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The (Non)sense of Organizational Change: An *Essai* about Universal Management Hypes, Sick Consultancy Metaphors, and Healthy Organization Theories

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Abstract

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The global business world is infected by a virus that induces a permanent need for organizational change, which is fed by the management consultancy industry. The nature of the organizational change hype changes colour frequently, through the emergence of new universal management fashions. An urge to change is understandable from the perspectives of the consultant and the manager, but often organizational changes are ineffective or counter-productive when implemented. In this context, this article's purpose is threefold. First, on the basis of an interpretation of different literatures, we flesh out an argument about the nonsense of organizational change that is driven by sick consultancy metaphors. Second, we argue that the application of healthy organization theories offers ample guidelines for organizational change initiatives that make more sense than prominent management consultancy rhetoric. Third, pulling both strings together, we plead for the development of an evidence-based (change) consultancy practice.

Keywords: business process re-engineering, downsizing, management consultancy, management hype, organizational change

There are three main purposes for this article. First, we flesh out an argument about the nonsense of ubiquitous organizational change, which is the *raison d'être* of many business consultants and top managers alike. We show it to be driven by sick consultancy metaphors. We identify hype as excessively decontextualized and generalized insight with an absent or myopic empirical foundation and narrow conceptualization. Second, we argue that the application of healthy organization theories offers ample guidelines for organizational change initiatives that make theoretical and practical sense. We derive conditions for conceptual health to occur and to be sustainable. It mainly results from (1) theoretical *depth*, by empirical corroboration and specification, and (2) conceptual *breadth*, by interrelating distinct approaches or sub-disciplines. This requires iterative cognitive repositioning of participants, meaning that consultants, practitioners, and researchers regularly change their cognitive stance from theory building to empirical investigation to practical conceptualization and back. This argument against overspecialization helps to bridge the gap between (sick) organization metaphors in the practice of business consultants and their client managers and (healthy) organization theories in academia. Third, we integrate these arguments by offering a plea for the development of an evidence-based (change) consultancy practice.

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Our treatment is essayistic, but also empirically corroborated and theoretical, in line with our claims. At the same time, it has to be different from standard academic articles in two ways. We opt for a provocative tone, in the hope that this triggers a debate about issues that are essential for the further development of both academic scholarship and consultancy practice in our field. Additionally, two other introductory remarks are required. Of course, the practice–science gap has not gone unnoticed in the literature, as contributions in such areas as action research (for example, Eden and Huxham 1996) and human resource management (for example, Pfeffer 1998) illustrate. Our argument is different; it emphasizes the *danger* of management consultancy practices and stresses the *applicability* of standard organization theories. Neither do we favour any particular scientific methodology (as Eden and Huxham do) nor any particular organization theory (as Pfeffer does). Rather, we believe that many different and well-established organization theories, based upon a wide variety of methodologies, together and combined offer a rich set of insights that are readily applicable in the practice of organizational change. We are therefore not concerned with the opposition between theory and practice, but with different tensions and synergies in a triangle consisting of theory, consultancy, and practice. This means that the tension between theory, and practice and consultancy can be as great as between theory and practice. Second, we are convinced that contingency reasoning is inevitable. We do not oppose this to interactionism or interpretivism; we do not suggest that things are only what they are and do not have the meaning that people give them or that organizations are tightly integrated systems, rather than loosely coupled ensembles of parties (Burrell and Morgan 1979). We take the contingency approach to be any reasoning that considers practice to be relative to a specific situation at hand. The epitome of contingency reasoning is the judicious refinement of situational relativity. This is found in many approaches and in their combination.

The Permanent Change Hype

Change has intrigued consultants and managers ever since the invention of the modern enterprise; it is diagnosed, feared, or celebrated by diverse authors and commentators. Any previous management fad is scarcely assimilated before the next hype is forced upon the modern manager. The necessity of permanent quality improvement (preferably through quality circles) had just penetrated the western business world in the 1980s when the business process re-engineering (BPR) wave became unstoppable in the 1990s. Michael Hammer and James Champy's (1993) pamphlet was just a first step in BPR's conquest of the world. Fair enough, change is constant. Living entities change all the time, and their intensity of adaptation through change guarantees longevity. No wonder that everything which relates to change management finds a ready worldwide market in organizational life. Only a few private and public organizations have *not* passed through a number of change processes in the past decade.

Change implies action; a manager is a doer; and thinking is what happens in the manager's mind when he or she is busy. Rosemary Stewart's (1982) finding about managerial work being short cycle, erratic, and out of managerial control was repeatedly confirmed by the studies of other scholars. To achieve coherence in this mound of short-cycle tasks, managers experience the need for an integrating vision and more consolidated bundles of what supposedly are best practices. Managers will therefore typically develop a strong interest in insights and recipes that are punchy, succinct, explicit, and plausible. Whenever they feel they can, they will therefore prefer to contract out reflective thinking that is separate from the direct execution of their job, as is also true of empirical corroboration and explicit conceptualization. They will pay intermediaries that supposedly mediate between the world of corroborated knowledge and systematic reflection and their own world of practice under pressure. Since they are immersed in an overload of complexity on a daily basis, they will tend to buy in the conceptual and symbolic management of real-world complexity. Consultants are thus commercial reducers of complexity. They may also offer expertise overtly unfettered by the internal power play and intrigue of managerial factions. Managers thus fall back on consultants and their impressive benchmarking exercises and glossy presentations although there is little substantiated and written-up evidence. This fits with the outsourcing hype ('back to core business'). If thinking decoupled from imminent or parallel action is not your core business, then why not outsource this to a specialist?

Organizational change has therefore become the *raison d'être* of the consultancy and management professions. The worldwide consultancy industry flourishes with this permanent drive for change in its client community. An organization is often poorly equipped to develop and implement a change project without outside assistance. An outsider can fulfil a large number of useful functions: introducing new insights or external experience, providing external legitimacy, or helping to break internal resistance. The consultant may play the role of devil's advocate, exposing the client's weaknesses or articulating and sharpening her view of utopia. Moreover, whenever a change process turns into a failure, the (un)skilful consultant may be targeted as the bogeyman. He or she thus has a role in a combination of functional, practical, or conceptual inputs with legitimatory effects, a combination that may be more or less lopsided or conflictual. After a failure, the organization must close ranks and face a new future, led by new doers and different consultants. Whether change was a success or a failure, it breeds a new demand for change, for the absence of change is a deficiency. This leads to us to suggest that the involvement of consultants is self-sustaining once it has set in.

The business of developing 'new' strategies has therefore emerged as a separate industry (O'Shea and Madigan 1997). The shelves of bookshops are piled with the next generation of management guru bestsellers for tired, bored, or frustrated managers hungry for vision and cookbook recipes. The same is true for the online bookshelves of virtual websites. The Druckers, Kellys, Peters, Porters, and Prahalads of this world explain to a consultancy and

management audience, keen on a mix of distraction, the expression of gut feelings, surprise, entertainment, and elucidation, why the ‘old ways of doing business’ are a recipe for failure in the (post-)modern era of the information, network, new, or whatever economy, and why their ‘revolutionary new strategies for fighting competition’ offer a unique and ‘must do’ way out. Since the life cycle of ‘new’ organizational recipes is limited, management hypes tend to come in waves (Abrahamson 1997). The business world shows herd behaviour, often after an impressive ‘benchmarking’ exercise, regarding any new, popularized domain of organizational change.

James O’Shea and Charles Madigan (1997), two US business journalists, describe impressive examples of the consultancy addiction that has invaded the US business world, and which has set the ideological trend for the rest of the world. In the 1990s, the telecommunications giant AT&T, for example, spent billions of dollars on one consultancy project after another. The US (virtual) energy mammoth Enron is another example. Its recent catastrophic demise, together with Arthur Andersen accountants and consultants, has clearly shown to the world that, in the extreme, consultancy may shade into unethical behaviour (corruption, falsification of documents and records, and more). These are more extreme manifestations of hype. We do not claim that hype will necessarily be linked with unethical behaviour. But there is a slippery slope from hyped-up consulting, the function of which may primarily be legitimatory (with regard to stock markets, clients, lenders of money, employees, or other stakeholders), to fraud, perjury, falsification, and other misdemeanours. The slope is continuous on the basis of one and the same feature: deficient and unsystematic handling of information and knowledge. Its slipperiness is a function of the degree to which hard-pressed practitioners develop a vested interest in the selective use (upper end of the slope), bending, or distortion (lower end) of knowledge.

Such tendencies are not restricted to the USA, as the global consultancy giants have beaten growth records after profit peaks. For instance, the then Andersen Consulting employed about 40,000 worldwide by the end of the 1990s. In The Netherlands, a large national bank invited one of our students to do an end-of-study project and thesis on the handling of consultants, of which they had a multitude whose conflicting contracts and outputs they found increasingly difficult to handle. There is even a market, not yet filled by business consultants and ‘guru’ books, regarding ‘how to handle consultants’ — meta-consultancy. Is this ever going to stop? The recent business news is that consultancy firms are entering into a period of stagnation. At least in Germany and The Netherlands they are, and this reinforces our examination of the practice—consultancy—hype linkage.

What, then, are the implications of the manager’s interest in short cuts to explanation and conceptualization as the seedbed of hype? Management concepts are decontextualized, universalistic, and general-purpose recipes about supposedly required business, management, and organizational practice. They are propagated and geared to evoke motivating excitement through factual, but very general, prescriptions. But their factual and functional core is less tangible than such texts lead one to assume; their decontextualization

makes it extremely difficult to determine their suitability for specific enterprises, businesses, or management problems. Providing careful selection, adaptation, and implementation, they may, however, make tangible contributions. Their sustainable functionality for the client is thus inherently blurred, which makes management concepts appear as hype, but given a competent translation effort, they may be adapted and useful (Karsten and Van Veen 1998). We will analyse below what this means.

Management concepts also follow ambiguous, but remotely functional tides, consisting of swings of opinion and perceived problem constellations combined. On the basis of an in-depth historical analysis, Eric Abrahamson (1997) concludes that 'soft' hypes succeed 'tough' fads and vice versa. The period of Taylorism, linked to an expansion of mass markets, was followed by the fashions of the human relations and human resources movement, linked to saturated mass markets, rejuvenation of the product life cycle, customization of products and services, and growing expectations of work. After the 'gentle' 1960s and 1970s came, halfway through the 1980s, a turnaround toward the 'hard-headed' cost reduction, downsizing, and re-engineering hypes of the end of the 20th century. Different variants of the lean enterprise are the remedies that have dominated the two decades before the second millennium, and they are linked to the challenge to reorganize extended supply chains and industrial columns. The so-called Internet revolution was part of this, helping to scrape the last flesh from the bones of any organization so as to reach the ultimate state of leanness. What next? According to the logic of turning of tides, it will be an emphasis on organizational robustness resting on purposefully slack or redundant internal resources and external relations. Every fad, through its inevitable overextension and overgeneralization, bears within itself the germs of the next one. Let us, for brevity's sake, single out two related and topical fads.

The Examples of BPR and Downsizing

The global business world has become infected by a virus that induces a permanent need for organizational change. The nature of the change hype changes regularly, just as flu viruses mutate over time. In a postmodern world (a more philosophical hype) that is suitably self-referential, the change virus itself has to change as well. It is as if the *raison d'être* of the status quo resides in the opportunity to change. If a top manager refrains from change, then her or his contribution can be questioned — what else fills those 12-hour working days? The change virus has also infected capital market investors and financial analysts, by using a bug called 'shareholder value' as a host. But changes are more often than not ineffective and, as recent experiences not yet covered by research show, even catastrophic for sustained shareholder value, except for diligent speculators who know exactly when to sell. Apart from recent stock price and enterprise credibility crises, earlier studies of the effects of change (see below) demonstrated numerous changes to be counter-

productive. An example that occurs in the financial press periodically is the disappointing average performance of mergers and acquisitions (M&As). A robust and well-established finding after decades of in-depth work is that a strikingly high incidence of overly popular merger and acquisition strategies is associated with failure. Copeland et al. (1993) found that 61 percent of their sample of acquiring firms in the 1980s have not even been successful in recovering the capital cost of their acquisitions. Notwithstanding this well-established and overwhelming empirical evidence, however, the global economy has pursued this drive, from which it is just recovering. It is the downside of this hype-driven organizational change behaviour that we want to bring to the fore, focusing on two related examples: business process re-engineering and downsizing.

BPR prophets claim that by restructuring an organization completely, aiming at frictionless primary processes and minimal overheads, efficiency and effectiveness can be enhanced substantially. Thomas Davenport (1998), one of BPR's founding fathers, admits, however, that BPR projects have the nasty tendency not to live up to their promises. In the *State of Reengineering Report* of 1994, for example, a number of perplexing statistics are reported from the real world of BPR practice: 50 percent of firms are confronted with major obstacles as a result of fear and unrest on the shop floor; 73 percent admit that the BPR projects were only implemented for the sake of sacking an average of 21 percent of the workforce; and 67 percent of the 99 completed BPR projects have produced poor or negative results. Apparently, the focus on the primary process was ill-directed or improperly implemented.

Although initially very functional in its rhetoric, BPR appears, in practice, to have turned into an ideological tool at the service of short-term cost reduction. This conversion from long-term process functionality to ideological legitimization of short-term cost reduction is apparently frequent in the pipeline that leads from management hype to consultancy advice and, subsequently, from consultancy advice to business practice. As Davenport (1998) points out, the US\$51 billion industry (in 1994) of BPR consultants contributed next to nothing to the welfare of the American firm and the American employee. This is very unlikely to be much different outside the USA. In effect, as Davenport convincingly argues, only three of the parties have benefited significantly from the BPR hype: top managers, management consultants, and major league information technology producers.

BPR has thus become synonymous with *downsizing*, which makes matters even worse. A series of empirical studies into its effectiveness has revealed that the value added of this management fad is very low indeed. An exemplary study is Wyatt's (reported in Cameron 1994). The outcomes of this survey among 1,005 downsizing firms are summarized in Table 1.

Every downsizing objective has been reached by a minority only! Even the direct positive effects of downsizing (a decrease in spending and an increase in productivity) are reported by only 46 percent and 22 percent of the firms, respectively. Even worse, increased product quality, improved innovativeness, and technological progress hardly occur at all. Similar results have been produced by other questionnaires, such as those of the Society of Human

Table 1.
The Ineffectiveness
of Downsizing

Objectives	% of firms <i>not</i> able to reach the objectives
Reduced spending	54
Increased profit	68
Increased cash flow	76
Improved productivity	78
Increased return on investment	79
Increased competitive strength	81
Reduced bureaucracy	83
Improved decision-making	86
Increased customer satisfaction	86
Increased sales volume	87
Increased market share	88
Improved product quality	91
Increased technological progress	91
Increased innovativeness	93
Avoided acquisition	94

Source: Cameron (1994)

Resource Management (in 1990) and the American Management Association (in 1998). In line with this overall finding, in-depth empirical work is starting to reveal the detailed intra-organizational 'downsides of downsizing' (see below). Amabile and Conti (1999), for example, demonstrated the devastating and long-lasting negative consequences of major downsizing operations for shop-floor creativity. Notwithstanding this cumulative evidence of the counter-productive impact of downsizing, the business world is still addicted to this diet. The mass lay-off announcements by such firms as Alcatel, Cisco, DaimlerChrysler, Ericsson, Intel, and Motorola, to name just a few, are very illustrative.

There are many different reasons for downsizing, which has not been completely reflected in the studies. One of these is the effect on stock prices. Stock markets have tended to reward downsizing announcements with immediately increasing share prices and, in consequence, a fall in the cost of capital procurement for firms. In a world in which financial investors and their advisors are infected by hype, ideology reacquires a functional rationale via the stock market, and the most 'rational expectation' (as economists call it) is to expect investors to act irrationally. Nothing is more instrumental for remunerative short-term speculation than a calculable form of irrationality. But the question is whether, in the longer run, the ability of the firm to generate profits is adequate to pay the dividend that keeps stock prices up or rising. That may happen to the extent that a subjective factor turns into a source of objective success for some of the time. But there are limits to that. Management hype and subjective stock-market reactions cannot generate success indefinitely, independent of operating success and profit margin. The dramatic collapse of the Internet bubble, which first pushed the stock value of loss-accumulating 'dotcommers' sky high, is an illustrative case in point. When consultant hype works mainly through subjective evaluation, it may well be effective for some of the time. Some economists had tried

to persuade us that Internet-age information technology would lead to sustainably exorbitant productivity increases and a new growth scenario (Van Witteloostuijn 2001). They have now learnt their lesson, one would hope.

The Change Dilemma

The examples of the BPR and downsizing hypes underline the key finding of change-effect studies: organizational change has an undeniable tendency to produce failure. How can this be? Is this compatible with contributions that consider change and development crucial for operating (financial) performance and, ultimately, organizational survival? Standard organization theory makes a number of distinctions that the hype merchants, many consultants and firms, and, above all, short-term stock markets ignore at their peril. Take a basic, but sophisticated, textbook such as Daft (2001). The design of organization structures and processes is considered more effective if it matches environmental and contextual properties relevant for the firm, or adopted or influenced by it. It is the congruence between structures and processes, on the one hand, and context and environment, on the other hand, which is at the root of operating performance. Whether environments or contexts are given, predetermined, purposefully influenced, or enacted in a sophisticated interactionist way, the main thing is that they fit structures and processes, or organizational cultures, or internal politics, or any other internally relevant aspect you care to think of (see also Sorge 2002: Chs 3, 7, 27). The way this alignment, congruence, fit, or match is brought about, or prevented, is by strategy. Strategy-making is the selection and assembly of environmental niches and contextual properties, which conjoined translate into higher-order goals and the strategic means needed to achieve them. This theoretical essence was also put forward by an authoritative review of organization theory for the benefit of design and change by Druckman et al. (1997), although these authors see change as being induced more by the environment. Doing strategy, fixing goals, targeting markets, and developing resources are organizational activities that are different from organizing (imposing structure on activities and processes). This elementary distinction between strategy, environment, context, and structure as separate, but interdependent fields is crucial. But confusion about it is endemic to the organizational change discussion and a source of obfuscation. It is as if a physicist confused weight with mass. One has to be clear about what is being discussed. Environmental change is different from strategic change, contextual change, and structural change.

Here is an example of how healthy theory sees interdependencies. If an existing or enacted environment is shifting or volatile, then a firm is best served by organic structures and processes. In this case, it would strive to maintain or increase flexibility. But once it has such structures, and an appropriate strategy plugging it into the matching environment, then it should not seriously consider moving to and fro between this and alternative strategies. In other words, *strategic* or *goal flexibility*, meaning shifts between

different strategies, goals, and distinct environmental segments, is something radically different from the *internal flexibility* brought about in response to, or anticipation of, shifting environments. This fundamental distinction is obliterated by an unspecific discussion of organizational change as a comprehensive term. Strategies, and the organizational patterns with which they are associated, need to be consistent and stable over time, more so than products, techniques, and other features of context. If you decide strategically to valorize internal flexibility, or mechanistic rigidity, then the important thing is not to vary that strategy just for the sake of being indiscriminately flexible. Strategies and structures need credibility, consistency, and legitimacy in order to mobilize people. Hence, organically developed structures do facilitate change, in the sense of permitting smoother variation or customization of the product or service. They may be used to reduce working capital and increase the utilization of productive real capital, and in these ways and others a flexible and change-enhancing organization has functional meaning.

What is the upshot? Typically, the meaningful practical question is not whether to have more or less change or flexibility across the board. Theory confronts us with qualitatively differentiated combinations of change and rigidity, and it tells us which combinations to select for which types of strategic purpose and targeted environment. Yet, the popularity of indiscriminate change and flexibility is immense (Volberda 1998), in both the business and the academic world. After all, who is willing to sacrifice her or his career and reputation by making an enthusiastic plea for the prevalence and value of inertia and rigidity? A splendid example was provided by a reviewer of this article, arguing that 'in an area of accelerated environmental changes the need for organizational changes is hardly questionable'. A more careful inspection of organization theory tells us unequivocally that the association is far from clear cut (see the example above). One has to distinguish organizational change, structures suitable for contextual and environmental change, and strategic change. Empirically, we have not seen any demonstration that the rate of environmental change has uniformly increased across the board over a longer time span. This may have been so in a particular area during a certain time, but too often it is blown up to the unspecified salience of greater change. We challenge anyone to produce evidence attesting to accelerating environmental change across the board. It is an unsubstantiated myth so far, shamefully tolerated or cultivated by scholars.

Health metaphors are widely used in praising flexible leanness or lean flexibility and indiscriminate change. Leanness is associated with flexibility, much as agility of movement is in a 'healthy' person after a workout in the gym. Organizational flexibility is a necessary condition for organizational success. If the organization is too large, then a downsizing strategy has to be pursued, which will supposedly lead to greater flexibility. Flexible adjustment of capacity to demand is extolled. Detection of 'fat' leads to the prescription of slimming. Inertia on any count provokes a call for flexibility. However, indiscriminate flexibility and change, that is, when their environmental, contextual, and strategic requirements and consequences have not been ascertained or when they go against strategic consistency, are associated with

major downsides. Three arguments from the literature are particularly interesting. Insights into the consequences of specific sorts of change can be obtained by consulting the relevant literatures on industrial organization (IO) in *economics* (Tirole 1988), organizational behaviour (OB) in *psychology* (Robbins 2001), and organizational ecology (OE) in *sociology* (Carroll and Hannan 2000).

First, the *commitment*-enhancing or *commitment*-reducing nature of organizational change can be derived from game-theory reasoning in industrial organization economics. Game theory convincingly argues that the credibility of a competitive strategy stands or falls with a signal of commitment (Dixit and Nalebuff 1991). IO argues that goal and strategic flexibility may well undermine the firm's competitive strength. This is clear from the decade-long modelling tradition in industrial organization, the economic theory of firm strategy, and market behaviour (Van Witteloostuijn 1993, 2002). From a management perspective, flexibility is often taken to imply that a change in the firm's strategic course can be implemented without much cost. But usually, this type of flexibility is inappropriate because no strategy can be credible without visible commitment. Ghemawat (1991) is a management-friendly introduction of the strategic commitment concept that is crucial in industrial organization (Tirole 1988). Without commitment and therefore inertia, a strategy is not binding and only an empty threat. Strategic flexibility produces a lack of credibility. Practitioners, consultants, and (alas) too many scholars have neglected the fact that strategic flexibility is different from the flexibility required by a particular strategy. Without much effort an incumbent firm can threaten its potential rivals with the intention to install additional productive capacity after entry, which can then be exploited to foster a price war that would force the entrants out again. However, this is an empty threat without any credibility. After all, *after* entry this capacity building and price-war strategy is *not* the incumbent firm's profit-maximizing strategy, as the cost of the capacity investment and the price war contrast unfavourably with the benefit of entry accommodation via peaceful market sharing (Dixit 1982). The entry-deterring threat strategy is only credible if the incumbent firm has invested in productive capacity *prior* to entry, since the *ex ante* capacity build-up implies a sunk cost that signals a commitment. The credibility of competitive strategies is inextricably bound up with an irreversible sunk investment. The firm is thereby committed to the aggressive behaviour that produces a credible threat.

Second, the *loyalty*-increasing or *loyalty*-decreasing nature of organizational change is evident from a wide range of studies in OB and psychology. There is ample evidence for the disrupting effect of organizational change, by eroding personnel morale. The empirical results on the 'downsides of downsizing' are disenchanting (Cameron 1994). The survivor-syndrome concept indicates the devastating influence of (subsequent) downsizing programmes on an organization's workforce (Noer 1993). An illuminating study into the downsides of downsizing is that of Manfred Kets de Vries and Katarina Balazs (1997). On the basis of approximately 200 clinical interviews with the executors and victims of downsizing programmes, they distinguish

10 different psychological profiles. The picture that emerges from the study is grim, among both the survivors and the victims of a downsizing operation: 40 percent of the victims are facing serious problems, particularly in the form of aggressiveness and depression. The consequences for the victims' environment, notably their families and new employers, can be far-reaching: suicide (attempts), divorce, and another lay-off are anything but rare. But the executors are also confronted with psychological dysfunction: more than 60 percent of the downsizing supervisors suffered from a serious backlash. The executors' misery may even be worse than that of their victims! Apart from aggressiveness and depression, emotional detachment and ineffective behaviour are common symptoms. The work motivation and labour productivity of the supervisors thus come under pressure. As a result, the primary and secondary processes that were to be enhanced are likely to suffer.

Third, the *legitimacy*-strengthening or *legitimacy*-weakening nature of organizational change has been analysed in organizational ecology studies, particularly by distinguishing the different influences of changes in the core or in the periphery of the organization through their effect upon the organization's accountability, reproducibility, and reliability (Hannan and Freeman 1984). A thought-provoking series of change studies have revealed the counter-productive effect of organizational core changes on firm longevity (Haveman 1992). The OE literature's legitimacy perspective focuses on the changing firm's embeddedness in society at large, arguing that core flexibility impedes the firm's survival odds; the latter is positively associated with organizational inertia. In their path-breaking articles of 1977 and 1984, Hannan and Freeman develop a sociological theory of Darwinian selection that is based upon the counter-intuitive proposition that organizational inertia is not only a survival-enhancing feature, but that so-called relative inertia is a *consequence* of competitive selection processes. An organization has to be a reliable supplier (for example, in terms of product quality and delivery time), which it does by exploiting behavioural routines (or blueprints) that have been developed over time. Organizations also have to be accountable for their behaviour and performance: all stakeholders expect that firms pursue consistent and honest accounting policies with regard to their behaviour and performance. Securing reliability and accountability requires the organizational structures and processes to be highly reproducible; it is rules and procedures (or routines) that guarantee accountability and reliability for the duration, rather than short-term variation. Together, accountability, reliability, and reproducibility constitute the organization's legitimacy in the market place. This legitimization builds on inertia, and inertia is the result of, rather than being only a condition of, competitive selection.

Again, note that this relative inertia is not indiscriminate across the board. It applies to core strategies, goals, and templates. One of the possibilities of being inert in basic goals and strategies is, for instance, to be an unwavering, Porterian, differentiated niche producer. Inertia with regard to this strategy requires a good amount of operating flexibility. Similarly, being an 'innovator' in the style of Miles and Snow, that is, a firm which thrives on a more rapid succession of more fundamental innovations, boils down to organizational

inertia, because you have to remain different from a prospector in terms of organizational structure and coordinating mechanisms. But it requires flexibility in research and development processes. Such a simple textbook reflection exposes the superficiality of sweeping rhetoric about cumulative and pervasive change. The most change-prone innovators display such characteristics on specific counts, particularly with regard to more specific products, services, and existing or potential market segments. But on other counts, change and flexibility have to be balanced by inertia. This is the inertia that OE is concerned with. Such a simple reflection also helps to relativize a much-stylized opposition between OE and mainstream contingency organization theory (OT). OE emphasizes inertia, but OT gives space to flexibility. However, this opposition is too crude to be of any theoretical value. For terrains characterized by inertia are different from those marked by flexibility; they are complementary within a consistent strategy.

Unbridled strategic flexibility is thus detrimental to a firm's survival odds, according to the IO, OB, OE, and OT literatures. OE offers an additional rationale in the 'resetting the clock' argument: the introduction of a fundamental change resembles the creation of a new organization. The reconfigured organization must (after the disruption of the key behavioural routines that fostered accountability, reliability, and reproducibility, and thus legitimacy) rebuild a reputation of legitimacy from scratch. This is anything but easy, given the liabilities inherent to newness. It is well established that a new firm suffers from so many disadvantages that its survival chances are low. But different types of change have different effects. Hannan and Freeman (1984) distinguish core from peripheral changes. Changes in the organization's periphery may enhance performance credentials. For example, changing the unit design or communication pattern leaves the heart of the firm's legitimacy unaffected. The contrary is true for core changes. Major shifts in the identity of the firm are likely to be harmful. For instance, a fundamental reorientation of the firm's authoritative structures, competitive objectives, marketing strategies, or production technologies may be very disruptive to the organization's legitimacy. Core changes are characterized by commitment-, loyalty-, and legitimacy-reducing effects, whereas peripheral changes are not. This tallies with the argument about the differences between strategic and operative flexibilities and inertias. Anyone who synthesized contributions in good textbooks across the IO, OB, OE, OT, and strategy literatures could have guessed as much.

In-depth Change-Effect Studies

Our argument is well corroborated by empirical study of the effect of change on organizational survival. The bottom line is that change may be either helpful or harmful, depending upon the nature of the change, firm, and industry. Is the change radical or incremental? Is the firm large or small? Is the industry in flux or at rest? This contingency reasoning is central to organization studies, of course. A more fine-grained theory of the effect of change on organizational performance is badly needed: when does which

change boost performance and when does change enforce a move out of the frying pan and into the fire? A first inspection exposed a measure of what was then considered ambiguity in the outcomes: Hannan and Freeman (1984) had emphasized the importance of core versus peripheral changes. A more elaborate answer is beyond this article's scope, but a good approximation results from enlightened and synoptic reading of solid textbooks in adjacent fields. Here, a compressed review of three illustrative studies must suffice to lift a corner of the veil further, supporting our argument about the synoptic applicability of well-established organization theories (for an overview of the OE-inspired, change-effect literature, see Carroll and Hannan (2000: Ch. 16)).

- 1 A key result of Hambrick and D'Aveni's (1988) matched-pair study among 57 couples of initially equivalent US firms that ultimately failed or survived is that failing organizations have a tendency to reveal hyperactivity in the years before their exit. The expelled firms' deaths are preceded by a series of erratic expansions and retrenchments. They may have read some of the hype keenly under the pressure they were undoubtedly suffering.
- 2 Haveman's (1992) longitudinal study of 313 Californian savings and loan associations in the period 1987–97 revealed that three out of eight diversification strategies were associated with an increase in the firms' failure rate. Thus, diversifying into another market may well reduce the likelihood of survival. Again, we conjecture that they might have been keen readers of 'guru' texts.
- 3 The event-history analysis of 1,011 Finnish newspapers in the period 1771–1963 by Amburgey et al. (1993) pointed out that frequency and profile changes were positively correlated with mortality rates. Newspapers that, for example, changed from a left-wing to a politically neutral profile or switched publishing from the morning to the afternoon were characterized by a lower survival rate.

This small sample of change-effect studies points out that flexible strategic change is counter-productive if a succession of fundamental revisions of strategies and templates occurs. The outcomes are particularly impressive because strategy change may lead to the firm's death. This change may well have responded to a perceived deficiency in performance, but it only served to aggravate it.

Consider a less severe, but prominent example of a large and generally well-performing multinational enterprise. In the 1980s, Daimler-Benz was a multidivisional conglomerate making cars, lorries, aerospace and defence equipment as well as electronic goods. The conglomerate had been constructed following the diversification and 'synergy' hype of the time. As might be expected, nothing came of synergy. After dwindling performance and the appointment of new top management 10 years later, it sold off its aerospace and electronics concerns and followed a new hype: concentrating on core business (cars and lorries), and becoming a lean and shareholder-value-conscious global player in the automobile industry through the acquisition of Mitsubishi Motors and Chrysler. These acquisitions (the Chrysler one had

been styled as a merger) immediately proved to be loss-making. The standard discussion in German Daimler-Benz canteens was predictable: those generals at the top had fouled things up again. It is anyone's guess which hype DaimlerChrysler will fall victim to 10 years from now. Following management trends has exacted a high price. More than short-term shareholder value was part of it.

Sustainable shareholder value appears to depend on the opposite of following management fashion flexibly, in Daimler-Benz's case on a loyal and competent workforce prepared to do a good job notwithstanding top management failure regarding change. Consider the case of the American aircraft builder McDonnell Douglas Corporation (MDC), which could not maintain itself independently in business, as a more fine-grained illustration of failure. MDC could bask in the glory of a long and successful history in the US and global aircraft industry. In 1970, Douglas was still the unchallenged number one in the civil aircraft industry in the USA, leaving Boeing behind. In the military market, first McDonnell alone and then, after the merger, MDC sustained this top position up until 1993. However, in the days before the Christmas holiday break of 1996, MDC was effectively acquired (again, the acquisition was officially announced as a merger, a probate recipe it would seem) by its major rival, Boeing. Today, MDC is a division of Boeing. What has caused the *de jure* disappearance of this former jewel in the crown of US industry (which has stopped developing its own aircraft, apart from the 717, a rehash of the DC-9/MD 80 series which hardly sells)? In the period before the takeover, MDC was involved in an impressive series of downsizing programmes. Chief Executive Officer John McDonnell had about halved the workforce within a few years to, roughly, 63,000 employees. In the short term, this attempt to stimulate 'lean flexibility' was quite successful. The New York stock exchange was euphoric: the value of MDC's shares increased by 500 percent, which was far above the industry's average in the downsizing period 1992–96. However, this enthusiasm masked large market-share losses. The end result was the downfall of the enterprise. Now, what was more instrumental or earlier, the loss of market share or downsizing? With the critical period stretching over four years, it is difficult to tell without a deep clinical study, and we are only saying that forceful downsizing will exacerbate existing problems, rather than remove them.

But let us look at more systematic evidence against flexibly following management fashion which suggests that it precedes economic demise. Berends and Van Witteloostuijn (2001) studied the performance impact of *downsizing routines* through a longitudinal investigation of the worldwide paper and pulp industry in the 1970s, 1980s, and 1990s. The theoretical argument uses a meta-level concept of change routines. Many firms respond to the need for change in a routinized manner. In a panel-type sample of approximately 150 large worldwide paper and pulp producers, three different downsizing routines can be distinguished in anticipation of, or in reaction to, deteriorating business cycles by changing the asset base or the workforce. First, the *versatile* downsizing routine implies that firms consistently opt for a *procyclical response* to a business-cycle downturn by reducing the size of their

asset base and workforce. Second, the inert or *reluctant* downsizing routine implies a *non-response* or even an anti-cyclical *counter-response* to a business-cycle recession, as the firm either leaves its assets and workforce unaffected or decides to expand its asset base and workforce in bust years. Third, firms characterized by the hybrid or *inconsistent* downsizing routine fail to reveal any time-consistent downsizing response pattern, reacting flexibly or rigidly to a business-cycle downturn. Splitting the full sample into three ‘downsizing routine groups’ with a roughly equal number of firms, the empirical analysis clearly reveals that the inert downsizing routine is correlated positively with financial performance. This is illustrated in Table 2.

Table 2.
The Financial Benefit
(Mean ROA, %) of
Inert Downsizing
Routines

	Workforce change meta-routine	Asset change meta-routine		
		Reluctant	Inconsistent	Versatile
Reluctant		8.85	3.98	7.29
Inconsistent		7.65	5.00	4.41
Versatile		7.15	4.94	3.33

Clearly, the reluctant downsizers (in terms of both asset base and workforce) outperform all other downsizing types, particularly the ones characterized by overall versatility (a mean ROA of 8.85 vis-a-vis 3.33). This suggests that strategic flexibility and readiness to change are counter-productive for bottom-line profitability. A more measured and fine-grained concept of change appears to be called for. It would be one which pays closer regard to realistic operational and developmental assessments, and which takes care throughout to balance any projected change with a corollary of inertia regarding important resources and assets, including legitimacy and commitment.

The Content vis-a-vis the Process of Change

Organizational change has many faces, as is clear from the many dichotomies created in the literature. In particular, organizational change has two sides: the content and process of change. Mixing the two is another mistake that must be avoided. As far as the *content* of change is concerned, the traditional argument in textbooks on organization theory and strategic management emphasizes the notion of fit. That is, if an organization’s strengths and weaknesses are no longer aligned with the environmental opportunities and threats, then it is time for a change. In a way, this is what strategy is all about: positioning and repositioning the organization, externally and internally, to sustain a fit with the environment. If this is done by developing and maintaining unique and valuable resources, according to the modern resource-based view of the firm (Wernerfelt 1984), then sustainable above-normal performance is within reach. That is, whenever the organization’s resources

are (1) valuable, (2) rare, (3) difficult to imitate, and (4) imperfectly substitutable, a sustainable rent-producing potential emerges (Barney 1986). Content-wise, how such a bundle of rent-producing resources looks is a matter of external and internal fit. What works in a dynamic environment (for example, organic structures and product-differentiation strategies) may be counter-productive in a stable one (for example, favouring mechanistic structures and cost-leadership strategies). If the firm faces an environmental change (for example, from stable to dynamic), then the environment—organization alignment must be restored by implementing a fitting organizational change (for example, transforming a mechanistic structure into an organic one). This is standard contingency theory, as confirmed in many multi-fit studies (Heijltjes and Van Witteloostuijn 2003).

Take the following example. Resource-partitioning theory, a part of OE, predicts that under particular resource space conditions a dual-market structure will emerge with a small number of large generalists and a large number of small specialists (Carroll 1985). Basically, if the demand side of the market features a high concentration of resources in the so-called centre of the market, generalist organizations will seek to satisfy this demand mass by offering products or services with a broad appeal. This triggers scale-driven competition for the centre of the market, producing a highly concentrated market centre with a limited number of large generalists. However, if the resource space features sufficient heterogeneity at the periphery of the market, small specialists will benefit from the process towards generalist concentration. After all, the market periphery is occupied by customers who prefer tailor-made ‘specialist’ products to the mass type of generalist ones. Combined, this implies the prediction that in a dual-market structure (generalist) concentration is *positively* associated with (specialist) density. That is, in one and the same industry, two different strategy profiles are viable. This hypothesis has been confirmed for many industries (Boone et al. 2002).

The message from contingency and resource-partitioning theories (and many other organization theories) is very clear: there are no structures or strategies that produce superior performance irrespective of the circumstances that the organization faces. From a content angle, any claim by a consultancy firm or ‘guru prophet’ of the universal value of whatever ‘product’ does not stand the test of scientific scrutiny, not even within one and the same industry and one and the same period. Only after a careful analysis of the external environment and the internal organization can a fit-producing structure or strategy be suggested. Strategic *consistency* is central. The different elements of the environment—organization fit must be aligned carefully, and the organization has to be committed to a strategic course. Otherwise, commitment-, legitimization-, and loyalty-reducing effects will clearly dominate.

From a *process* perspective, the danger is that the downsides of organizational change will dominate, even if the content of the change is appropriate. The literature about change management and strategy implementation has consistently revealed this. The BPR and downsizing examples discussed above indicate why, as does the loyalty-reducing theory from organizational behaviour. In this context, the work of Argyris is insightful (for example,

Argyris et al. 1985). When faced with change, people activate diverse defence mechanisms. This implies that the implementation of organizational change is more crucial than its conceptualization. An effective implementation of a second-best strategy produces higher performance than the inferior execution of a brilliant first-best strategy. The trouble with hype-ridden consultancy projects is that they evoke the process downsides of change and, in addition, the change suggested is often inferior from a content perspective.

The Applicability of Healthy Organization Theories

After having poured scorn on the notion of health in broad management concepts, is it possible to speak of healthy organization theories? There are generally valid criteria for the 'health' of a body of knowledge and its relation to practice, but we have to be careful not to belabour the metaphor. The definition of health is very pragmatic in medicine. Let us leave it at that and concentrate on why health as we and the doctor see it may be less than we would like. There are fields in which a lack of health results from the under-development of a specific theory, or a poor research foundation, preventing it from being of any use for resolving a specific practical problem. Moreover, problems are invariably specific. Those of MDC were different from those of Daimler-Benz, and from those of the paper and pulp industry. A specific problem requires a specific solution. But misguided tacit or methodological understandings suggest that this is dependent upon a specific insight, which in turn requires specific research and conceptualization. Specific theories, however, tend to lead to partial insights, rather than a comprehensive understanding and treatment of a specific problem. This is where things go wrong. More urgently, we need a synthetic and diligent linking of distinct theories that are general and already available. By disregarding available theory in its breadth and jumping into new-fangled specific theories, we run the risk of their overgeneralization. Our plea is illustrated by an encounter in the second half of the 18th century between Frederik II of Prussia and one Immanuel Kant at the University of Königsberg. A busy and trendy monarch keen on the most recent advances, Frederik asked Kant: 'So what is new in science, professor?' To which Kant is said to have replied thoughtfully: 'Well does your majesty know what is old in science?' Kant cannot be said to have been averse to academic innovation. He was producing it all the time, and one would have thought that he could have easily told the monarch about some insights he had come up with recently. Kant clearly thought that heeding available knowledge was already a tall order, and quite sufficient for the king.

There is a broad field of problem constellations that, for their explanation and resolution, require the advisor (or, in our case, the consultant), practitioner (here, the manager), or scholar mainly to do two closely related things, as follows.

- 1 Knowledge which is readily available in a number of different and separate specialist (sub-)disciplines needs to be interlinked. This is what

- we call *multidisciplinary knowledge integration*. In colloquial language, it boils down to the simple ability to 'put two and two together'.
- 2 For a specific case in hand, a sound selection and weighted mixture of knowledge from different specialities needs to be provided. This requires *professional and experiential judgement*, and professional experience enhancement benefits immensely from public information sharing.

In most socio-economic and organizational problem constellations, the purpose-specific generation of new specialist knowledge in order to solve a specific problem that is classed as new is inappropriate when used in isolation. This observation contrasts sharply with the popular habit of arguing for new research or new concepts or new management hypes, which are then claimed to offer universal solutions to organization-specific problems. This means that new specialist knowledge is not constructed to resolve open selection and weighting issues, but tries to reinvent the wheel all over again and give it a different geometry while round wheels remain a very robust proposition. This boils down to 'selling' the latest management fashion to each and every firm in search of a solution to its organization-specific problem. Commentators thus fail to relate to the huge stock of available and diversified knowledge. One might as well forget about 'new' hypes if they are not at least trans-disciplinary, not based upon what is known in different corners of the social sciences. 'Old' knowledge which is well developed in the theoretical literature and well grounded in empirical evidence is invariably of much greater value. But it must be combined across (sub-)disciplines or paradigms. The combination that makes it more valuable requires professional judgement and experience, a knowledge largely unexplained in academic books. It is mainly tacit, but acquired in research, consultancy, or business practice.

This links up with our second point: good consultants will always be selected by intelligent clients for their ascribed professional judgement. But they have no incentive to make this judgement explicit, let alone public, for anyone could acquire and use it if they did, which is not in their interest. Similarly, they will also have a strong interest in obscuring the general knowledge foundation of what they do, because otherwise the 'value added' of what they have on offer decreases in the eyes of clients. The latter are not only pragmatic realists, but also suffer from rationalistic delusions, being impressed by seemingly objective diagrams, tables, and figures. We are, of course, schizophrenic in the last resort, all of us. Also, operating in private markets, where competition and private appropriation dominate over fraternal cooperation and public information sharing, induces the symbolic clouding of a realistic knowledge base. The importance of 'putting two and two together' (knowledge integration) might reduce the barriers to entry to consulting, thereby intensify competition. Researchers do not have an interest in explaining this constellation either, as their scholarly reputation is enhanced by an *odeur* of more specialist and paradigmatic creativity. This buttresses the legitimacy of new contracts of work to be done much more easily and increases the likelihood of getting funds substantially.

There is thus no lobby for the obvious, neither from business consultants nor from academic scholars. A conspiracy of silence protects vested interests

founded on an outdated understanding of the relation between the construction of useful knowledge and consultancy, management and scholarly practices. The absence of a lobby for the obvious allows hype to proliferate. What we therefore face is a tenuous relationship between the production of legitimatory hypotheses and productive consultancy and management practice, which must be concrete and specific. For example, BPR has become a vague slogan that in many cases does not bear any clear relationship with practice in a consultancy project. It instils a vague belief that something useful is about to happen, and it prevents a careful diagnosis on the basis of a broader knowledge base of what the problem in a specific case might be and how it can be addressed. In our experience, both consultants and managers are usually fairly uninformed about extant knowledge pertinent to understanding and conceptualizing organizational change, such as that which we have presented above. Better awareness of the state of the art in diverse fields and a more articulate and skilful tackling of the knowledge-integration problem would lead to more rapid, less costly, and much more fruitful problem-solving.

Scholarship cannot dispense with a critical function whenever discrepancies between language or theory and practice or consequences arise. We have partly come to treat management and consultancy rhetoric as a reality in its own right. Let us not abandon the idea that any language or concept merits and requires critique on the basis of a reality outside its own. So, pulling the different strings of our argument together, we plead for an *evidence-based consultancy practice*. The challenge is to deal with the paradox that much scholarly knowledge is framed in universal terms, whereas practical problem-solving requires specific solutions. This is no easy task, as daily practice in medicine reveals. However, this is the only way forward. Otherwise, the world of consultancy (and management, for that matter) continues to resemble too closely that other type of medicine that is obscure and mysterious.

Towards an Evidence-Based Change Analysis and Consultancy Practice

Many real-world consultancy practices are at best only loosely coupled to the body of empirical evidence and theoretical knowledge in organization studies. Moreover, there is no systematic and truthful empirical monitoring of the effect of treatment across different patients over time and with different problem syndromes. These are the two major deficiencies in the knowledge base. In other branches of science-linked professions, an evidence-based approach is well established. A clear example is medicine. Within the medical sciences an unstoppable stream of pieces of evidence and counter-evidence is produced and disseminated to academic and practitioner audiences through a wide array of outlets. There is a close alliance between the world of practice and the world of science. The medical profession outside the inner circle of the schools of medicine is unremittingly updated about the moving state of the medical art. The outcomes of medical research are, after sufficient evidence has been collected, fed into medical practice through, for example,

articles, conferences, courses, visits, and workshops. Clearly, organization studies still faces a long journey before an evidence-based practice–science alliance is reached.

Of course, organization studies, with its manifold branches, is unlike medicine. The complexity of social entities is much greater. From a methodological angle, organization studies is heavily constrained by the lack of the opportunity to do controlled experiments. This classical difference between many of the natural and many of the social sciences cannot be defined away. However, this handicap of organization studies should not stand in the way of developing an evidence-based consultancy practice. After all, apart from the controlled experiment, many other viable routes to evidence production can be and have been exploited in organization studies, varying from in-depth qualitative case studies and action research experiments to large-scale quantitative cross-sectional analyses and time-series studies. It is here that both the scholarly community and the business and consultancy worlds at large have failed to build broad bridges between practice and science.

This is not to say that bridge-building exercises are absent altogether. The figureheads of these attempts are the practice-oriented academic journals, such as the *Academy of Management Executive*, *Harvard Business Review*, and *Long Range Planning*, that try to bridge academic work and business practice. However, in the process of transforming submitted manuscripts into published articles much of the academic flavour is thrown out in order to produce ‘reader-friendly’ prose. Additionally, business schools are engaged in many (undergraduate and postgraduate) educational and consulting activities, and many academic management scholars have published accessible ‘guru’ books. The likes of Gary Hamel, Tom Peters, and Michael Porter publish one management-friendly cookbook after another, full of intriguing and promising passages, that only reach the top of the bestseller lists if the academic flavour is reduced to a bare minimum. It is this type of ‘ready-for-use’ knowledge that dominates many MBA(-related) curricula. Otherwise, the clients (high earners and top managers) are not willing to pay the high fees (in terms of money and time). Therefore, all this bridging of gaps only goes halfway, at best. After all, organization studies’ evidence rarely penetrates into the organization’s decision-making headquarters and much of organization studies’ evidence never leaves academia’s inner circle.

Changing this is anything but easy because the underlying dilemma is ineradicable. Commercial private interest in the consultancy world, in launching new, universal hype solutions to solve organization-specific problems, is immense, whereas the incentive to engage in public information sharing is close to zero. Neither consultants nor scholars enhance their careers by promoting the obvious or by producing a public good. This is a barrier to the development of evidence-based practices firmly grounded in knowledge-generation processes that are based on the two pillars introduced above: (1) multidisciplinary knowledge integration and (2) public information sharing on comparable treatments or interventions. As academics and practitioners in the domain of organization (studies), we may learn how to reduce this barrier by emulating practices in a field such as medicine. Of course, it is not

all roses there either. For example, the private interests of the pharmaceutical industry are not always in line with the public need for information sharing. But medicine is clearly ahead of our field.

Some indications about how to arrive at a better integrated treatment of change management are possible, based on our analysis. First, let us demolish some stylized arguments which prevent us getting there. Many people say, as in a classic article by Boulding (1956), that the social sciences, including economics, are distinguished by a much higher level of systemic complexity of real-world events than, for instance, medicine, biology, physics, or other natural sciences. While we partly agree, this is unfortunately linked with a perennial lament about the supposedly immature state of organization theory. There are exhortations to take natural sciences as an example, to deal with more isolated classes of events and build monolithic (grounded on few assumptions) and formally elaborate theories. While we do not want to go against any type of theory building, we disagree wholeheartedly: organization studies is mature, very mature, but in a different way. It has differentiated conceptual approaches, many of which we have mentioned and used and which have to be cross-related in order to deal with specific problems or issues adequately. This is a knowledge and practice in its own right that is grossly neglected in universities, business schools, and consultancy firms. Consultants may drive towards a broad attack more than do scholars, but they rarely have broad and articulate theoretical capacities. Scholars tend to have a deep knowledge of specific approaches and middle-range theories, but they tend to abstain from the theoretical eclecticism which is required for the sound analysis of specific problems. By developing this skill, organization studies can become much more pertinent. This is the conceptual arm of the evidence base that we need.

What organization studies does well is developing whole worlds of specialist middle-range theories separately. But these tend to be of marginal use in consultancy or management problem-solving. They could be of better use, but then there has to be greater integration of findings and interpretations across approaches. Another, more glaring deficiency is found in the collection, analysis, and interpretation of evidence from consultancy or other interventions. This is the empirical intervention theory arm of the evidence base. This is where consultants would have to work much more closely with scholars. But it would be superficial only to address knowledge worlds here. Knowledge is manufactured by people who learn by doing. Both scholars and consultants now tell us that these jobs are quite different in terms of the mental and behavioural repertoires required. But they do not have to be. A well-proven method of increasing the salience of different sets of knowledge is to invite or force people from one mould to put themselves in the mind and situation of someone in a different mould. The result is that they will subsequently, when returning to their own mould, bring forth and apply knowledge better tuned to that of their partners on the other side of the fence. We call this iterative cognitive repositioning: forcing on yourself the need to put yourself in the mind and the position of respective others, such as business practitioners, consultants, and researchers. It has to be iterative in order not

to be a one-way street. To promote two-way information sharing, the following five practices would be very useful.

- 1 Public-private participation in universities. Business-consultancy teaching programmes (consultants in training) could develop academic and consultancy skills in close interaction.
- 2 By doing joint research inside and across client organizations which includes the measurement of intervention effectiveness, a shared body of knowledge could be developed.
- 3 By using patent-like protection devices, consultancy firms could share their privately developed knowledge with the world without sacrificing their appropriability too much.
- 4 By designing boundary-crossing job-rotation arrangements, academics could practise consultancy skills and consultants could develop academic qualities.
- 5 By building public-private alliances, consultants and scholars could work together in evidence-based consultancy projects within client organizations.

Iterative cognitive repositioning is the corollary of a specific architecture of triangular links between scholarship, consultancy, and practice. Our main plea is to explore its complexity in a firmly trans-disciplinary and evidence-based way. This will require conceptual breadth and empirical depth to be increased. Of those issues that deserve in-depth treatment in future, we will mention the following. First, managerial herd behaviour, fostered by the change-producing consultancy industry, may well generate organizational change failures. A longitudinal (across-industry) study may reveal the real (counter-)productivity of management hypes, obvious fashionable candidates being BPR and downsizing. The OE-type panel design apparatus offers a powerful empirical device. From case-study analysts in organization development (OD) some interesting results have started to emerge which point exactly in the direction indicated here (Boonstra 2000): the major share of change projects are aborted or fail according to the testimony of clients themselves, and they mainly fail for reasons to do with schematic implementation, poor analysis of the problem, inadequate tapping of local expertise, and a deficient building of commitment.

Second, the underlying processes of commitment, loyalty, and legitimacy production vis-a-vis breakdown are still ill-understood. Failure to analyse and understand a local problem is linked with poor attention to commitment. We have long known about this from shelves full of experiences from socio-technical experimentation. Sound experience has been thrown away, in the belief that new hypes dispense with robust experience. What Boonstra (2000) has recently presented in the case of The Netherlands makes the reader think that the obvious pitfalls of gung-ho approaches to change, which have been known for decades, have been forgotten. But we are not aware of any empirical study that includes direct measures of (changes in) the three key concepts related to project outcomes of commitment, loyalty, and legitimacy. For instance, how does the client side of the market perceive an organization's reliability and reproducibility after the implementation of a major change

programme, or what is the credibility of a changed firm's commitment reputation as assessed by the key rivals in the market place? How does the erosion of the workforce's morale affect the organization's competitive position in both the short and the long run?

Take the case of organizational decline. In the face of deteriorating organizational performance, a turnaround strategy may be the last straw for a firm (Van Witteloostuijn 1998). The large literature on the learning organization underscores the necessity of developing a permanent change capability (Burgelman 1994). But real turnaround requires judicious diagnosis, and it is not well served by jumping to immediate instrumental conclusions. The gullible victim of hype is likely to have grabbed for the instrumental toolkit first, rather than the conceptual toolkits of organization studies. This is precisely why we have opted for an alternative route, cutting consultancy costs instead of cutting conceptual and diagnostic corners.

Not all of the themes struck by the hype literature are, of course, invalid. The emphasis on primary and secondary processes in the BPR literature was well placed. But it has not been followed up. Organization structures and their performance can usefully be derived from a thorough analysis of processes related to contexts. Processes should be constructed so as to yield economic results within a context of goals and strategies in a prevailing or chosen environment. The focus on processes therefore points towards complexity theory, which expounds precisely this. Furthermore, although complexity theory was fairly functionalist and objectivistic to start with, it permits an opening towards interpretive, interactionist, and stakeholder perspectives (see Dooley 2002). Starting off with an analysis of processes related to contexts is required in order to arrive at an effective repositioning of an enterprise.

From the interpretive and stakeholder perspectives that extend complexity theory, the diligent analyst, consultant, and manager would then proceed to the socio-economic resources needed for change, and so to explore evidence-based knowledge integration. This takes us to the commitment notion that is dominantly present in both organizational behaviour and industrial organization, to the loyalty factor in organizational behaviour, and to the legitimacy concept in organizational ecology. If an organizational change initiative is likely to harm the firm's commitment, loyalty, or legitimacy reputation, then failure is highly probable, although the stock market may reward any misguided policy in the short term, in view of the wide diffusion of the hype of the day. An *ex ante* assessment of the influence of any change proposal on the firm's commitment, loyalty, and legitimacy profile is advisable to avoid *ex post* disappointment.

Sustainable commitment, however, points to the next field of knowledge waiting for integration: a sensible link between structure, context, and environment established by strategy. Commitment requires not only opportunistic support, but also carefully designed and credible concepts. In this strategy, above all, a meaningful distinction between the parameters of stability and parameters of change is needed. As shown above, confusion between the two is one of the main reasons for failure. Organizational change, which may be severe, has to be conceived as meaningfully related to a salient context and

environment within a strategy that is sustainable and relatively stable. Again, to refer to a well-known author in a standard text book: 'A major contribution of strategic choice analysis today derives from its potential to integrate some of these different perspectives. This integrative potential derives from the fact that strategic choice articulates a political process, which brings agency and structure into a dynamic tension and locates them within a significant context' (Child 2002: 107).

While we argue that conjoined and integrated organization studies are together much more powerful than admitted, we have taken care to mention the problem of individual and experiential assessment of resources, benefits, opportunities, chances, and risks attached to the materialization of such advantages. Costs are usually much easier to state than benefits. Benefits, in the last instance, are less predictable because they have to be delivered by committed actors. To this extent, strategy-making is only realistic as a political process, a perspective which is usually separated from economic assessment. Our plea against overspecialization of subfields is no cause for worry for us academic scholars: there will always be enough research left to do for academic scholars exploring both linkages across sub-disciplines and more detailed questions in specific corners of the field. The legitimacy of the consultancy world, though, would profit from a more secure foundation and better explanation of its capacities and proposals by adopting the evidence-based approach. Also, practitioners would be able to expect more predictable returns for their (huge) expenditure on consultancy. Is this not a beautiful example of a Pareto-optimal solution?

Note

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