the game, which implies a sense of the game and a sense (with the twofold meaning of orientation, direction, and signification) of the history of the game; in short, a practical anticipation or inclination not to be mistaken for a conscious project or a calculated scheme. This investment, realized only in the relation between habitus and field, is the specific libido, the socially constituted and fashioned principle of action.”

17 Bourdieu argues that fields should be the primary unit of analysis rather than individuals and that individuals exist as “agents - not as biological individuals, actors or subjects – who are socially constituted as active and acting in the field under consideration by the fact that they possess the necessary properties to be effective, to produce effects, in this field.” Bourdieu, P & Wacquant, L J D 1992, An Invitation to Reflexive Sociology, The University of Chicago Press, Chicago, London.

18 “We can indeed, with caution, compare a field to a game (jeu) although, unlike the latter, a field is not the product of a deliberate act of creation, and it follows rules or, better, regularities, that are not explicit and codified. Thus we have stakes (enjeux) which are for the most part the product of competition between players. We have an investment in the game, illusio (from ludus, the game): players are taken in by the game, they oppose one another, sometimes with ferocity, only to the extent that they concur in their belief (doxa) in the game and its stakes; they grant these a recognition that escapes questioning. Players agree, by the mere act of playing, and not by way of a ‘contract’, that the game is worth playing, that it is ‘worth the candle’, and this collusion is the very basis of their competition. We also have trump cards, that is, master card whose force varies depending on the game; just as the relative value of cards changes with each game, the hierarchy of the different species of capital (economic, social, cultural, symbolic) varies across the various fields. In other words, there are cards that are valid, efficacious in all fields – these are the fundamental species of capital – but their relative value as trump cards is determined by each field and even by the successive states of the same field. Ibid. p.98

19 “Any field, he insists, ‘presents itself as a structure of probabilities – of rewards, gains, profits, or sanctions – but always implies a measure of indeterminacy….Even in he universe par excellence of rules and regulations, playing with the rule is part and parcel of the rule of the game”

20 “...the properly ideological function of the field of ideological production is performed almost automatically on the basis of the structural homology between the field of ideological production and the field of class struggle. The homology between the two fields means that struggles over the specific objects of the autonomous field automatically produce euphemised forms of the economic and political struggles between classes: it is in the correspondence of structure to structure that the properly ideological function of dominant discourse is performed. This discourse is a structured and structuring medium tending to impose an apprehension of the established order as natural (orthodoxy) through the disguised (and thus misrecognized) imposition of systems of classification and of mental structures that are objectively adjusted to social structures”. Bourdieu, P 1991b, Language and Symbolic Power (Edited and Introduction by John B. Thompson), Harvard University Press, Cambridge. at p. 169

21 “In any society in which overt violence, the violence of the usurer or the merciless master, meets with collective reprobat is and is liable either to provoke a violent riposte from the victim or to force him to flee (that is to say, in either case, in the absence of any other recourse, to provoke the annihilation of the very relationship which was intended to be exploited), symbolic violence, the gentle, invisible form of violence, which is never recognized as such, and is not so much
undergone as chosen, the violence of credit, confidence, obligation, personal loyalty, hospitality, gifts, gratitude, piety – in short, all the virtues honoured by the code of honour – cannot fail to be seen as the most economical mode of domination, i.e. the mode which best corresponds to the economy of the system” Bourdieu, P 1977, Outline of a theory of practice, Cambridge University Press, New York.

22 Endoxa can be distinguished from adoxa, which are shameful opinions and paradoxa, which are problematic opinions.

23 “Every established order tends to produce (to very different degrees and with different means) the naturalization of its own arbitrariness. Of all the mechanisms tending to produce this effect, the most important and the best concealed is undoubtedly the dialectic of the objective chances and the agents’ aspirations, out of which arises the sense of limits, commonly called the sense of reality, i.e. the correspondence between the objective classes and the internalised classes, social structures and mental structures, which is the basis of the most ineradicable adherence to the social order. Systems of classification which reproduce, in their own specific logic, the objective classes, i.e. the divisions by sex, age, or position in the relations of production, make their specific contribution to the reproduction of power relations of which they are the product, by securing the misrecognition, and hence the recognition, of the arbitrariness on which they are based: in the extreme case, that is to say, when the quasi-perfect correspondence between objective order and the subjective principles of organization (as in ancient societies) the natural and social world appears self evident. This experience we shall call doxa, so as to distinguish it from an orthodox or heterodox belief implying awareness and recognition of the possibility of different or antagonistic beliefs. Schemes of thought and perception can produce the objectivity that they do produce only by producing misrecognition of the limits of cognition that they make possible, thereby founding immediate adherence, in the doxic mode, to the world of tradition experienced as the ‘natural world’ and taken for granted. The instruments of knowledge of the social world are in this case (objectively) political instruments which contribute to the reproduction of the social world by producing immediate adherence to the world, seen as self-evident and undisputed, of which they are the product and of which they reproduce the structures in a transformed form. The political function of classifications is never more likely to pass unnoticed than in the case of relatively undifferentiated social formations, in which the prevailing classificatory scheme encounters no rival or antagonistic principle”. Bourdieu, P 1977, Outline of a theory of practice, Cambridge University Press, New York.

24 Personal construct theory is based on the fundamental postulate that “a person’s processes are psychologically channelled by the ways in which he anticipates events” whereby people build internal representations of their experiences for the purpose of predicting what will happen next. In addition, there are a number of corollaries: the construction corollary, which states that “a person anticipated events by construing their replication”; the dichotomy corollary that “a person’s construct system is composed of a finite number of dichotomous constructs”; the range construct whereby “a construct is convenient for the anticipation of a finite range of events only”; the modulation corollary through which “the variation in a person’s construction system is limited by the permeability of the constructs within whose range of convenience the variants lie”; the organization corollary where “each person characteristically evolves for his convenience in anticipating events, a construction system embracing ordinal relationships between constructs”; the fragmentation corollary stating that “a person may successively employ a variety of construction systems which are inferentially incompatible with each other”; the experience corollary through which “a person’s construction system varies as he successively construes the replication of events”; the choice corollary by which “a person chooses for himself that alternative in a dichotomised construct through which he anticipates the greatest possibility for the elaboration of his system”; the individuality corollary by which “people differ from each other in their construction of events”; the commonality corollary whereby “to the extent that one person employs a construction of experience which is similar to that employed by another, his processes are psychologically similar to those of the other person”; the sociality corollary which states that
"to the extent that one person construes the construction process of another, he may play a role in a social process involving the other person". This summary of the corollaries underpinning personal construct theory are taken from Appendix 6 of Jancowicz, D 2003, The easy guide to repertory grids, John Wiley & Sons, Chichester. at pp. 277-279. A fuller discussion can be obtained from Kelly, G 2003, 'A brief introduction to personal construct theory', in Fransella, F (ed) International handbook of personal construct psychology, John Wiley & Sons, Chichester, pp. 3-20.


27 Gibbs distinguishes metaphor form metonymy by arguing that metaphor "is based on similarity whereas metonymy expresses simple contiguous relations between objects, such as part-whole, cause-effect, and so on" (1993, p. 258); Irony refers to "the use of incongruity to suggest a distinction between reality and expectation, saying one thing and meaning another with the audience aware of both" (1993, p. 262); Hyperbole and understatement distort the truth "asserting more than objectively warranted" (1993, p. 266); Litotes are "a particular kind of understatement in which the speaker uses a negative expression where a positive one would have been more forceful and direct" (1993, p. 267); Oxymoron combines seemingly contradictory elements which reflects "an ability to take contradictory and paradoxical stances toward people and events" (1993, p. 268); Idioms are "traditionally conceived as ‘dead’ or frozen metaphors that speakers make sense of by learning arbitrary links between them and their figurative meanings" (1993, p. 271) Gibbs, R W 1993, 'Process and products in making sense of tropes', in Ortony, A (ed) Metaphor and thought, Cambridge Univeristy Press, Cambridge, pp. 252-276.

Endnotes

28 Expressed similarly by Lackoff, G & Johnson, M W 1980, Metaphors we live by, The University of Chicago Press, Chicago., at p. 10, the "very systemacity that allows us to comprehend one aspect of a concept in terms of another will necessarily hide other aspects of the concept".

29 This example was originally used in an earlier work in which some of his later ideas on generative metaphor are seen forming. Schon, D A 1967, Invention and the Evolution of Ideas, Associated Book Publishers Ltd, London.

30 Intaglio printing is a special form of printing carried out on specialized Intaglio presses. It is the second stage of printing for bank notes. Prior to intaglio printing, both sides of the substrate, in this case polymer sheets, are printed simultaneously with a multicoloured background on Simultan printers, which are essentially off-set printers. Particular skill is required in setting up Simultan machines because there are often multiple colours involved that have to blend correctly and also because of the need to print fine lines. Up to 8,000 sheets per hour can be printed on Simultan press. After drying the substrate is then passed through the Intaglio printers. The Intaglio printers have three metal backed plates, each with a highly-polished, engraved, nickel surface, which produces the tactility of the security documents. The Intaglio presses only print one side of the substrate at a time. It uses heat and pressure. The substrate is passed over the plate at heats up to 90 degrees Celsius and the inks are applied under great pressure to create the raised feel on the surface of the security document. They are a noisy press, producing a deep regular thump that can be heard throughout the facility, and is often referred to as ‘the heart beat’. After intaglio printing of both sides, the sheets are passed through a numbering machine, and are then passed through over-coating machines with a protective coating of varnish, which helps to keep them clean and make them more durable. While samples are taken for testing throughout
the process, the completed sheets are inspected for faults, guillotined into individual notes, which are then computer-checked, counted and banded. The security documents are then shrink wrapped and loaded on to pallets in a strong room awaiting transportation.

31 In a separate review undertaken of the policies and procedures relating to the Board it had been discovered that there were no documented Board delegations.