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Contents



Introduction

Breda McCarthy

1

A Comparative Study of the Endorsement of Ethical Leadership in Ireland and the United States

Mary Keating, Gillian S. Martin, Christian J. Resick and Marcus W. Dickson

5

Improving Merger Process Management Skills Over Time:

A Comparison Between the Acquisition Processes of Jaguar and of Land Rover by Ford

Emanuel Gomes, Tom Donnelly, David Morris and Clive Collis

31

Retention Strategies in France and Sweden

Anders Hytter

59

A Framework for a Strategic Repositioning Strategy: A Case Study of Bulmers Original Cider <i>Paul Ryan, Mike Moroney, Will Geoghegan and James Cunningham</i>	81
The Use of Social Marketing for Science Outreach Activities in Ireland <i>Christine Domegan</i>	103
An Institutional Explanation and Model of the Factors Influencing Room Rate Pricing Decisions in the Irish Hotel Industry <i>Ruth B.T. Mattimoe</i>	127
Structural Contradiction and Sense-Making in the First-Line Manager Role <i>Colin Hales</i>	147

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THE IRISH JOURNAL OF **Management** incorporating IBAR

IRISH BUSINESS AND
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The *Irish Journal of Management* aims to publish well-written and well-researched articles that contribute to an understanding of management-related issues in both Irish and international organisations. The Journal welcomes contributions from a wide range of management viewpoints, including inter-disciplinary and multi-disciplinary perspectives as well as traditional disciplines and functions.

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Footnotes should be avoided. Essential notes should be numbered consecutively in the text and grouped together at the end of the paper.

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Style and Punctuation: Quotations should have single quotation marks with double quotation marks used where necessary within single quotes. Lengthy quotations should be indented with no quotation marks. There should be one space only after full stops.

Submissions

Contributions should be typed double-spaced on A4 paper, with ample left- and right-hand margins. A cover page should contain only the title, author’s name(s), position(s) and institutional affiliation(s) and the address (one only) to which proofs should be sent, together with full contact details (email, phone and fax numbers). An abstract of 100–150 words should be included on the second page, together with 3–6 key words. To ensure anonymous review, authors should not identify themselves in the text but should include a separate sheet with a short biography of 50–75 words.

Authors are strongly advised to consult one or more recent issues of *IJM* before submitting manuscripts for publication.

Contributions should be sent, by email only, to the editor, Kathy Monks, at Dublin City University Business School (Kathy.monks@dcu.ie)

All articles are double blind refereed. The *Irish Journal of Management* aims to obtain a response to submissions within three months.

An electronic offprint of each published paper and one copy of the journal issue in which it is published is provided free of charge.

Introduction



B R E D A M C C A R T H Y *

The theme of the 2006 Irish Academy of Management Conference was ‘New Models of Management in the Knowledge-Based Economy’. We, the Conference Organising Committee, chose this theme because adapting, innovating and revitalising the organisation seemed to be a major challenge facing managers of organisations of all types and sizes.

While the knowledge-based enterprise is commonly understood as a technology-based enterprise, the speakers and presenters of papers show that it refers to organisations drawn from a broad set of sectors, such as hospitality, food and drinks, manufacturing, insurance, academia, non-profit and public sectors.

We had five eminent speakers who addressed the issue of innovation and change in very different industry sectors. We wish to express our thanks to all of them for the excellent presentations they made during the conference. The first open forum, ‘Industry–Academia Collaboration: Making It Work’, was led by Prof. John Bessant (Imperial College, London), Prof. Patrick Gibbons (UCD) and Dr Stephen Flinter (Science Foundation of Ireland). A second open forum, on the ‘Expanding Market for Private Health Insurance’, included contributions from Prof. Ray Kinsella (UCD) and Oliver Tattan (Vivas Health).

The articles in this issue were selected from the fourteen refereed paper tracks. To publish the Special Issue, we invited the organisers of each of the fourteen tracks to nominate the paper they thought

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2 Introduction

was the best. Some good papers were not included because they were submitted to other journals. The final issue consists of *seven papers*.

The first paper, 'A Comparative Study of the Endorsement of Ethical Leadership in Ireland and the United States' (by **Mary Keating, Gillian S. Martin, Christian J. Resick and Marcus W. Dickson**), presents a comparative study of beliefs about ethical leadership in the Republic of Ireland and the United States. While the study reveals broad similarity between the two countries, the authors found that Irish middle managers differ in terms of their endorsement of the 'character/integrity' dimension of ethical leadership. The authors conclude that Irish managers possess culturally specific characteristics that have an impact on their perceptions of ethical behaviour. Given the significant social and economic costs of unethical leadership, there is a need for further cross-cultural research on beliefs about ethical leadership.

The second paper, 'Improving Merger Process Management Skills Over Time: A Comparison Between the Acquisition Processes of Jaguar and of Land Rover by Ford' (by **Emanuel Gomes, Tom Donnelly, David Morris and Clive Collis**), provides an interesting snap-shot of merger activity; the authors analyse how Ford improved, over time, their knowledge of, and skills in, merger process management.

In the theoretical paper 'Retention Strategies in France and Sweden' (by **Anders Hytter**) the focus is on the interrelatedness between retention strategies and national culture in France and Sweden. The author states that knowing how to retain employees is important, especially those who are well-educated, experienced and contribute to a company's competitive advantage. However, as an increasing number of companies operate in other countries, retention needs to be viewed from a cultural perspective.

The authors of the paper 'A Framework for a Strategic Repositioning Strategy: A Case Study of Bulmers Original Cider' (by **Paul Ryan, Mike Moroney, Will Geoghegan and James Cunningham**) put forward prescriptions for successful repositioning. This paper explores the concept and process of strategic repositioning, based on the case of Bulmers cider in Ireland.

In the paper 'The Use of Social Marketing for Science Outreach Activities in Ireland' (by **Christine Domegan**) an overview of the

principles and practices of Social Marketing is offered by the author. The author argues that Social Marketing delivers innovative insights into the social and economic exchange process that underlies Science Outreach programmes. Hence, Social Marketing deepens our understanding of networks, of relationships, and of complex economic and social exchanges.

In the paper ‘An Institutional Explanation and Model of the Factors Influencing Room Rate Pricing Decisions in the Irish Hotel Industry’ (by **Ruth B.T. Mattimoe**) the accounting and marketing literatures, together with case study data, were used to develop a model that reflects the reality of the room rate pricing decision.

In the last paper, ‘Structural Contradiction and Sense Making in the First-Line Manager Role’ (by **Colin Hales**), the author presents an analysis of two case studies of first-line managers (FLMs) in their organisational context. It traces the role of the FLM, how the role is interpreted and enacted and, in doing so, draws upon both ‘critical realist’ and ‘sense-making’ perspectives. The second aim of the paper is, from a methodological point of view, to explore the case for combining these two perspectives which have, hitherto, occupied rather different positions on the terrain of methodological paradigms.

I would like to thank all the reviewers who, with such good grace, gave up their time to make the Special Issue possible, as well as all the authors who submitted their papers to the conference; their creativity and scholarship underpins the Irish Academy of Management.

A Comparative Study of the Endorsement of Ethical Leadership in Ireland and the United States



MARY KEATING *
GILLIAN S. MARTIN **
CHRISTIAN J. RESICK ***
MARCUS W. DICKSON ****

ABSTRACT

This paper presents a comparative study of beliefs about ethical leadership in the Republic of Ireland and the United States. Using data from Project GLOBE (Global Leadership and Organizational Behavior Effectiveness), beliefs of middle managers about four components of ethical leadership – *character/integrity*, *altruism*, *collective motivation* and *encouragement* – were compared quantitatively using analyses of variance tests. Results indicated that middle managers from Ireland and the United States, on average, endorsed the *altruism*, *collective motivation* and *encouragement* dimensions to a similar degree, but differed in their endorsement of the *character/integrity* dimension. Findings are interpreted within the context of the social-cultural forces, which

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6 Comparative Study of Endorsement of Ethical Leadership

underpin how business ethics and ethical leadership are understood in the two countries.

Key Words: Business Ethics; Ethical Leadership; Cross-Cultural Studies; Leadership.

INTRODUCTION

Whilst globalisation might be seen to have accelerated cross-cultural convergence in key areas of organisational practice, recent scandals have also stimulated global debate around issues of corporate governance and ethical leadership. This debate has been heated in the United States and many European countries. For example, fallout from the corporate accounting scandals of recent years has led many in the United States to question the ethics of corporate leaders (e.g. *Gallup Management Journal*, 2002) and resulted in the enactment of legislation such as the Sarbanes–Oxley Act of 2002 (also known as the Public Company Accounting Reform and Investor Protection Act of 2002) to protect stakeholder interests. In Ireland, corporate and political scandals in the 1990s created demands for greater transparency, accountability and compliance in business and public life. In this context, it is important to understand the significance attached to ethical leadership and the cultural factors in society that encourage or hinder people from endorsing ethical leadership as effective leadership.

Understanding the interface between societal culture and ethical leadership will provide managers with the requisite knowledge to respond to the challenges of leading ethically in a culturally appropriate way. To this end, beliefs about four components of ethical leadership – *character/integrity, altruism, collective motivation* and *encouragement* – were compared by Resick et al. (2006) across cultures using data from Project GLOBE (Global Leadership and Organizational Behavior Effectiveness) (House and Javidan, 2004). This paper builds on this research by presenting a comparative study of beliefs about ethical leadership in two countries, specifically the Republic of Ireland and the United States. First, we conducted preliminary analyses, which replicated a Q-sort exercise conducted by Resick et al. (2006), to determine if individuals from

Ireland define ethical leadership using the same or different leader attributes as the American sample. Then, we conducted quantitative analyses using data collected from Project GLOBE to identify similarities and differences in the beliefs held by middle managers in Ireland and the United States about the four components of ethical leadership. We interpret these quantitative findings by examining the socio-cultural forces that underpin the understanding of business ethics and ethical leadership in Ireland and the United States. In the first section of this paper, we review the literature on ethical leadership and explore the relationship between organisational leadership and societal culture. We then introduce the empirical study on which we base our analyses of ethical leadership in Ireland and the United States. The findings of the study are discussed, before we draw preliminary conclusions and suggest avenues for further investigation.

ETHICAL LEADERSHIP AND VARIATION ACROSS SOCIETIES

Defining Ethical Leadership

There is a considerable body of Western-based literature (e.g. Bass and Steidlmeier, 1999; Gini, 1997; Kanungo and Mendonca, 1996; Petrick and Quinn, 1997) which deals with the topic of leading ethically without, however, clarifying the attributes and actions that comprise ethical leadership. Broadly, ethical leadership focuses on how leaders use their social power in the decisions they make, actions they engage in and ways they influence others (Gini, 1997); it involves leading in a manner that respects the rights and dignity of others (Ciulla, 2004). Resick and colleagues (2004, 2006) reviewed the Western-based ethics literature and identified six key attributes of ethical leadership: *character/integrity*, *ethical awareness*, *community/people orientation*, *motivational*, *encouraging/empowering* and *ethical accountability*.

Integrity is commonly mentioned as a fundamental component of ethical leadership (Fluker, 2002; Petrick and Quinn, 1997) and of leadership in general (e.g. Bass, 1990; Bennis, 1989). It entails the ability to determine the ethically correct course of action in a given situation, as well as the willingness to engage in that behaviour

regardless of external pressures (Emler and Cook, 2001). Ethical leaders also have a broad *ethical awareness*, which involves the ability to determine the moral or ethical issues in a situation and to make choices that serve the best interests of the broadest group of stakeholders (Brown et al., 2005; Petrick and Quinn, 1997; Trevino et al., 2003). Ethical leaders are *community-* or *people-oriented* and aware of how their actions impact others. They use their social power to serve the collective interests of the group rather than their own personal interests (Fluker, 2002; Gini, 1998; Kanungo and Mendonca, 1996; Trevino et al., 2003). This embodies the notion of altruism, which, according to Kanungo and Mendonca (1996), provides the ethical foundation of leadership. Ethical leaders are *motivational* and inspire followers to put the interests of the group ahead of their own (Bass and Steidlmeier, 1999; Gini, 1997; Kanungo and Mendonca, 1996). They are *encouraging* and *empowering* so that followers gain a sense of personal competence and self-efficacy that allows them to be self-sufficient (Bass and Steidlmeier, 1999; Gini, 1997; Kanungo and Mendonca, 1996). Finally, Trevino et al. (2003) submit that ethical leadership also has a transactional component that involves establishing standards of ethical conduct (i.e. *ethical accountability* for followers).

Leadership, Ethics and Societal Culture

Whilst some aspects of leadership appear to be universally endorsed as important for effective leadership, there are also considerable differences across cultures in the extent to which particular leadership characteristics are endorsed (see Dickson et al., 2003). Lord et al. (2001) examined how multiple aspects of the psycho-social environment shape beliefs about leaders and effective leadership. According to Lord et al. (2001), cultural norms and values, observed leader behaviours, follower values and goals, and the demands of the task at hand all create expectations of acceptable or unacceptable behaviour in a given situation. In turn, these expectations place constraints on the types of leader behaviours and characteristics that are endorsed.

Differences in cultural values are also associated with expectations regarding moral behaviour and issues of a moral or ethical nature. Yet, as Jackson (2001: 1268) observes, '[d]espite growing

interest in the field of cross-cultural differences in management ethics, there is still a lack of empirical work in this area', along with 'a lack of cultural explanation of national differences'. Existing studies have demonstrated cultural differences in ethical decision-making (e.g. Jackson, 2001) and ethical leadership beliefs (Resick et al., 2006). There is also evidence that the focus of the literature on ethics in the United States and Europe differs. For example, Vogel (1992: 44) observed that the problematic 'moral status of capitalism' in Europe (and Japan) generates more cynicism about the ethics of business than in the United States, and he argues that Europeans are 'less likely to be surprised – let alone outraged – when companies and managers are discovered to have been greedy'.

Compared with the large body of literature focusing on ethics and leadership in the United States, a literature search on ethical leadership in Ireland replicates the pattern identified by Martin et al. (2004) in respect of organisational leadership: the literature is sparse and much of it lacks strong theoretical underpinning. In Ireland there has historically been a greater preoccupation with issues of sexual as opposed to public morality (Lee, 1989). Indeed, the strongest locus of intellectual engagement with business ethics and morality – in some instances also in respect of corporate ethics – appears to exist within the Catholic Church and, most particularly, amongst Jesuits. Only in the early 1990s is there evidence of an awakening to the power wielded by corporate, political and religious networks, which set in motion efforts to modify Irish attitudes and behaviours in terms of compliance with rules and regulations. This, in turn, stimulated interest in business ethics. The first comparative empirical study of business ethics in Ireland was published by Alderson and Kakabadse (1994: 432), in which they reported that '[t]o date and to the authors' knowledge, there has been no formal study undertaken of Irish attitudes to ethics in business'. Explanations for this might be sought in the country's colonial history and late economic development, its size (Murphy, 1995; Clarke and Tierney, 1992), the homogeneity of Irish society, and, not least, religion and the assumption that managers automatically draw on the moral teachings of the Catholic Church for guidance on ethical issues. This stands in contrast to the United States where, traditionally, there has been greater reliance on formal

codes of ethics and policies to clarify expected corporate ethical conduct (e.g. Palazzo, 2002).

In much the same way as cross-cultural leadership research has found that beliefs about leadership vary systematically across cultures (e.g. Den Hartog et al., 1999; Dickson et al., 2003; Gerstner and Day, 1994), we anticipate that the cultural values held by citizens of Ireland and the United States will shape their perceptions of ethical leadership. Existing cross-cultural research (Hofstede, 1980; Ronen and Shenkar, 1985) suggests a high degree of similarity in the dominant value orientations of the two countries, although this does not preclude cultural difference.

Similarities as well as differences between the two countries have been documented by research from the GLOBE programme of research. The GLOBE project researchers collected data from 62 countries during the mid-1990s to investigate the interrelationship between societal culture and preferred leadership styles. They surveyed middle managers in three industry sectors: financial services, food and telecommunications. The Irish GLOBE sample ($n = 156$) was collected in the food and financial services sectors, and the US sample ($n = 399$) in the food, telecommunications and financial services sectors. Using a seven-point response scale, middle managers indicated the extent to which a range of statements concerning how things *are* in their society, that is, common practices and behaviours (*as is* scales), and how they *should be*, that is, values (*as should be* scales), characterised their society. Definitions of the nine cultural dimensions included in Project GLOBE are provided in Table 1.

Table 2 provides a summary of the Project GLOBE results for Ireland and the United States. The results indicate that the cultural profile for Ireland and the United States is similar along five dimensions for practices (*as is* scores) and seven dimensions for values (*as should be* scores). Based on the overall pattern of similarity, GLOBE researchers assigned Ireland and the United States to an *Anglo* culture cluster (also containing Australia, Canada, England, New Zealand and white South Africa) (Ashkanasy et al., 2002; Gupta and Hanges, 2004). However, it is important to note that clusters provide universal classifications for which we must seek culturally specific explanations; hence, our interest in investigating two countries such as the United States and Ireland, which are located within the same

Table 1: Description of the Nine Globe Cultural Dimensions

Dimension	Definition
<i>Power Distance</i>	The degree to which members of a society expect power to be distributed equally
<i>Uncertainty Avoidance</i>	The extent to which a society relies on social norms, rules and procedures to alleviate unpredictability of future events
<i>Humane Orientation</i>	The degree to which a society encourages and rewards individuals for being fair, altruistic, generous, caring and kind to others
<i>Institutional Collectivism</i>	The degree to which societal institutional practices encourage and reward collective distribution of resources and collective action
<i>In-Group Collectivism</i>	The degree to which individuals express pride, loyalty and cohesiveness in their families
<i>Assertiveness</i>	The degree to which individuals are assertive, dominant and demanding in their relationships with others
<i>Gender Egalitarianism</i>	The degree to which a society minimises gender inequality
<i>Future Orientation</i>	The extent to which a society encourages future-orientated behaviours such as delaying gratification, planning and investing in the future
<i>Performance Orientation</i>	The degree to which a society encourages and rewards group members for performance improvement and excellence

Source: House and Javidan (2004).

cluster, but which are characterised by markedly different patterns of economic and social development. Furthermore, substantial differences exist in the cultural practices and values between Ireland and the United States in terms of *individualism–collectivism*, *assertiveness* and *humane orientation*. These cultural differences are important for understanding differences in beliefs about business ethics and leadership. We now examine quantitatively the similarities and

Table 2: Mean Culture Scores for Respondents from Ireland and the United States

Culture Dimension	Practices As Is		Values As Should Be	
	United States	Ireland	United States	Ireland
Uncertainty Avoidance	4.15	4.30	4.00	4.02
Future Orientation	4.15	3.98	5.31	5.22
Power Distance	4.88	5.15	2.85	2.71
Institutional Collectivism	4.20	4.63	4.17	4.59
Humane Orientation	4.17	4.96	5.53	5.47
Performance Orientation	4.49	4.36	6.14	5.98
In-Group Collectivism	4.25	5.14	5.77	5.74
Gender Egalitarianism	3.34	3.21	5.06	5.14
Assertiveness	4.55	3.92	4.32	3.99

Source: Based on data from House and Javidan (2004), Keating and Martin (2004).

differences in beliefs about ethical leadership and interpret the findings, taking into consideration the social, political, economic and cultural characteristics of each country.

COMPARING ETHICAL LEADERSHIP BELIEFS

Ethical Leadership Dimensions

The GLOBE study constitutes the most comprehensive empirical cross-cultural study of organisational leadership to have been conducted within the past decade (House and Javidan, 2004). GLOBE's research team developed leadership scales to measure 112 attributes or behavioural descriptors of leaders (e.g. autocratic, benevolent, nurturing, visionary) (see Hanges and Dickson, 2004). Middle managers from 62 societies were surveyed and were asked to rate each descriptor on a seven-point scale ranging from 1 – *This behavior or characteristic greatly inhibits a person from being an outstanding leader* to 7 – *This behavior or characteristic contributes greatly to a person*

being an outstanding leader. As the GLOBE leadership scales were not originally designed to assess ethical leadership, Resick and colleagues (2006) used Q-sort and factor analysis methodologies to derive a fifteen-item, four-factor ethical leadership measure.

In brief, members of the Resick et al. (2006) project team conducted a Q-sort exercise in which they reviewed the list of 112 GLOBE leadership attributes and identified all attributes which matched the theoretical descriptions of ethical leadership. This purpose of this step was to determine if the GLOBE scales could be used to study ethical leadership. Next, the researchers asked six graduate students enrolled in a PhD programme in industrial/organisational psychology in the United States, who were familiar with leadership research, to complete the same Q-sort exercise. The graduate students were presented with a list of the GLOBE leadership attributes along with a definition of ethical leadership and asked to identify the attributes that best represented ethical leadership. Next, the researchers identified a total of 23 items for which at least two-thirds of the raters indicated that the item represented ethical leadership. Then, the researchers conducted an exploratory factor analysis using responses from 13,537 middle managers in Project GLOBE. The 23 leadership items were then standardised within countries and subjected to the exploratory factor analysis. Four factors were identified which could be clearly matched to aspects of ethical leadership derived from the review of the literature. These factors include *character/integrity*, *altruism*, *collective motivation* and *encouragement*. The GLOBE attributes did not match up with the *ethical awareness* or *accountability* aspects of ethical leadership: thus, these components were not addressed in their study. Resick et al. (2006) argued that their four-factor ethical leadership construct provides a useful starting point for examining beliefs about ethical leadership across cultures.

Preliminary Analyses

Prior to comparing the endorsement of the four dimensions of ethical leadership among middle managers from Ireland and the United States using data from Project GLOBE, we first wished to determine whether respondents from a matched Irish sample would identify the same attributes as the US sample or identify a different set

14 Comparative Study of Endorsement of Ethical Leadership

of attributes as representative of ethical leadership. That is, we wished to ascertain whether a sample of individuals in Ireland and the United States use similar or different leadership attributes to define ethical leadership. Specifically, we asked six Irish graduate students, researching in the organisational behaviour and leadership fields, to complete the same Q-sort exercise as their US graduate student counterparts.

The results of this exercise are summarised in Table 3. First, we examined the extent to which respondents from Ireland indicated that items composing the four ethical leadership dimensions were

Table 3: Percentage of Respondents Indicating That the Attribute is Indicative of Ethical Leadership

Leader Attribute	Factor	Overall	Ireland	United States
Attributes Included in the Four Ethical Leadership Dimensions				
Compassionate	Altruism	91.7%	83.3%	100.0%
Generous	Altruism	75.0%	66.7%	83.3%
Modest	Altruism	75.0%	66.7%	83.3%
Fraternal	Altruism	50.0%	33.3%	66.7%
Trustworthy	Character	91.7%	100.0%	83.3%
Just	Character	83.3%	100.0%	66.7%
Honest	Character	66.7%	50.0%	83.3%
Sincere	Character	66.7%	50.0%	83.3%
Confidence builder	Collective motivation	100.0%	100.0%	100.0%
Motive arouser	Collective motivation	83.3%	66.7%	100.0%
Group-oriented	Collective motivation	75.0%	66.7%	83.3%
Team-builder	Collective motivation	75.0%	66.7%	83.3%
Communicative	Collective motivation	66.7%	50.0%	83.3%
Morale booster	Encouragement	91.7%	83.3%	100.0%
Encouraging	Encouragement	83.3%	66.7%	100.0%

reflective of ethical leadership. For eleven of the fifteen attributes, two-thirds or more of the Irish respondents viewed the attribute as indicative of ethical leadership. For the remaining four attributes, there was less agreement. With regard to *character/integrity*, 50 per cent of participants from Ireland indicated that *honest* and *sincere* were reflective of ethical leadership. Similarly, for *collective motivation* half of the Irish respondents rated *communicative* as indicative of ethical leadership, and for *altruism*, one-third of the Irish respondents rated *fraternal* as an attribute of ethical leadership. Overall, the results of the Q-sort exercise indicate support for the applicability of the four dimensions for examining beliefs about the endorsement of ethical leadership in Ireland.

Quantitative Comparison

Our quantitative comparison is based on data from 554 middle manager participants ($n = 156$ Ireland, $n = 398$ United States) from Project GLOBE. First, we conducted a multivariate analysis of variance (MANOVA) to determine if there was an overall difference in the degree of endorsement by Irish and US middle managers across the four ethical leadership dimensions. Results indicated that an overall difference did exist; however, the magnitude of the effect was quite small ($\lambda = 0.938$, $F = 9.13$, $p < 0.01$, $\eta^2 = 0.06$). Next, we conducted four one-way analyses of variance (ANOVAs) to ascertain whether differences existed between middle managers from the two countries on the four dimensions of ethical leadership. Results indicated that respondents from Ireland and the United States differed in their endorsement of the *character/integrity* dimension to a statistically significant degree ($F = 12.05$, $p < 0.01$), although the size of the effect ($R^2 = 0.05$) and the differences in mean levels of endorsement (6.19 vs. 6.51 for Ireland and the United States, respectively) were quite small. It is interesting to juxtapose this finding with those of the Irish Q-sort: two of the four attributes that comprise this dimension, namely *honest* and *sincere*, were rated much less strongly by Irish Q-sort respondents as reflective of ethical leadership. For the remaining three dimensions of the four-factor ethical leadership construct, mean-level responses were nearly identical for middle managers in the two countries. The findings are listed in Table 4.

**Table 4: Descriptive Statistics and Analysis of Variance
Test of Differences**

Dimension	Ireland Mean	United States Mean	F	df	R²
Character/Integrity	6.19	6.51	27.26**	1,552	0.05
Altruism	4.68	4.74	0.68	1,552	0.00
Encouragement	6.30	6.34	0.39	1,552	0.00
Collective Motivation	6.29	6.32	0.18	1,552	0.00

$n = 156$ (Ireland), $n = 398$ (United States); ** $p < 0.01$.

As set out in Table 4, we can observe that across the two countries the average endorsement for each dimension was at or above the scale midpoint of 4.0 and was above 6.0 for all dimensions except *altruism*. This finding indicates that, on average, respondents from Ireland and the United States view *character/integrity*, *collective motivation* and *encouragement* as facilitators of effective leadership. Middle managers from Ireland endorsed the *encouragement* ($M = 6.30$) and *collective motivation* ($M = 6.32$) dimensions to an even greater extent than *character/integrity*. Beliefs about *altruism* were more neutral than the other dimensions in both countries.

In sum, the data have provided support for the use of the four-factor ethical leadership construct and furnished evidence of similarity in the endorsement of ethical leadership amongst Irish and US middle managers. Evidence of similarity is not surprising given that both Ireland and the United States are located in the *Anglo* cluster on the basis of similar (but not identical) cultural values. However, there are issues emerging from the data that require exploration and explanation within their own socio-cultural context. In particular, the Q-sort findings, not least for *character/integrity*, raise a number of questions around how complex constructs such as ethical leadership are both understood and enacted within particular cultures.

INTERPRETATION OF FINDINGS

In this section, we pursue a qualitative approach to explain the similarities and differences between the countries. We draw on available

literature on ethical leadership in the two countries and on the findings for Ireland and the United States on the nine GLOBE dimensions of societal culture.

Character/Integrity

Character/integrity, whilst viewed in both the United States and Ireland as facilitating effective ethical leadership, is one dimension where there is a statistically significant difference between Ireland's score (6.19) and that of the United States (6.51). The mean level of endorsement for respondents from the United States neared the top of the response scale and received the highest endorsement levels of the four dimensions. Further, when we review the findings of the Q-sort exercise, it is evident that the respondents see *character/integrity* differently: 100 per cent of Irish respondents indicated that *trustworthy* and *just* are reflective of ethical leadership, but only 50 per cent of the respondents identified *honest* and *sincere*. For US respondents the pattern is not as clear-cut: 83 per cent indicated that *honest*, *sincere* and *trustworthy* are defining attributes of ethical leaders and only 66 per cent identified *just*. The findings provide evidence of cultural variation in how the construct *character/integrity* is understood.

How can we explain the Irish pattern? In the primary GLOBE research, Irish beliefs about leadership were found to be characterised by a strong charismatic, team-oriented approach coupled with a participative and humane orientation (see Keating and Martin, 2007). Additionally, a review of available literature on leadership in Ireland asserts the centrality of integrity and trust as critical attributes of all leadership relationships (Keating and Martin, 2007; Kenny, 1987). For example, Alderson and Kakabadse's comparative empirical study (1994) of attitudes to business ethics amongst senior managers in Ireland, the United States and Britain revealed that honesty, an open management style and discipline are key qualities identified by Irish senior managers needed to produce effective performance. In Irish society, character and integrity are rooted more strongly in relationships within one's social network than in a set of obligations to outsiders. We point to two characteristics of Irish society as explanation. First, the small size of the country and the business community has traditionally supported a

reliance on informal networks to get things done (Murphy, 1995). A negative side to such arrangements became apparent in the 1990s. As Sweeney (1998: 27) elaborates: when ‘the same people keep meeting, and needing, each other in different roles’, the result can be ‘opportunities for individual gain capable of dissolving the moral character of key people’. Since the revelations of corporate scandals in Ireland in the 1990s, there has been a drive to achieve greater transparency and compliance.

Secondly, in-group loyalty, which is underpinned by high levels of both *in-group* and *institutional collectivism* in Irish society, has always been strong. It is possibly a residual manifestation of post-colonialism, linked to the need to ‘present a uniform face of resistance to the oppressor’ (Kenny, 1985: 73). Indeed, one reason cited for the improprieties within one of the country’s main banks, AIB, in 2002 and 2004 was the family-type culture in the organisation, which was centred on long-term camaraderie and fostered a climate of dishonesty. Michael Buckley, CEO of AIB, noted, in a lecture delivered at the University of Notre Dame in 2004, that the negative side of such a culture is that employees are concerned primarily with loyalty to their colleagues and, as a consequence, ethical issues may not be escalated.

Duncan (1994) concluded that in Ireland (with its Roman Catholic heritage) the practice of condemning the sin but not the sinner may create some duality within the Irish psyche towards *honesty* and *sincerity*. This can be illustrated by an example from focus groups conducted for the GLOBE study (see Keating and Martin, 2007): Irish middle managers had difficulty in identifying any Irish business person as an outstanding leader, but many named ex-prime minister Charles Haughey. Haughey’s career was surrounded by shady public and personal dealings, yet his vision and charisma appear to compensate for his lack of honesty. This willingness to disregard Haughey’s duplicity aligns well with the aforementioned willingness to forgive the sinner.

The strong endorsement of *character/integrity* amongst US respondents is consistent with previous US-based leadership research suggesting that leader character, integrity and trustworthiness are among the most important traits of effective leaders (e.g. Locke and Associates, 1999; Posner and Schmidt, 1984). These findings

resonate with themes identified by Trevino et al. (2003) from the open-ended interviews they conducted with 20 American executives about the characteristics of ethical leadership. They found that personal morality and doing the 'right thing', together with credibility, consistency, predictability and trustworthiness were among the most common characteristics raised by interviewees. The importance of leader character and integrity is reinforced in the best-selling popular press leadership books (e.g. Bennis, 1989) that provide prescriptive advice to managers on how to lead others effectively (Dickson et al., 2006).

A further explanation for the strong endorsement of this dimension is the highly individualistic culture that characterises the United States (see Dickson and Den Hartog, 2005). This is reflected in the positioning of the United States on the GLOBE societal cultural dimensions: *in-group collectivism* and *institutional collectivism*. In individualistic cultures there is a strong focus on the individual as opposed to the social group (e.g. department, organisation, etc.) (Hofstede, 1980), and ethical behaviour is viewed in more absolute terms (e.g. Jackson, 2001). In the United States leaders are set apart from followers and become the focal point for the groups' actions and decisions. For this reason, followers expect their leaders to demonstrate clearly integrity, honesty and a sense of right or wrong, as these are prerequisites for trusting the leader to make appropriate decisions for the group and to follow through on the commitments they make.

Altruism

Irish and US middle managers endorsed the *altruism* dimension of ethical leadership to a lesser extent than the other three dimensions. Altruism is viewed as only slightly enhancing a leader's ability to be effective.

In the case of Ireland, the results of the Q-sort exercise indicated that two-thirds or more of the respondents viewed three of the attributes – *compassionate*, *generous* and *modest* – as indicative of ethical leadership; the percentage for *fraternal* is smaller. By contrast, a higher percentage of the American respondents selected all four attributes. If one juxtaposes the Q-sort results with the scores for the two countries on the GLOBE societal culture dimension

humane orientation, which refers to how much a society rewards or encourages its members for being fair, altruistic and caring towards others, we see that Irish middle managers record much higher levels of *humane orientation* for practices (4.96) than their American counterparts (4.17). In fact, Ireland ranks third out of all the sampled countries on this dimension for practices and scored even higher on the *humane orientation* values scale (5.47). The very strong endorsement of *humane orientation* by Irish middle managers for practices leads us to assume that *altruism* would be more strongly endorsed in Ireland than the United States, but also that it would have achieved a higher mean score than 4.68. We also expected to find a higher percentage of Irish respondents to the Q-sort exercise to identify *compassionate* and *generous* as reflective of ethical leadership. Equally, the lower level of *assertiveness* in Ireland than in the United States for both practices and values might have led us to expect that a higher percentage of Irish Q-sort respondents than their US counterparts would identify *modesty* as indicative of ethical leadership. However, this is not the case.

The evolving social, economic and religious fabric of Irish society helps us to understand the scores for *altruism*. Irish middle managers and Q-sort respondents may be articulating the realisation that compassion and generosity, which as part of the country's Catholic heritage were so deeply engrained in the Irish psyche as to have been taken for granted, are being sacrificed as a result of Ireland's sustained economic growth with its focus on performance and achievement. This emphasis on performance was very pronounced in both the food and financial services industries in which the Irish GLOBE data were collected (Keating and Martin, 2007).

Furthermore, the economic turnaround and business successes on the international stage have contributed to a growing self-confidence within Irish society and the Q-sort findings for *modesty* may simply mirror the self-assurance of a younger and highly educated generation. In the past, *modesty* was seen as a reaction to what Kenny (1985: 73) refers to as the 'Irish taboo against exhibitionism', which frowns upon any display of superiority or dominance, and is similar to attitudes that appear under different names in other post-colonial societies (e.g. Australia's tall poppy syndrome; Ashkanasy and Falkus, 2007). The identification of *modesty* as characteristic of

ethical leadership is compatible with the espoused lower levels of *power distance*, a desire to maintain existing low levels of *assertiveness* and high levels of *in-group collectivism* in Irish society.

Regarding levels of endorsement among the middle managers from the United States, the findings reflect the high levels of *performance orientation*, *assertiveness* and *individualism* characterising US culture, which results in a greater emphasis on the task than on relationships in the workplace. In the United States, a focus on the interpersonal competence of leaders emerged with the human relations movement of the 1950s and 1960s: managers became aware of the importance of demonstrating consideration for the wants and needs of their staff (see Bass, 1990). Trevino et al. (2003) found that the majority of executives interviewed in their study indicated that an important characteristic of ethical leadership is treating people well. The findings suggest that whilst treating staff well is important for leading ethically, it is somewhat less important for leading effectively in the United States.

Collective Motivation and Encouragement

There is strong endorsement of *collective motivation* and *encouragement* as important for effective leadership in both Ireland and the United States. Middle managers in the United States endorsed both the *encouragement* ($M = 6.34$) and *collective motivation* ($M = 6.32$) dimensions to approximately the same extent. These two dimensions represent behaviour aspects of ethical leadership (Resick et al., 2006), reflecting a need for leaders to engage in actions that promote teamwork, communication and morale among their followers. Of the four dimensions of ethical leadership, Irish middle managers demonstrated the strongest endorsement of these two dimensions. The findings should be interpreted against the backdrop of the growing focus on performance and achievement in Irish business. The country's rapid economic and social development in the 1990s together with the demands of global competition and the introduction of performance-management-type systems in organisations – a spillover effect from the United States – have contributed to the growth of a performance ethic. In fact, Ireland is located in the top band of sampled countries on the dimension *performance orientation* for practices, alongside the United States, and

middle managers in both countries espouse higher levels of performance. This emphasis on performance is underpinned in Ireland by a collectivist and team orientation.

The GLOBE study revealed that Irish managers endorse a consensus- and team-based leadership style, which sees the leader inspiring the followers to work towards his or her vision and demonstrating commitment to them (Martin et al., 2004). This is compatible with the country's positioning on dimensions of societal culture such as *in-group* and *institutional collectivism*, *power distance* and *performance orientation*. Inspiring confidence and encouraging employees 'to go beyond their self-interests for the good of their group, organization, or society' (Bass, 1998: 171) is a feature of transformational leadership, to which Irish middle managers subscribe. Ethical leaders are encouraging and empowering thereby enabling their followers to achieve a sense of personal competence, which constitutes the basis of greater self-sufficiency (Bass and Steidlmeier, 1999; Gini, 1997).

By contrast, the similar levels of endorsement of these dimensions in the United States may reflect the individualistic nature of US society. On the surface, this explanation appears to contradict our observations about the collectivistic nature of Irish society; however, a deeper examination of the characteristics of individualistic cultures is necessary. Jackson (2001), echoing Bass (1998), has suggested that in individualistic societies people are likely to view behaviour that involves an 'equalitarian commitment' to their relationships with the group as ethical. An 'equalitarian commitment' involves putting aside self-interests and working towards the group's shared goals. The ethical leader then motivates members of the group to work together towards the group's goals: those leaders who do so are viewed as effective in achieving goals and bringing about the rewards that follow. In this context, it is also useful to recall that, consistent with higher levels of individualism, US leaders are set apart from the group in a position of authority and become the focal point for the groups' actions and decisions (see discussion of *character/integrity*).

The positive endorsement of *collective motivation* and *encouragement* as features of ethical leadership could be reflective of ongoing efforts in Ireland to promote greater collective responsibility in

dealing with a variety of corporate and societal administrative and behavioural matters. This mirrors the shift away from the solitary leader at the top to leading through the top management team (Flood et al., 2001; Kakabadse et al., 1995), perceived as offering better safeguards against unethical behaviour and abuse of power insofar as it makes leaders and followers 'reciprocally co-responsible in the pursuit of a common enterprise' (Gini, 1997: 326).

One interesting finding in relation to *collective motivation* concerns the lower percentage of respondents from Ireland who identified the attribute *communicative* as characteristic of ethical leadership. Existing research on ethical leadership in Ireland suggests that CEOs see themselves as exercising an important influence on the behaviour of employees. This underpins the transactional dimension of ethical leadership. Alderson and Kakabadse's study (1994) showed that Irish CEOs view their role as culture creators as critical in diffusing ethical conduct in the organisation. The study also revealed that Irish managers are less convinced than US managers of the need for a code of ethics in every company and industry. This reflects the much longer tradition of US organisations using codes of ethics and the greater scepticism of European companies towards such codes (Robertson and Schlegelmilch, 1993), although it may also be a factor of organisational size. Alternatively, these findings may reflect the litigious nature of US society, and the need for legalism to protect one's self or company from liability.

CONCLUSIONS

This paper set out to build on the research conducted by Resick et al. (2006) to explore perceptions of ethical leadership in Ireland and the United States. First, the results of the Irish Q-sort exercise reveal support for the four dimensions of ethical leadership derived from the GLOBE scales. Then, looking at the endorsement of ethical leadership across the two countries, the one ethical leadership dimension which middle managers from Ireland and the United States endorsed to a statistically significant degree is *character/integrity*, although the size of the effect and the differences in mean levels of endorsement are small. Our within-country analysis has demonstrated that behind the apparent similarity in the level of

endorsement of three of the four ethical leadership measures by Irish and US middle managers there are culturally specific explanations. For example, cultural assumptions about individualism and collectivism appear to exert a particularly strong influence on perceptions and the enactment of ethical leadership.

We are also conscious that for *character/integrity* a smaller percentage of Irish respondents to the Q-sort exercise rated two of the four attributes composing this dimension as reflective of ethical leadership. In general, the Q-sort exercise results raised some questions about the way ethical leadership is defined in Ireland. For this reason, we feel that additional research regarding culturally specific characteristics of ethical leadership is needed. This is particularly important given that the current research is based on the use of the GLOBE leadership scales, which were not originally designed to measure ethical leadership, and that our Q-sort samples were small.

Future research should build on these findings and examine how ethical leadership is conceptualised in Ireland and the United States using a combination of research methods, including open-response questionnaires and traditional closed-response survey questionnaire formats to explore more comprehensively the important culture-specific and shared attributes that characterise definitions of ethical leadership in the two countries. For open-response formats, a sample of thirty or more managers would generate a potentially rich source of data on how ethical leadership is understood. In addition, surveying a larger sample of managers and graduate students in both Ireland and the United States would offer more representative and reliable insights into the generalisability of the four-factor ethical leadership construct, in this way, addressing the limitations of the predictability of the current findings as a consequence of the small sample size. Furthermore, it would allow us to ascertain if the practitioner perspective differs from that of the graduate students, who, for the most part, have limited or no organisational experience.

We also believe that it would be interesting to examine the ethical leadership beliefs of a sample of CEOs; to date, our research has focused primarily on the follower perspective. In the light of the findings of the current study, it would seem appropriate to investigate the possible existence of varying assumptions about ethical leadership amongst different cohorts across cultures.

The research conducted for this current paper raises questions about semantic equivalence (see Harzing et al., 2005). Before the GLOBE questionnaires were distributed to middle managers in the mid-1990s, they were subject to translation and back-translation procedures to ensure semantic equivalence across cultures. Within the English-speaking cultures, the local research teams carried out a range of checks to ensure equivalence of meaning. This was not the case with the Q-sort respondents in this study and it may help to explain some of our findings. For example, one attribute within the *altruism* dimension that is identified by only one-third of the Irish Q-sort respondents is *fraternal*. The definition provided in the GLOBE questionnaire was 'tends to be a good friend of subordinates'. If Irish Q-sort respondents understood *fraternal* in this way, the low identification of this attribute could be explained in the following terms: in Ireland people tend to relate to each other as equals in a familiar way, regardless of position or status, yet, underlying this behaviour everybody knows their place (Keating and Martin, 2007). An alternative and more pragmatic explanation is that the respondents from Ireland and the United States conceptualised this attribute differently. To address possible issues around semantic equivalence, it would be interesting in the next stage of our research to provide some respondents with definitions of each leadership attribute. This could enable us to compare response patterns not only across the different cohorts (i.e. middle managers, CEOs, etc.), but also within these cohorts.

In conclusion, this paper underlines the advantages of interpreting quantitative findings through exploring the interface between societal culture and ethical leadership. At the macro-level, the quantitative comparison has revealed broad similarities between the two countries, which is consistent with culture cluster theory. At the micro-level, the qualitative explanation has provided culturally specific explanations for identified similarities and differences. The social and economic costs of unethical leadership are enormous. For example, a recent study by RSM Robson Rhodes (2005) reported that economic crime cost Irish business some €2.5 billion in 2004. These high costs, coupled with the ever-increasing globalisation of the workforce, highlight the need for researchers to examine differences in beliefs about ethical leadership across cultural boundaries.

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Improving Merger Process Management Skills Over Time: A Comparison Between the Acquisition Processes of Jaguar and of Land Rover by Ford



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ABSTRACT

The main purpose of this paper is to investigate what the critical factors underpinning successful merger and acquisition process management are and how organisations can improve their skills on managing these key factors. To do so, this paper examines similarities and differences between Ford's acquisition of Jaguar in 1989 and its acquisition of Land Rover eleven years later. It confirms past results of the literature that learning plays an important role, investigates major aspects of organisational learning, but additionally identifies the crucial factors for merger success. It concludes that, from experience, organisations gain specific execution skills that are essential to the management of merger processes.

Key Words: Merger; Acquisitions; Process; Management; Strategy.

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INTRODUCTION

Companies which have consistent strategies of achieving growth by acquisition and are experienced in merger activity are more successful than those who have less experience of external growth, or merely react to a merger. Experience brings execution capabilities that are critical to the merger process (Testa and Morosini, 2001; Meschi and Metais, 2006) and, on the other hand, instead of having to react quickly trying to take advantage of a sudden merger opportunity, companies are able to plan what resources, competencies, products and markets they want to develop in anticipation. Where growth is pursued via a well-worked-out strategy for mergers and acquisitions, it is easier for firms to scan the industry and choose suitable targets. Companies that pursue external growth on an unplanned basis may not have appropriate resources in terms of people and skills available at the critical time, and may be unable to take full advantage of all the potential benefits of scanning opportunities.

In this paper two mergers, separated by a decade, and involving the same acquirer, Ford, are analysed. During this period the auto industry was subject to serious macroeconomic pressures. The major trends of global consolidation and fragmenting consumer demand, fuelled by rising incomes and increasing development costs driven by tighter environmental legislation and increasing competition, provided the backcloth for strategic decision-making. Ford wanted to extend its market to include the growing and potentially profitable luxury car sector. The Ford brand itself was, and is, associated with mass-market vehicles rather than luxury vehicles. Its US-based luxury brands, Lincoln and Mercury, do not sell well outside the United States and were associated with an ageing buying population. The option of creating a new brand (as Toyota did with Lexus) was rejected on the grounds of cost and the time needed to establish a new brand successfully in a highly competitive market (Scheele, 2004). The remaining option was external acquisition of existing luxury brands, Jaguar in 1989 and Land Rover in 2000.

METHODOLOGY

The underlying methodology is that of the case study. Since the focus of this study is to compare how Ford managed the critical

merger process in two acquisitions, this methodology seems appropriate because it builds from rich qualitative evidence (Eisenhardt and Graebner, 2007). The primary source of data is a series of interviews with senior managers of the companies involved, for example, Nick Scheele, former Ford World President and CEO (now Sir Nick Scheele), Bob Dover, former Chairman of Jaguar/Land Rover, and John Towers, former Chairman of Rover (see Table 1).

All the interviews were conducted by the authors. Two interviews took the form of pre-arranged telephone conference calls and the remaining ones were face-to-face. All the interviews were semi-structured and a common base interview schedule was used.

Table 1: Record of the Interviews

Sir Nick Scheele – Former Ford World President and CEO
Mr John Towers – Former Rover Chairman
Prof. Bob Dover – Former Jaguar/Land Rover Chairman
Mr Mark Foster – Former BBC Midlands Business and Industrial Correspondent. He is the current Jaguar/Land Rover Director of Communications
Mr Bob Ainsworth – MP for Coventry (Former Jaguar shop steward)
Mr Vincent Hammersley – Former Director of Communications for BMW/Rover
Mr Des Thurlby – Jaguar HR Director
Mr Ken Giles – Former Jaguar’s Programme Office Director who covered the concept planning and introduction of all new model programmes at the time of the acquisition
Mr Paul Stokes – Ford Director of Purchasing for the European operations covering Land Rover, Jaguar, Aston Martin, Volvo and Ford of Europe
Mr Rob Lummis – Head of HR at the manufacturing site at Solihull – Land Rover
Mrs Joy Batchelor – Team Leader in the Warwickshire Manufacturing Group
Mr Markus Sinclair – Jaguar/Land Rover HR Policy and Programmes Manager

Interviewees were given a brief summary of the areas to be covered in advance. The interview data were supplemented by analysis of contemporary documentation including industry analysts' reports, newspaper articles and company documents. This also provided a check on the potential bias in interview data.

To follow a comparative case study analysis, we have selected two acquisitions undertaken by the same acquirer over a period of time. Since the aim of this study is to develop theory, not to test it, a theoretical sampling has been chosen. This seems to be adequate, as the cases have been 'selected because they are particularly suitable for illuminating and extending relationships and logic among constructs' (Eisenhardt and Graebner, 2007: 27). The acquired firms chosen were Jaguar and Land Rover because both were of much the same size, both were located in the traditional automotive industry heartland of the UK and both had broadly similar heritages and cultures. Both lacked the scale and resources to develop new models effectively and undertake the renewal of facilities. Thus we are positing that, despite the time gap between 1989 (the year of the Jaguar acquisition) and 2000 (the Land Rover takeover), the two target companies were broadly comparable. In addition the strategic intent of Ford was the same in both cases. Given that many of the environmental variables in the two merger cases are similar, then the passage of time becomes a major consideration in its own right. In particular it is asked whether Ford learned anything about merger processes over the intervening period and how that learning occurred, for example, through learning from errors and/or gaining an increased sensitivity for what the critical issues are. It is also worth noting that Ford made other acquisitions in the 1989–2000 period, notably that of Volvo.

Although the aim of this research is not to evaluate the success or failure of these two acquisitions, but rather how Ford improved its merger process management skills, there are some limitations in terms of merger performance measurement. The main reason is that there was very limited 'hard' performance data available. This was especially due to the fact that the corporate parent, Ford, only publish corporate group accounts. To overcome this obstacle the authors have used the 'goal' model,¹ where managers were asked to what extent the merger could be considered a success or a failure.

The problem with this method is that their assessments might still carry a high level of subjectivity according to what their expectations were and they may have tried to put a more favourable interpretation on the merger performance.

LITERATURE REVIEW

Despite the fact that mergers and acquisitions are two of the main methods of development, most companies fail to realise the gains from them by not having an overall consistent strategy for growth, thus missing the opportunity to learn from a continuous and accumulated experience of merger activity (Kitching, 1967; Jemison and Sitkin, 1986; Krishnan et al., 1997; Inkpen et al., 2000; Testa and Morosini, 2001; Vermeulen and Barkema, 2001; Hayward, 2002; Zollo and Singh, 2004; Meschi and Metais, 2006). Testa and Morosini (2001) claim that a continuous learning approach to merger activity can increase the chances of success because, from experience, companies gain specific execution capabilities that are critical to conducting the merger process (Vermeulen and Barkema, 2001).

Hayward (2002) uses the 'organisational learning theory' as the basis for his empirical research and asserts that managers gain experience in developing standardised routines so as to make mergers, which can be applied in future cases. He analysed a sample of 535 mergers accomplished by 100 US domiciled companies between 1985 and 1995 and concluded that experience is the principal means through which pre- and post-merger skills are gained (Hayward, 2002). The merger process is complex and despite being one of the main means used by companies to grow, their implementation has proved difficult and the rate of failure has been around 50 to 60 per cent (Kitching, 1967; Pritchett et al., 1997; Testa and Morosini, 2001; Schoenberg, 2006). The received wisdom is that companies should carefully appreciate various aspects associated with the pre-merger stage, which will strongly influence the successful or unsuccessful outcome of the merger. Choosing the right partner, making a thorough evaluation of its real strengths and weaknesses and paying the right price become essential at this stage (Jemison and Sitkin, 1986; Schweiger et al., 1993; Datta and Puia, 1995; Anslinger and Copeland, 1996; Inkpen et al., 2000; Bower, 2001; Hayward, 2002; Graebner and Eisenhardt, 2004).

The post-merger implementation has proved generally to be the most critical phase in the merger process. Most companies fully explore the legal and financial aspects of the merger but often fail to consider thoroughly how the new organisation will be operated and managed after the deal. Organisational, cultural, personnel and process issues need to be carefully designed and executed in a way in which companies can combine their operations and achieve the possible benefits of the merger within the right time (Kitching, 1967; Leighton and Tod, 1969; Pritchett et al., 1997; Morosini, 1998; Inkpen et al., 2000; Bower, 2001; Light et al., 2001; Testa and Morosini, 2001; Zollo and Singh, 2004; Lodorfos and Boateng, 2006; Riad, 2007).

Therefore, it can be asserted that mergers' success or failure mostly depend on the capacity of managers to manage these pre- and post-merger critical success factors in order to be able to take advantage of the synergies that the combination of the two firms offer. Since cross-border mergers are situations where differences in national values, routines and repertoires are obviously more likely to exist than in domestic situations they may be, on the one hand, more difficult to execute, but on the other hand, they may provide a richer knowledge base to break the rigidities of firms involved in the process, through knowledge, skills, routines and people interchange.

CASE ANALYSIS: PRE-MERGER CLIMATE

Unfavourable external macro- and micro-environment factors in the late 1980s combined with internal problems led the way to the sale of Jaguar. It has been argued that Jaguar did not have critical mass, could not fund new products, had basically sapped out all the investment potential that was in the business and that it could not have survived as an independent company (Dover, 2004). Independently of the performance of the company, the then strongly pro-privatisation Conservative government wanted to sell Jaguar at a time when its management was extremely concerned about the future ownership of the company. Simultaneously Ford made clear its intention of acquiring it (*Independent*, 21 April 1989). In the event this takeover proved to be a contested situation. From the very beginning when Ford announced its plans to take control of the company, its advances were perceived by Jaguar's management team as a hostile takeover (*Independent*, 20 September 1989).

Because the potential Ford takeover was perceived as unwelcome, Jaguar's management sought to find ways of preventing the acquisition. They tried to find a 'white knight', a buyer who would make only a partial acquisition and not a full controlling takeover and leave Jaguar's current management team in place. The potential alternatives to Ford were other carmakers such as General Motors (GM), Daimler, Volvo, Fiat, Peugeot and Volkswagen (VW); of these, GM was Jaguar's preferred saviour (*Independent*, 21 April 1989). When GM acquired Lotus, it invested large sums of money into the company and left the management team to continue running the company. However, the resort to both defensive mechanisms, the government's golden share and the search for a 'white knight', failed. In an interview with the authors Nick Scheele, former Ford World President and CEO, who was President of Ford of Mexico at the time of the acquisition, and who then became Jaguar's Chairman and Chief Executive between 1992 and 1999, asserts that 'when the government removed the golden share we decided that because of all the strategic reviews that we'd had previously, we would move to acquire Jaguar. Recognising that Jaguar had talked so extensively with GM, we decided (a) we had to bid for a hundred per cent and (b) we had to make it a close-out bid, which is what we did' (Scheele, 2004).

In contrast, the merger climate surrounding the acquisition of Land Rover by Ford in 2000 took place in a very different manner. Rover was acquired by BMW in 1994. However, six years later, and despite all the investments made by BMW in the Rover business, it was still in red and without any prospect of improvement. In a personal interview Rob Lummis, current Head of HR at the manufacturing site at Solihull, asserts that Land Rover was a company, part of Rover, a group that was losing money and financially struggling (Lummis, 2004). Consequently, in March 2000 BMW announced that it was going to dispose of the Rover group in various ways and BMW announced 48 hours later that Ford Motor Company was going to purchase Land Rover (Lummis, 2004).

The announcement that BMW was selling the company created a climate of general surprise: 'there was some disappointment and surprise from various groups when it was initially announced and then people felt that this could be good for us as a business'

(Lummis, 2004). After the immediate initial shock, employees at Land Rover generally had positive expectations about the prospects of working under Ford's parenthood. The merger atmosphere in which this acquisition took place was one of 'collaboration'. This was because, on the one hand Rover's parent, BMW, was willing to sell the company to Ford and, on the other hand, Land Rover managers had a positive regard for Ford. The fact that Ford had been in the UK since 1911 perhaps gave it a closer appreciation of British national culture than BMW (Lummis, 2004). However, the way Ford had handled the Jaguar acquisition eleven years before, respecting and preserving the 'Britishness' of the Jaguar brand, may also have played an important role. Contrary to the acquisition climate of Jaguar in 1989, when Ford was initially perceived as an invasive predator, a positive merger integration experience with Jaguar created a favourable perception of Ford. Thus the growth strategy and experience that a company has in terms of merger activity will affect the way it is perceived by potential partners and a favourable perception of the acquirer may facilitate the merger process.

The Logic of Acquisition

Mergers are transactions in the market for corporate control and are motivated by a variety of reasons, which may differ between instances. Ford's acquisition of Jaguar represented a continuation in corporate growth strategy, following its earlier purchases of Aston Martin and AC Cars and its unsuccessful attempts to buy Land Rover, Saab and Alfa Romeo (Flint, 1989; Scheele, 2004). The rationale behind these acquisitions was that the luxury car market was the fastest growing auto market segment and buying Jaguar would allow Ford to strengthen its market presence therein, especially as its American brands, Lincoln and Mercury, had proved unsuccessful in penetrating the European market. Scheele (2004) points out that from a study Ford had done in the early-to-mid-1980s they concluded that the profitable growth in the automotive industry would principally come in premium brands because people were moving up-market. Three options were considered: (i) internal development using their existing brands, Lincoln and Mercury, trying to move them globally, (ii) internal development by doing what

Toyota had done with Lexus and create a fresh brand or (iii) external development through the acquisition of an existing premium brand and improving it.

Scheele (2004) argues that the first option was rejected because Lincoln was a brand that would not naturally lend itself to being a global product. He asserts that the second option was also laid aside because it was considered too time consuming and would have cost about \$10 billion. The external option was favoured because it offered immediate access to an established and prestigious brand, and the accompanying dealership and market share (Dover, 2004; Giles, 2004; Scheele, 2004). In a personal interview Ken Giles, Jaguar's Programme Office Director who covered the concept planning and introduction of all new model programmes at the time of the acquisition, asserts one of the reasons why Ford favoured this external method of development was because it would be much quicker than having to develop a new brand from the beginning (Giles, 2004). Dover adds that Ford wanted 'to acquire a prestige nameplate without the trouble of creating the brand' (Dover, 2004). Scheele argues that what 'Jaguar offered was (a) it was a known brand, (b) it had an image and (c) it had a distribution system' (Scheele, 2004). He argues that, above all, Ford acquired Jaguar for its brand (Rubythorn, 1993: 79; Scheele, 2004).

With regards to the acquisition of Land Rover, Lummis (2004) argues that Ford had the opportunity to acquire a company that enabled it to extend its range of premium products because Land Rover was purchased and placed within the Premier Automotive Group (PAG) of Ford. He states that 'the opportunity was there because BMW expressed themselves willing to actually sell Land Rover' (Lummis, 2004). In a personal interview Markus Sinclair, Jaguar/Land Rover's HR Policy and Programmes Manager, strengthens this idea by arguing that Ford had previously sought to buy Land Rover and had been unsuccessful at the time; therefore, when an opportunity did avail itself to get into a segment that had proved to be very profitable, they then sought to take that opportunity (Sinclair, 2004). It can then be argued that Ford acquired Land Rover for similar reasons it had acquired Jaguar: a product development strategy to strengthen its presence in the luxury market and achieve geographical market expansion. It acquired a company with

a strong brand and leading products in the European four-wheel-drive sports/utility Land Rover and Range Rover, models that were also sold widely in the Far East and the United States. The acquisition of Land Rover completed the formation of Ford's PAG, with the objective of targeting the upper segments of the car market, especially in Europe. The other companies that were part of this group were Aston Martin, Jaguar and Volvo. In a personal interview Joy Batchelor, Project Leader at the Warwickshire Manufacturing Group, also strengthens this idea by arguing that Land Rover clearly fitted into Ford's premium product strategy, the PAG strategy (Batchelor, 2004).

Evaluation of the Strengths and Weaknesses of the Target

Evaluating the strengths and weaknesses of the targeted company in a merger exercise has generally been acknowledged as a difficult process (Kitching, 1967; Hennart and Reddy, 1997). The fact that these two acquisitions were cross-border mergers would normally have required an additional effort in the process of evaluating and understanding their differences in political, economic, legal and cultural domains, but the fact that Ford had been in the UK since 1911 meant that these were taken as understood.

Time is at a premium during merger evaluation. Kitching (1967) posits that successful companies are distinguished by their ability to weigh the strengths and weaknesses of potential acquisitions quickly. In the case of the Ford/Jaguar acquisition there was not much time for a thorough evaluation.

Ford literally came in and bought the company within 24 hours. When they purchased Jaguar, what they thought they were getting they did not get. They thought they had a company with a solid future model programme and it just was not there (Giles, 2004).

Batchelor supports this point, arguing that 'the course of events appeared to be not particularly well thought through. Everything happened in quick succession, so whether Ford had sufficient time in the process of due diligence to actually go through everything with a fine toothcomb is possibly open to question' (Batchelor,

2004). In a personal interview Bob Ainsworth, current Member of Parliament for Coventry and former Jaguar shop steward, strengthens this idea, asserting 'I have little doubt that they thought that Jaguar was worth a lot more than it was' (Ainsworth, 2004). Obviously, this lack of experience and capacity in weighing the strengths and weaknesses of the target in a short period of time strongly contributed to a poor evaluation process. This resulted in the overestimation of the Jaguar brand and the underestimation of the investment requirements in terms of new model development, facilities and equipment. Giles asserts that Ford had to make an investment of over £2 billion in new model developments, new factories, new paint shops and new work facilities. He argues that when Ford realised what they had actually bought they discovered that their analysis of the real strengths and weaknesses of the company was singularly incomplete.

In contrast, Lummis (2004) states that Ford were more thorough in their evaluation of Land Rover, even though they had to act quickly and knew that Land Rover was part of a loss-making group and suffered from under-investment and serious quality problems (with the exception of the new Freelander facility). Land Rover was a company that was part of a group which was losing money and struggling financially. Lummis portends that it was a company where the quality of its products was 'not brilliant' and, as a business, the site required high levels of new investment. It had a new paint shop and a new facility built to assemble Freelanders, but it did not really have a proper products cycle plan going forward.

Sinclair (2004) argues that there was a better understanding in terms of the product portfolio than in terms of the facilities and the fabric of the business. To support this assumption he suggests that 'at one stage it was not clear but it appeared to be that they did not know that they were buying' the engineering centre in Gaydon (Sinclair, 2004). One of the reasons explaining this may have been the speed at which everything happened, since BMW put Land Rover for sale. Similarly to what had happen in the acquisition of Jaguar, Ford had to act quickly to take advantage of this unique opportunity.

The need to react quickly to take advantage of sudden available merger opportunities did not allow Ford to benefit from any type of

‘courtship period’ with the target companies. Although the impact of having a courtship period on merger processes has not yet been extensively researched, some authors argue that when firms recognise a potential suitable partner and have the possibility to experiment in a courtship period before a definitive deal, the merger implementation will be much more successful (Chung et al., 2000). This should be so because a courtship period gives the possibility for partners to know each other better by cooperating on short-term common projects, and make an evaluation, not just based on the usual strategic and financial aspects, but also on the more subtle cultural issues that ultimately tend to manifest during the implementation stage.

Before acquiring Jaguar, Ford had not had any courtship period with the company. This shows that Ford, by not having had a courtship period before deciding to acquire Jaguar, and because of its lack of experience and capacity in weighing the strengths and weaknesses of the target in a short period of time, strongly contributed to a poor evaluation process which resulted in the overestimation of the Jaguar brand, and the underestimation of the investment requirements. Eleven years later, Ford again missed the opportunity of having a courtship period with Land Rover or with its owner at the time, BMW (Lummis, 2004).

POST-MERGER INTEGRATION APPROACHES AND IMPLEMENTATION MANAGEMENT

Mergers are undertaken within different contexts and for different reasons and implementation strategies should reflect the rationale behind the merger. Given Ford’s historical approach in terms of providing strong leadership and the need to generate economies of scale in production and exploit the economies of scope of the combined company’s knowledge base, it was quick to take an active role in running Jaguar’s operations. ‘The melding of the two companies started out deliberately. Jaguar men have been to Detroit, and Ford executives are starting to swarm around the Jaguar operations in Britain’ (Flint, 1990). On 27 March 1990, after a brief transition period of four months, John Egan was replaced as Jaguar’s Chairman by Bill Hayden, a British executive from Ford (*Industry Week*, 1990). According to Giles (2004), the main reason why Bill

Hayden was appointed to run Jaguar immediately after the acquisition was because he was a brilliant manufacturing man. Ainsworth asserts that, 'For the first time in a very long time, we had a chairman who really knew what he was talking about. He knew how a car was built; he lived and breathed car production' (Ainsworth, 2004). Dover suggests that as a result, several of the Ford routines and processes, especially quality measurements, were adopted by Jaguar and Jaguar moved from the bottom of the quality table to the top very quickly (Dover, 2004). In a personal interview Paul Stokes, current Ford Director of Purchasing for the European operations covering Land Rover, Jaguar, Aston Martin, Volvo and Ford of Europe, asserts that another immediate benefit of being part of Ford was the leverage effect in terms of purchasing bargaining power (Stokes, 2001).

At Jaguar, Ford pursued the objective of reducing costs through gains related to purchasing, manufacturing and, especially, marketing in the search for synergies through integrating the relevant departments in both firms (Pritchett et al., 1997). However, total integration was never attempted, as Ford was well aware of the importance of persevering with the 'Britishness' of the Jaguar brand. Perhaps this was also to preserve country of origin effects in overseas markets so that the product would not be confused with its Blue Oval volume models (Ainsworth, 2004).

However, independently of the integration approach adopted, acquisitions always represent a huge step in moving into something new. Testa (2000) argues that change is the usual scenario for organisational activity and, as a result, the need for change becomes an integral part in the culture of the organisations. The existence of an implementation management capable of enacting the critical amount of change is crucial for companies involved in merger activity (Testa, 2000; Testa and Morosini, 2001; Hyde and Patterson, 2002; Jeris et al., 2002). When Jaguar was acquired by Ford there were two groups of people in Jaguar with different perceptions of the acquiring company and different levels of resistance to change: 'old school' Jaguar people, viewing themselves as 'elite', presented some resistance to change, but the acquisition was like a breath of fresh air to those who were fairly new and had yet to become fully integrated into Jaguar's almost hide-bound traditional culture

(Giles, 2004; Stokes, 2004). Within a period of between six and nine months after the acquisition, three of the four plant directors that were there when Hayden started were gone (Stokes, 2004). Though there were also some internal Jaguar promotions, new senior staff were recruited from Ford to strengthen the management team, especially in the areas of quality and financial controls (Giles, 2004). Having transformed and restructured the company in terms of manufacturing, Hayden was replaced by Nick Scheele who, according to Giles (2004), was the ideal leader to take control of the company at that stage. With the foundations of manufacturing in place, especially in terms of industrial relations, Jaguar needed a big push in terms of the marketplace and, according to Giles (2004), Scheele was the right person to take Jaguar to the next stage. He was 'very good in terms of working with the government, working with customers, working with the outside world' (Giles, 2004).

In contrast, the circumstances at Land Rover when it was acquired by Ford were different from those surrounding the Jaguar acquisition. Nine months earlier its then owners, BMW, had made some fairly far-reaching changes in Land Rover's management team. Most of the old directors had been removed and replaced with BMW nominees (Dover, 2004). When BMW sold Land Rover to Ford the BMW appointees left, leaving the company with almost no senior management team. This exceptional situation cleared the way for the introduction of an entirely new team responsible for integrating the company and enacting the necessary changes. Ford assembled a very strong team of Ford insiders from around the globe, and Bob Dover, from Aston Martin, was sent to run the company. To soften the impact of an international influx of new people and demonstrate opportunity, internal staff were promoted into senior management roles, but not at board level (Lummiss, 2004).

According to Nahavandi and Malekzadeh (1988), when the acquired management team has a favourable view of the buying company, it may be willing to adopt its culture in a process of assimilation. In turn mergers will be more successful if companies have the ability to appoint an implementation team from both traditions who enjoy complementary functional backgrounds capable of enacting necessary change within the right timescale (Krishnan et al., 1997). Finally, it is essential to build a leadership team capable

of implementing change and aligning businesses around common values in situations in which people from different national cultural backgrounds can work together (Testa and Morosini, 2001).

The integration approach adopted by Ford for the Land Rover acquisition differs to that of the acquisition of Jaguar eleven years earlier. With Land Rover they adopted a more hands-on approach while with Jaguar they had adopted a partial integration. Both Land Rover and Jaguar were brands with very strong identities and Ford certainly wanted to preserve their strengths. However, comparing the integration approach followed in both acquisitions, it can be argued that the Land Rover merger was far more hands-on than that of Jaguar:

When Ford acquired Jaguar, it was very much hands-off – ‘you carry on doing your own thing’. When they acquired Volvo, it was sort of fifty/fifty, about 30 per cent engagement and the rest, ‘you get on and do your own thing’. When they acquired Land Rover, they adopted a different acquisition model which was full integration as quickly as you can, and I think probably from the point of view of the impact upon people, then the clarity associated with that was appreciated (Sinclair, 2004).

In this case the hands-on approach was not perceived as a negative controlling measure. On the contrary, it was positively perceived as a clear and consistent integration approach. In this regard Lummis (2004) argues that, despite taking a more hands-on approach with Land Rover, the Ford takeover cannot be considered as having been very rough because Ford did not want to damage the brand at all. Sinclair asserts that Ford is one of the most international car companies in the world and, therefore, processes a very rich set of routines, processes and repertoires. However, he argues that they have a very balanced approach and people who can actually interpret and deploy its culture in a very sensitive manner.

Eleven years later, and having also acquired Volvo in the meantime, it can, therefore, be argued that Ford seems to have learned from their previous experience by having significantly improved its integration process. This shows the relationship between the integration approaches with the accumulated experience on merger

activity. In following this balanced and sensitive approach Ford was able to introduce a rich variety of routines and processes at Land Rover as it embarked on turning it round from loss making to operational profitability (Lummis, 2004; Sinclair, 2004).

Managing Cultural Differences

In cross-border acquisitions the differences between the firms involved need to be properly recognised and handled in order to facilitate the integration process and diminish potential conflict. When conducted properly, acquisitions represent useful means for companies to learn and benefit from each other's differences and complementarities, and to bring about a necessary cultural shift in order to remain competitive by combining different resources, competences, routines and procedures (Vermeulen and Barkema, 2001).

Despite the commonality of language between the American and British companies, the differences in terms of national culture could not be disregarded. Scheele (1998) has argued that the essential ingredient of Jaguar's success was its 'Jaguarness' and that being seen to be British was critical. This played an important role when, contrary to financial logic, Ford decided to produce the X400 model in the UK, at Halewood, instead of producing it in Germany or America (Lewin, 1997; Lane Fox, 1998). This was a clear message that Jaguar/Ford wanted to produce Jaguars in the UK, on the basis that a car might not be perceived as a Jaguar if it was produced elsewhere (Giles, 2004).

Possibly as an attempt to minimise cultural clashes, the two new chairmen sent by Ford to run the two companies after takeover were British. Both were career Ford executives and culturally sympathetic to their new employees, a view strongly espoused by Scheele himself:

We felt from day one that it had to be somebody that was British because to do otherwise would have been a problem... I mean there is a question: do you have to have a Brit to run Jaguar? I don't think you do but in those initial years it was felt that we had to because of the political furore that had happened when we acquired Jaguar and it was felt that it might be perceived wrongly if we put a non-Brit in there. Today, I don't think that's relevant

personally but I know that a Brit was wanted and I happened to be in a position to do it (Scheele, 2004).

In a personal interview Mark Foster, the BBC's business and industry correspondent for the Midlands area, asserts that 'they put in people who culturally were sympathetic' (Foster, 2004). Stokes strengthens this idea, asserting that 'Ford brought people that they had confidence in and at the same time being very culturally aware of what they had bought' (Stokes, 2004). This provides evidence that Ford wanted to send British-born executives to run Jaguar as a means to manage cultural differences.

Indeed, there is no evidence of serious national cultural clashes between American and British managers in either company following the respective mergers (Giles, 2004; Stokes, 2004). Ford, though, did in both cases effect corporate cultural change by emphasising the importance of the 'bottom line', focusing on efficiency, costs and quality control to improve profitability, bringing a new perception to running the business and ending Jaguar's alleged culture of running the firm as 'an old English club' that provided cars for an elite market (Ainsworth, 2004; Giles, 2004; Stokes, 2004).

Managing cultural differences is directly related to the type of integration approach employed and the leadership character of the implementation management team sent to run the company. Hayden handled the situation with a very tough approach, by getting rid of all those who wanted to stick with the old way of doing things and enacting all the necessary changes to transform the company. In effect Hayden was quite ruthless, but those who remained to a greater or lesser extent embraced the new culture, which paid dividends in bringing about a change in attitude at Jaguar. Elitism died quickly and the workers showed a commitment to their product whose quality improved incrementally; productivity rose and after nearly a decade Jaguar returned to profit (Giles, 2004).

By the time Ford acquired Land Rover in 2000 it was experienced in terms of managing national and corporate cultural differences. Apart from operating in the UK car industry from 1911, Ford had also previously acquired other British-owned companies such as Aston Martin and Jaguar as well as a majority stake in Mazda of

Japan. The fact that Land Rover had experienced several different owners (British Leyland, Rover and BMW) may also have helped to prevent cultural clashes because it had been forced to operate under different leaders and use a diversity of processes and routines over a short period of time and had become used to change.

What appears to have also contributed positively to the limited level of resistance from the Land Rover workforce was the fact that they had a more favourable view of Ford's American/Anglo-Saxon culture in comparison to the BMW German culture. Indeed, Sinclair points out that it was like 'reverting to some cultural styles that intuitively we were more used to' (Sinclair, 2004). The current human resources director at Jaguar, but previously at Land Rover, claimed that 'they would listen and go away and the view was, all decisions were taken in Munich and there was no empowerment whereas Ford allowed more involvement and participation from Land Rover people' (Thurlby, 2004).

Despite the lack of significant national or corporate conflict, Scheele argues that the real cultural differences were between Jaguar and Land Rover despite being both British Midlands-based and niche premium product companies (Scheele, 2004). Batchelor strengthens this perspective, asserting, 'I only saw the noticeable difference in culture when Jaguar and Land Rover were brought together last year [to operate as one company] and there was definitely a clash' (Batchelor, 2004). Both Towers (2004) and Scheele (2004) commented on these differences. As Scheele expressed it:

Land Rover is still in manufacturing terms a child of the 70s. I mean to suggest that there is something hugely problematic with not wearing belt buckles, or covering up belt buckles on the line, because it interferes with individual liberty, in today's age, is absolute nonsense. I cannot understand how that can happen. At Jaguar you would never ever see that happening. It is just inconceivable that the workforce would not say 'yes', we have to be globally competitive and that involves working practices, clothes, etc., etc. (Scheele, 2004).

This shows that, despite having established a whole new Ford management team at both Jaguar and Land Rover, and having

passed Ford's processes, routines and repertoires on to both firms, managing corporate cultural differences is a sensitive and continuous issue in merger processes even between firms whose plants are less than twenty miles apart.

CONCLUSIONS

Table 2 presents a comparative summary of how Ford managed the key pre- and post-merger success factors in these two acquisitions, providing evidence to support the argument that Ford, as the result of its accumulated experience of merger activity, had significantly improved the management of its merger processes over the period between acquiring Jaguar and acquiring Land Rover.

Table 2 provides support to the argument that firms with greater experience of mergers and a planned growth strategy are more successful than those with less or who merely react to a merger opportunity. In this case it seems that Ford simply reacted to the opportunity to acquire a prestigious brand (Jaguar) with the objective of strengthening its presence in the luxury segment, especially in Europe. In this instance, the emphasis was on speed of acquisition which in turn prevented due diligence being undertaken and so the evaluation of Jaguar's strengths and weaknesses was poor. In contrast, Ford was more thorough in its evaluation of Land Rover.

As argued above, Jaguar preferred GM to Ford because, given its acquisition experience, it were regarded as being more likely to be less intrusive than Ford. However, the way Ford had handled the integration of Jaguar in 1989, respecting and preserving the 'Britishness' of the Jaguar brand, had a positive influence on the acquisition climate of Land Rover in 2000. This time, because Land Rover had a favourable perception of Ford as an acquirer, a collaborative merger climate emerged. It can be concluded that the growth strategy and the experience that a company has in terms of merger activity affects the way an acquirer is perceived by potential targets. Learning takes place on both sides and can influence the reaction of the acquired firm.

This research also indicates that as companies become more experienced in merger activity, they gain more specific execution

Table 2: Comparative Analysis of the Ford/Jaguar, BMW/Rover and Ford/Land Rover Acquisitions

	Ford/Jaguar	Ford/Land Rover
<i>Merger Process Pre-merger Phase</i>		
Acquisition Climate	Contested Situation It was perceived as a hostile takeover.	Collaboration It occurred in a collaborative environment.
Reasons for the acquisition	Economic reasons: Market power Acquisition of brand name to strengthen its presence in the luxury car market, especially in Europe. Achievement of economies of scale and other synergies.	Economic reasons: Market power To strengthen its presence in the luxury car market by adding another valuable brand name to its PAG (Premier Automotive Group).
Choice of strategic partner	Strategic fit in terms of development of competences and resources, and complimentary products and markets.	Strategic fit in Ford's PAG.
Evaluation of real strengths and weaknesses of the target	No merger 'staff team' – lack of experience in evaluating the target. Very short period of time strongly contributed to a poor evaluation process. Overestimation of the strengths (especially the brand compared to BMW and Mercedes) and of the return on investment.	Ford were more thorough in their evaluation of Land Rover than they had been in the acquisition of Jaguar. However, the speed at which Ford had to act to take advantage of that unique opportunity didn't help the evaluation process.

(Continued)

Table 2: (Continued)

	Ford/Jaguar	Ford/Land Rover
Evaluation of the investment requirements	Underestimated the investment requirements in terms of new model development, facilities and equipment (more than \$3 billion).	Apart from the Gaydon centre, the paint shop in Solihull and the facility for Range Rover, everything else was in a very bad state and lacking in investment.
Courtship period	None. Very quick acquisition, it was almost an instantaneous bid.	None. Like the Jaguar acquisition Ford had to act quickly to take advantage of a sudden opportunity.
Future compensation policy	Because of the huge differences in terms of compensation policy, Ford tried to keep both organisations' terms and conditions of employment apart to avoid letting it become a divisive issue.	BMW's management grading system was discarded and Ford's global compensation policies were fully introduced.
<i>Merger Process Post-merger Phase</i>		
Integration strategies	Partial integration/'preservation'.	Full integration/'assimilation' (but preserved the brand identity).
Implementation management	Ford's management was sent to run Jaguar (Bill Hayden first and Nick Scheele later). There was a cull amongst Jaguar staff who resisted change.	Ford sent an entire new 'international' management team to run the business from day one.

(Continued)

Table 2: (Continued)

	Ford/Jaguar	Ford/Land Rover
Post-merger communication	Clear. To diminish the uncertainty created in terms of Jaguar's autonomy, Ford made clear from the beginning that, although some integration would take place, Jaguar's identity would be preserved.	Very good cascade communication from day one. However, some lack of clarity about the integration of Land Rover with Jaguar and the rest of Ford's PAG.
Corporate and national cultural differences	No major problems. Despite the similarities between both companies, Ford did not disregard the importance of dealing with the corporate and national cultural differences. Ford preserved the 'Britishness' of Jaguar. The corporate cultural differences were more manifest than the national.	No major problems. In 2000 Ford was well experienced in managing cultural differences. Land Rover was also used to having different owners over a short period. Land Rover's culture was closer to Ford than to BMW.
Performance	Despite \$3 billion of investments the success of the acquisition is still to be proven after seventeen years.	Not performing according to initial expectations but after six years it is still too soon to come to a conclusion.

Source: Author analysis

capabilities through exchanging routines, procedures, processes and knowledge with their partners. This makes them much more capable of understanding and managing cultural differences when it comes to the integration stage. The integration approach of the acquisition of Land Rover in 2000 seems to have been much better than that adopted for the acquisition of Jaguar in 1989, revealing that Ford had significantly improved its integration process as the result of experience. When it acquired Land Rover it was quicker in introducing global systems and policies and brought in a new management team with vast international experience. Ford seem to have learned that in cross-border mergers it is more beneficial to appoint an implementation management team composed of people with different functional and national cultural backgrounds instead of just sending managers who were born in the country of the acquired firm.

Seventeen years after the acquisition, it is still questionable whether or not the outcome of the Jaguar acquisition can be considered as a successful one. It has certainly been a success for the Jaguar company which otherwise could just not exist anymore, or if it did exist, it would not have grown to its current dimension and would not be as competitive in the executive and luxury segment. However Jaguar's financial performance has been disappointing and its future ownership by Ford is currently under examination. The Land Rover acquisition is more difficult to assess because only six years have passed since its acquisition. The company is thought to be just about breaking even financially and Land Rover is launching new products and working hard to increase productivity and quality, working practices and relationships with other stakeholders. Yet, despite the progress made, Jaguar and Land Rover have sucked in huge investments from Ford over the last few years and have not yet delivered the anticipated financial returns (Thurlby, 2004). Successful merger processes are no guarantee of financial success.

1 Child and Faulkner (1998) assert that when the access to 'hard' performance data is limited, the 'goal' model can be alternatively used. It consists in asking managers how far they think the merger has met its objectives.

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Retention Strategies in France and Sweden



A N D E R S H Y T T E R *

ABSTRACT

Knowing how to retain employees, especially those who are well educated, experienced and contribute to company's competitive advantage, is important. However, with an increasing number of companies operating with subsidiaries outside the home country, retention also needs to be viewed from a cultural perspective. In this theoretical article, focus is on the interrelatedness between retention strategies and national culture in two countries with different cultures: France and Sweden. The GLOBE study framework is used, and national culture is measured in terms of *future orientation*, *assertiveness*, *institutional collectivism*, *power distance*, *humane orientation* and *uncertainty avoidance*. Retention is measured as *remuneration*, *career opportunities*, *training and development of skills*, *leadership style*, *physical working conditions* and *work-life balance*. As a result of the study, seven hypotheses, aiming to test the interrelatedness between the areas of retention and national culture in France and Sweden, are proposed.

Key Words: Retention Strategies; National Culture; GLOBE Study; France; Sweden.

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A STUDY OF RETENTION AND NATIONAL CULTURE

A paradox that can be found today in many countries is high unemployment combined with a huge demand for people with competence – the ‘right’ competence. Thus, the need to design good retention strategies becomes a strategic issue for companies. A number of studies deal with retention from various organisational perspectives. However, few studies using cross-national data when studying the interrelatedness between retention and national culture patterns are to be found.

Furthermore, in a situation where a growing number of companies have subsidiaries in one or several countries, it cannot be taken for granted that the home country retention policies will work abroad. Rather, one would expect that with more and more companies working on a European basis, retention strategies, in order to be effective, will have to be aligned with national cultures (Schuler and Rogovsky, 1998: 173). Consequently, the need for understanding the relationship between retention and national cultures increases. A good way to study retention will then be to compare how retention is handled in various European countries. As France and Sweden represent two different cultural clusters in Europe, they have been chosen for the study. France represents the Latin and North/West European, and Sweden the Nordic and North/West European (Brodbeck, 2000: 12). The two countries are different in as many as seven out of nine cultural dimensions (House et al., 2004). The general proposition of the study is that there is a need to apply different retention strategies in France and Sweden. Therefore the purpose of this study is to explore the effects national cultural patterns in France and Sweden might have on retention strategies.

RETENTION AND TURNOVER UNDER SCRUTINY

Why is retention important? Having a competent and qualified workforce is vital to both large and small firms (Deshpande and Golhar, 1994: 49). If managers do not pay attention to retention, high staff turnover can damage the business severely, especially if it hits factors that provide competitive advantage. This could, in turn, inhibit business growth or even cause a decline in the level of business (Curtis and Wright, 2001: 59). Similarly, Brazier (2005: 128)

found that hierarchical structures, high staff turnover and lack of resources are likely to stifle creativity and innovation.

Another reason for keeping retention high on the agenda is the difficulty in replacing talents. Cappelli (2000) argues that in a time of tight labour markets talent can be very hard to replace. Consequently, when an experienced and competent employee leaves the company the business 'takes a hit' (Cappelli, 2000: 104). The importance of this statement becomes even more evident when considering the fact that in the modern Western economy, most added value for companies, particularly in the service industry, is created through intellectual and information processes (Dess and Shaw, 2001: 447).

Additionally, the cost of replacing persons who leave can be high (Curtis and Wright, 2001: 59). According to Thornton (2001) the cost for recruiting key staff, such as managers, specialists or highly trained professionals, can be up to 150 per cent of the annual salary. For hourly paid workers, the corresponding cost is six months salary (Thornton, 2001: 24). As if this was not enough, there are costs that do not show up in the balance sheet (i.e. loss of skill, knowledge, experience and the investment in the training of the person who leaves). In addition work is disrupted and the effect on the staff may lead to a negative effect on staff morale (Curtis and Wright, 2001: 59).

Turnover and Retention

When studying turnover, variables such as satisfaction, commitment and intention to quit are generally accepted as important antecedents to turnover (Bigliardi et al., 2005: 428). Job satisfaction has been given a lot of attention within research and a large number of empirical studies confirm the correlation between low job satisfaction and high turnover motivation (Jamal, 1990: 727). Feeling commitment to an organisation means, according to Curtis and Wright (2001: 60), that the employee has a strong identification with it, values the sense of membership within it, agrees with its objectives and value systems, is likely to remain in it and, finally, is prepared to work hard on its behalf. There are also findings confirming a link between commitment and turnover. Kondratuk et al. (2004) found that affective commitment (i.e. emotional attachment

to, identification with and involvement in the organisation), as well as normative commitment (i.e. a feeling of obligation to continue employment), were significantly lower before the move for those who changed company in comparison to those who remained in the same position (see also Bishop and Scott, 1997; Kondratuk et al., 2004: 342).

Several authors show that, parallel to commitment, turnover is influenced by factors such as identification, loyalty and trust. Mak and Sockel (2001: 269) claim that both loyalty and organisational commitment may be defined as a relative strength of an individual's identification with the involvement in a particular organisation. Furthermore that waning loyalty is a prediction of turnover intentions. Van Dick et al. (2004: 351) found organisational identification feeding into job satisfaction, which in turn predicted turnover intentions. Mak and Sockel (2001) found that a high level of retention was associated with a high level of loyalty and low levels of burnout and turnover intent. Furthermore they found that motivating employees was important for retaining them, with a one unit increase in motivation leading to 1.34 units increase in retention (Mak and Sockel, 2001: 263).

Robinson (1996) found trust to be associated with a number of factors, such as pay (based on current level of performance), training, career development and responsibility. Actual turnover was associated with promotion and responsibility (Robinson, 1996: 584). Robinson and Rousseau (1994) found a negative relation between employee trust and satisfaction on the one hand and violations of the psychological contract on the other. Furthermore, violations of the psychological contract were positively correlated to actual turnover (Robinson and Rousseau, 1994: 253).

Commonly we ask employees to show commitment to their company. The outcome of this literature review indicates that employers need to show commitment to their employees. If an employer fails to build relationships with his or her employees they may begin to feel unimportant, unappreciated and might even leave the company (Michaud, 2005: 10). Therefore, building strong relationships with employees could be a necessary factor in a retention strategy. Shore and Barksdale (1998) reported that employees had higher levels of perceived organisational support, commitment, career future and

lower levels of turnover intentions when their employment relationships were characterised by mutually high obligations, that is, for both employee and employer (Shore and Barksdale, 1998: 741). Breaking your promises might well lead to increasingly lower commitment, lack of loyalty, lower identification with and lower attachment to the company and finally, greater intention to leave (Kickul, 2001: 323).

Rewarding loyalty often involves introducing a benefits package that improves with the increasing duration of service. Benefits such as company cars and company-paid private medical insurance are often expected features of benefits packages for senior staff. For non-senior staff, one way is to introduce flexible or 'cafeteria' benefits which involve employees choosing from a menu of benefits. This may also be the easiest and cheapest way for employers to satisfy the needs of the majority of their employees (Curtis and Wright, 2001: 61).

Sigler (1999: 2) suggests that, in order to try to retain employees with other measures than compensation (i.e. pay and stock ownership), management should work on improving the employees' job satisfaction. Again, managers might have to recognise that they themselves could be part of the problem. Cappelli (2000: 104) claims that it requires executives to 'take a hard-headed, analytical approach to what has long been viewed as a "soft" side of business – the management of people'.

Previous research indicates that a number of factors influence retention and are important features in a well-functioning retention strategy. Several factors, however, appear to influence retention in an indirect way. Other factors appear to influence in a direct way. Among those factors that have an indirect influence are job satisfaction, loyalty, trust, commitment, identification with the company and attachment to the company. The factors that appear to have a more direct influence are remuneration, leadership style, career opportunities, training and development of skills, physical working conditions and work-life balance. However, before dealing with the factors in detail it is necessary to take a deeper look into national culture.

NATIONAL CULTURE

National culture is a fascinating construct, so obvious 'to the eye' and yet so difficult to get hold of from a theoretical point of view.

One of the most well known studies of national cultures is that of Hofstede (1980, 2001). A more recent study, equal in level of ambition, is the GLOBE study (House et al., 2004). With the arrival of the GLOBE study, choosing which study to use as the basis for a comparison between national cultures becomes an interesting issue. Although based on a smaller sample, GLOBE is more recent. Furthermore, GLOBE has been a highly collaborative effort involving more than a hundred researchers all over the world. The collaborative design, which allows for a thorough study in all countries, together with a diverse sample as opposed to the one multi-national company in the Hofstede study, also speaks in favour of the GLOBE study.

The GLOBE study was conducted some twenty years after the Hofstede study. Consequently, the researchers of the GLOBE study could take twenty years of debate on the Hofstede findings (Søndergaard, 1994: 447), as well as further studies within the field (e.g. Gooderham and Nordhaug, 2002: 48), into account in their research. In this sense, the GLOBE study can be seen as a continuation of the work Hofstede undertook. The Hofstede study reported four dimensions for understanding national cultures: *power distance*, *masculinity–femininity*, *individualism–collectivism* and *uncertainty avoidance*, with a fifth dimension, *long-term orientation*, having been added later (Hofstede, 1980, 2001). The GLOBE study reported nine constructs or dimensions: *performance orientation*, *future orientation*, *gender egalitarianism*, *assertiveness*, *institutional collectivism*, *in-group collectivism*, *power distance*, *humane orientation* and *uncertainty avoidance* (House et al., 2004: 16).

Another important dimension of the GLOBE study is that it attempts to capture both societal cultural norms of shared values in society, that is the ‘should be’ values, as well as how they are practised in society, that is the ‘as is’ values (House et al., 2004: 17). In this study the ‘as is’ (practices) measures have been used, as they represent the theories in use (Argyris and Schön, 1996: 15).

The main argument for choosing the GLOBE study, however, is related to the findings of Spector et al. (2001). In an international study of the psychometric properties of a later version of the Hofstede survey, the Hofstede Values Survey Module 1994 (Hofstede, 1994),

the findings clearly did not speak in favour of the instrument. Lack of internal consistency, as well as doubts about the internal validity of the scales, prompted the authors to recommend caution when using the VSM 94 (Spector et al., 2001: 280). In the GLOBE study, internal consistencies are reported at good and, in some cases, high levels. This is valid for both the ‘as is’ as well as the ‘should be’ measures (House et al., 2004: 134). Furthermore, the results from correlating the GLOBE study scales with other scales, that is Hofstede (1984), Schwartz (1994), Schwartz and Melech (2000) and other studies, also indicate that results are on a good level. Thus, the scales of the GLOBE study appear to have a satisfactory level of construct validity. This study therefore uses the GLOBE study as the basis for comparison of the national cultures of France and Sweden.

Looking at values for France and Sweden, there are differences for all nine dimensions (Table 1).

Table 1: Scores, Rank and Bands for France and Sweden (‘As Is’/Practices) in the GLOBE study

		France	Sweden	Differences
Performance Orientation	score	4.11	3.72	0.39
	rank	30–31/61	48/61	17–18/61
	band	Band B	Band B	0
Future Orientation	score	3.48	4.39	0.91
	rank	47/61	9/61	38/61
	band	Band C	Band B	1
Gender Egalitarianism	score	3.64	3.84	0.20
	rank	17/61	8/61	9/61
	band	Band A	Band A	0
Assertiveness	score	4.13	3.38	0.75
	rank	30/61	61/61	31/61
	band	Band B	Band C	1

(Continued)

Table 1: (Continued)

		France	Sweden	Differences
Institutional Collectivism	score	3.93	5.52	1.59
	rank	46/61	1/61	45/61
	band	Band B	Band A	1
In-group Collectivism	score	4.37	3.66	0.71
	rank	49/61	60/61	11/61
	band	Band B	Band C	1
Power Distance	score	5.28	4.85	0.43
	rank	28/61	51/61	23/61
	band	Band A	Band B	1
Humane Orientation	score	3.40	4.10	0.70
	rank	57/61	28/61	29/61
	band	Band D	Band C	1
Uncertainty Avoidance	score	4.43	5.32	0.89
	rank	18/61	2/61	16/61
	band	Band B	Band A	1

Adapted from House et al. (2004).

Performance orientation and *gender egalitarianism* will not be used in the study as France and Sweden are within the same band. Band refers to a technique known as *test banding*. Test scores are grouped into bands, and, although ending up with different scores, the conceptual differences within a certain band are not large enough to be meaningfully different (House et al., 2004: 220). A band becomes like a cluster. For the remaining seven dimensions, France and Sweden end up in different bands. However, *in-group collectivism* deals with the degree to which individuals express pride, loyalty and interdependence in their families. As the focus is exclusively on families, children and parents, this dimension is not relevant for the study.

SUGGESTIONS FOR HOW TO INCREASE RETENTION IN FRANCE AND SWEDEN

Remuneration

At first sight pay would appear to be a straightforward issue. Fong and Shaffer (2003: 559) however, argue that satisfaction with pay has become a multi-dimensional construct consisting of four factors: pay level, pay raises, benefits, and structure and administration. Other studies, for example Carraher and Buckley (1996: 102), confirm this. Thus the focus moves from the pay itself to the process for deciding on pay as well as the pay structure. Mulvey et al. (2002) found that satisfaction with the process used to determine pay was more important in determining employee retention than was satisfaction with the amount of pay received (Mulvey et al., 2002: 38). Furthermore, pay levels should be reviewed and compared with other employers regularly, jobs should be evaluated to provide for equitable grading decisions, clear explanations should be provided concerning the link between performance and reward, performance-related pay schemes should be regularly reviewed, and employees should be involved in developing and operating job evaluation and performance-related pay schemes (Curtis and Wright, 2001: 61). Therefore, pay satisfaction can also be said to hold notions of transparency and perceived distribution justice. Some even claim that justice is at the heart of pay satisfaction. Workers who felt they were paid fairly in relation to others in their organisation exhibited higher levels of commitment (O'Connell, 2001: 8).

Remuneration also carries other opportunities for instilling loyalty and commitment among employees in the company. Cappelli (2000) argues for the need for a new goal of HR management: that compensation can help in influencing who leaves and when. There are companies who pay special 'hot skills' premiums to employees whose expertise is crucial and difficult to get hold of (Cappelli, 2000: 106). Sigler (1999: 3) instead argues that incentive pay may consist of cash bonuses when employees reach predetermined goals. The bonus will normally be tied to accounting measures and often specifically to the employee's job area. Another type of pay incentive is to offer the employee stock ownership, which in

essence aligns the interests of the employee with the interests of the owners.

Now turning to the cultural dimensions, *future orientation* is the degree to which a collectivity encourages and rewards future-oriented behaviour such as planning and delaying gratification. So, the lower a culture scores on *future orientation*, the greater the focus is on money (and other immediate rewards) here and now. Inversely, a higher score indicates a more future-oriented behaviour with, for example, higher acceptance for a delay of gratifications (House et al., 2004: 282).

Another cultural dimension, *assertiveness*, is defined as reflecting 'beliefs as to whether people are or should be encouraged to be assertive, aggressive, and tough, or non-assertive, non-aggressive, and tender in social relationships' (House et al., 2004: 395). The higher the level of *assertiveness*, the more equity, competition and performance are stressed. There is furthermore a strong link between performance and rewards. Scoring lower on *assertiveness* means there is a greater stress on equality, solidarity and quality of life. 'Merit pay' is viewed as potentially destructive to harmony (House et al., 2004: 405).

A third cultural dimension is *institutional collectivism*. It aims to show the degree to which institutional practices at the societal level encourage and reward collective action. Individuals in an individualistic culture expect, for example, rewards to be contingent on performance (i.e. that they will be rewarded in direct relationship to their contribution to success). In a collectivistic society, compensation and promotions are based on what is equitable for the group and on considerations of seniority and personal needs (House et al., 2004: 459).

Humane orientation is defined as the degree to which an organisation or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring and kind to others (House et al., 2004: 569). In a culture that scores low on this dimension, people are motivated by power and material possessions. Inversely, at the other end of the continuum, people are motivated by a need for belonging and affiliation.

With France scoring lower than Sweden on *future orientation*, higher on *assertiveness*, lower on *institutional collectivism* and

lower on *humane orientation* (Table 1), it can be expected that remuneration and related issues will be of greater importance for retention in France than in Sweden.

Hypothesis H1: Remuneration and remuneration-related issues are of greater importance for retention in France than in Sweden.

The Management of Careers and the Training and Development of Skills

Undoubtedly, dissatisfaction with career prospects is a major cause of turnover (Curtis and Wright, 2001: 61). Subsequently, some authors suggest that promotion has the best retention potential. Nalbantian and Szostak (2004: 118) wrote about a bank where it was decided to focus on career opportunities, management stability and more selective recruiting. These factors, not pay, were expected to reduce turnover the most. The factor that scored the lowest in reduction in turnover was a 10 per cent market pay adjustment.

Several authors report of companies trying to achieve loyalty through career development programmes. In an attempt to stop people from leaving, many companies are reported to have fallen back on traditional retention programmes. By designing and promoting new long-term career paths and investing heavily in employee development, one of the companies (DuPont) hoped to win back the loyalty of its workforce (Cappelli, 2000: 104).

The findings of Mak and Sockel (2001) suggest that the perception of how career development is managed is a more important indicator for motivation than job satisfaction. They also suggest that a company, in order to improve retention, should align career development policies with the needs of the employees (Mak and Sockel, 2001: 268). Gaffney (2005: 9) suggests the crafting of individual career plans that are parallel to the company business plan (see also Cappelli, 2000: 105).

Turning to training and the development of skills, we find this to be equally important for companies. Gagg (2005) notes that the availability of skilled workers is a concern for many British companies, both now and for the future. An increasing number of

companies are also mentioning skill shortage as a major issue. At the same time, paradoxically enough, companies seem to be increasingly reluctant to spend money on training (see also Lyons, 2003: 398; Gagg, 2005: 28).

Rawson (2000: 225) suggests going even further, and argues that meta-learning (i.e. 'learning to learn') should also be considered a skill to be acquired. To be effective, however, this requires a far greater depth of personal learning than skill development alone (i.e. it involves a self-reflexive process of learning that otherwise would not necessarily be present).

Opinions differ when it comes to the question of what sort of training is the most effective. There is, for example, a debate concerning how much learning should be provided by the education system, versus how much should come through workplace learning, skill development and life-long learning (Hager, 2004: 523). Interestingly enough, Gelderen et al. (2005: 104), studying the learning behaviours of small business starters, concluded that, contrary to their hypotheses, not all learning opportunities contributed positively to skill development. Only planned learning, and within this, only task-related characteristics, correlated positively with skill development.

From a cultural point of view, *future orientation* helps us in understanding the willingness to delay gratification: the higher the score, the higher the willingness to push gratification to the future, and the better and stronger the sense of self-identity and career orientation (House et al., 2004: 299).

Power distance is defined as reflecting 'the extent to which a community accepts and endorses authority, power differences, and status privileges' (House et al., 2004: 513). In cultures with lower *power distance*, skills and knowledge are important power bases (House et al., 2004: 536). Subsequently, training and development will be interesting as a way of acquiring a power base within an organisation.

Sweden scores higher than France on *future orientation* and France scores higher than Sweden on *power distance*. It is therefore hypothesised that retention in France is related to a preference for specialist knowledge and positions, whereas retention in Sweden is

related to a preference for advancement and the acquiring of management positions.

Hypothesis H2: Training and developing skills are more important for retention in France than in Sweden.

Hypothesis H3: Making a career is more important for retention in Sweden than in France.

Leadership Style as a Way to Motivate

Several studies report good leadership as a reason for staying. Chen and Silverthorne (2005) found that the higher the leader's leadership score, the higher the employee's willingness to perform a task, the higher the employee's job satisfaction, the lower the employee's job stress and the lower the employee's turnover intention (Chen and Silverthorne, 2005: 280). What the manager actually does can influence the environment positively or negatively, directly impacting job satisfaction, because the manager's behaviour can be seen and felt by the staff (Ribelin, 2003: 18). One company found that 80 per cent of the turnover was within one department. The high turnover rate was related to the engineers' feeling that they did not have an impact on the organisation. Furthermore, they did not perceive that they were valued (Shaffer, 2004: 22).

What kind of leadership is good then from a retention point of view? Curtis and Wright (2001: 60) suggest looking at employee involvement and participation. The involvement of staff reflects the extent to which they are valued. Organisations that use many staff suggestions benefit not only financially, but also help to foster their employees' self-esteem and commitment to the organisation.

Giving feedback on performance seems to be equally important. The 'feel good factor' concerning one's job is very important for committed employees. Individuals should be clear about their responsibilities and performance standards, and be given positive feedback on how well they are doing. They should also feel that performance assessments and appraisals are fair (Curtis and Wright, 2001: 61).

Another important factor appears to be to really listen to employee feedback. Michaud (2005) states that most employees will gladly talk about their needs and job-related issues. However,

listening to the employees involves so much more than simply being quiet while they are talking. They should have the employer's complete attention, so that they feel important (Michaud, 2005: 10). Thornton (2001: 26) suggests a more systematic approach. He states that without a feedback programme the employer can only guess how the employees view their work environment and whether they feel that there is adequate communication. If you as an employer do not listen to your employees and if you do not respect their expertise and opinions, you run the risk of ending up with a demoralised workforce and the consequences that would entail.

Another approach to motivate employees is through autonomy. Sigler (1999: 3) urges management to ensure that talented employees are given autonomy in their job functions and are given meaningful assignments that allow them to be involved in the decision-making for their areas of expertise.

Leadership is about exercising power and how this is done. Consequently, *power distance* is an important construct for understanding leadership in different cultures. In a culture that scores high on *power distance*, there is an expectation that power will provide social order, relational harmony and role stability (House et al., 2004: 536). Furthermore, the *assertiveness* dimension tells us that the higher the score, the higher the importance of equity, competition and performance, as well as the rewarding of performance. In terms of leadership styles, this turns into a style with focus on achievements.

Looking instead at the *humane orientation*, we can see that the higher the score, the greater the need for belonging and affiliation. In terms of leadership style, this indicates the need for a style with focus on relationships.

France scores higher than Sweden on *assertiveness* and *power distance*, whereas Sweden scores higher on *humane orientation* (Table 1). It is thus hypothesised that a leadership style that focuses on relationships will be more important for retention in Sweden than in France. Furthermore, it is also hypothesised that a leadership style that focuses on achievements will be more important for retention in France than in Sweden.

Hypothesis H4: A leadership style that focuses on relationships will be more important for retention in Sweden than in France.

Hypothesis H5: A leadership style that focuses on achievements will be more important for retention in France than in Sweden.

Physical Working Conditions and Work–Life Balance

Judging from the literature, the area of working conditions appears to cover most things from physical and psycho-social work environment, job stress and work–family conflict, to needs for fairness, transparency and flexible work arrangements. It is thus, without doubt, an important area in relation to retention. Pleasant working conditions can entice productive workers to stay (Sigler, 1999: 3). Abraham (1999) found company inequity (the comparison with others performing different tasks in the same organisation) with regard to working conditions was a clear predictor of turnover intention (Abraham, 1999: 205). Furthermore, job stress has been found to be positively correlated with turnover intention, as in the results of Chen and Silverthorne (2005: 280). Jamal (1999: 153) came to a similar conclusion when studying the relationship between job stress and employee well-being among teachers in Canada and Pakistan. In both countries job stress was significantly correlated to a number of well-being variables, such as overall burnout, emotional exhaustion, lack of accomplishment, depersonalisation and intrinsic motivation. Job stress was also clearly correlated with turnover intentions in both countries.

In recent years, achieving a better work–life balance has become increasingly important for many employees. Some organisations have improved retention by offering staff more flexible working options and by implementing other family-friendly policies. Initiatives might include workshops aimed at achieving a better work–life balance, access to a range of domestic services, gradual return to work programmes for those who have been on maternity leave, advisory service on childcare, unpaid career breaks and extended parental leave (Curtis and Wright, 2001: 61). Looking into work–family conflict and turnover, Batt and Valcour (2003: 208) found work design characteristics explained the most variance in employees' control over managing work and family demands, whereas human resources incentives explained the most variance in work–family conflict and turnover intentions. The result of their study suggests that the most effective organisational responses to

work–family conflict and turnover are those that combine work–family policies with other human resource practices, including work redesign and commitment-enhancing incentives.

Boyar et al. (2003) found that role conflict and role overload was significantly correlated with WFC (work–family conflict). The hypothesis that family responsibility would be positively related to FWC (family–work conflict) was not supported. However, the authors found support for the hypothesis that WFC and FWC would be positively related to turnover intentions (Boyar et al., 2003: 187).

On an overall level, working conditions are related to *assertiveness* and *institutional collectivism*. In a culture that scores low on *assertiveness*, issues concerning quality of life will be stressed, whereas in a culture that scores high on *assertiveness*, it will be performance that is stressed instead. In a culture that scores high on *institutional collectivism*, organisations are expected to take responsibility for the welfare of the employee. Furthermore, such cultures are expected to show more pro-social, organisational citizenship behaviour than in low-scoring cultures.

France scores higher than Sweden on *assertiveness*, while Sweden scores higher than France on *institutional collectivism* (Table 1). It can therefore be hypothesised that physical working conditions as well as harmony between work and family are more important for retention in Sweden than in France.

Hypothesis H6: Physical working conditions will be more important for retention in Sweden than in France.

Hypothesis H7: Finding harmony between work and family will be more important for retention in Sweden than in France.

CONCLUSIONS

The study's purpose was to explore the effects French and Swedish national cultural patterns might have on retention strategies. The purpose has been fulfilled through the formulation of seven hypotheses (Figure 1).

Study of the literature has shown that a retention strategy in France needs to take into consideration a national culture that is fairly materialistic, where rewards are expected 'here and now'.

Figure 1: Retention Strategies for France and Sweden, Based on the Study's Hypotheses

France

Hypothesis H1: Remuneration and remuneration-related issues are of greater importance for retention in France than in Sweden.

Hypothesis H2: Training and developing skills are more important for retention in France than in Sweden.

Hypothesis H5: A leadership style that focuses on achievements will be more important for retention in France than in Sweden.

Sweden

Hypothesis H3: Making a career is more important for retention in Sweden than in France.

Hypothesis H4: A leadership style that focuses on relationships will be more important for retention in Sweden than in France.

Hypothesis H6: Physical working conditions will be more important for retention in Sweden than in France.

Hypothesis H7: Finding harmony between work and family will be more important for retention in Sweden than in France.

Furthermore that performance should be clearly rewarded and in relation to each employees' contribution to task success. A retention strategy in Sweden needs to take into consideration a subordinate's need for belonging and affiliation, and that long-term career is viewed as more important than immediate rewards. Furthermore, quality of life issues are stressed and the organisation takes on responsibility for the employees' welfare. The study has thus rendered support for the general proposition that there is a need to apply different retention strategies in France and Sweden.

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A Framework for a Strategic Repositioning Strategy: A Case Study of Bulmers Original Cider



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ABSTRACT

Repositioning is conscious adaptation to a changing environment, representing a fundamental shift in the firm's value proposition (Turner, 2003). Repositioning as a pure play is largely neglected in the strategy literature, while empirical studies are rare. This paper explores the concept and process of strategic repositioning, based on the case of Bulmers cider in Ireland. A framework for successful repositioning is proposed, with six elements: core strategic values, strategic flexibility/learning capabilities, customer awareness and sensitivity, external orientation, management commitment, and belief in the product and brand. The Bulmers case affirms the ontological status of repositioning as a viable strategy. The case also indicates that repositioning is a feasible means of strategic change, which is transformational with limited scale, and is largely intellectual and enacted with strategic learning. This paper affirms the external/internal duality and need for an evolutionary, repositioning process of Turner (2003). It also extends Turner's study due to the successful and more persuasive context of the

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Bulmers study, and by providing a tentative template for successful repositioning.

Key Words: Repositioning; Strategy; Change.

INTRODUCTION

Empirical investigations of repositioning strategies are rare despite being much in evidence in the business media. Typical examples of popular pieces include the Lucozade repositioning from hospital recuperative medicine to high energy performance fluid for athletic excellence (Kleinman, 2003), the rejuvenation of Molson Ex in Canada from tired common beer to classic sports viewers' friend (Button, 2001), passing reference to Snickers' new face (Murphy, 2003), and the classic *National Jeweller's* story on Sears' reinvention as a mass merchandiser of gems (Andrews, 2002). Common to these testaments are companies' desire to move to more favourable positions and/or to surrender previous positions in a strategic space.

Though vital to the survival or success of many firms, repositioning as a pure play is largely neglected in the strategy literature. While references can be found sprinkled throughout renowned strategy articles and leading textbooks, repositioning is generally mentioned only in passing and without supporting citation. Empirical work is even sparser, with only one major empirical study of a (failed) repositioning strategy – in Cable and Wireless (Turner, 2003). In general, repositioning remains both nebulous and under-specified.

This paper explores the concept and process of strategic positioning. It investigates the efforts of an Irish company ('Bulmers') to reposition itself over a twelve-year period. Based on an in-depth case study, the paper proposes a framework of six elements for a successful repositioning strategy. The paper is structured as follows. The next section provides an overview of the academic literature relating to strategic repositioning. Following an outline of the methodology employed, the story of the repositioning strategy in Bulmers is described, based on extensive, longitudinal fieldwork. From this, the paper derives a framework for successful repositioning, and culminates with a discussion of the theoretical implications for the strategy of repositioning.

THE LITERATURE RELATING TO STRATEGIC REPOSITIONING

Although the literature on repositioning is not extensive, the concept can be found across a broad range of the strategy literature. Repositioning has been variously employed as essential to corporate transformation (Dunphy and Stace, 1993), as an element of corporate-level strategy (Thompson and Strickland, 2003), as a strategic response in dynamic environments (Eisenhardt and Brown, 1999), as integral to strategic competition (Porter, 1996), as an explanation for disagreements on strategic group membership (Reger and Huff, 1993), as a rationale for network organisation (Powell, 1990) and as a strategy in stakeholder mapping (Johnson et al., 2005). It has also been used interchangeably with turnaround (Williamson, 1999). In general, repositioning is referred to in passing, without elaboration and with few supporting citations. Such breadth of remit, obliqueness, intellectual permissiveness and dearth of theoretical development are suggestive of a concept that lacks clarity and a process that is under-specified.

The realm of strategic change appears prospective as a theoretical home for repositioning. The idea of strategic change in terms of radically overhauling a company's strategy is discussed in detail by many key authors in the field of strategy (Hamel, 1996; Schoenberg, 2003). The reorientation of strategic direction takes on many guises in the literature: turnaround strategy (e.g. Bibleault, 1982), strategic innovation (e.g. Markides, 1997) and even transformational leadership (e.g. Pawar and Eastman, 1997). There are a number of perspectives on strategic change reflecting different assumptions on the drivers of change (Van de Ven and Poole, 1995).

Turnaround

Turnaround is a particularly radical form of strategic change, induced by performance decline that threatens the very existence of the organisation. It is generally characterised by an overlapping two-stage approach. This involves, firstly, an efficiency/turnaround stage to stabilise operations and restore profitability and, secondly, an entrepreneurial/strategic stage to achieve long-term, profitable growth (Bibleault, 1982). In general, it has been found that efficiency-led moves, rather than entrepreneurial initiatives, are associated with successful turnarounds (Hambrick and Schechter, 1983). Overall,

however, studies have consistently shown that only a minority of turnaround attempts are successful (Slatter, 1984).

Positioning

The concept of positioning evolved from research on market segmentation (Sekhar, 1989). Building on the product, Ries and Trout (1986) proposed that positioning is what is done to the mind of the prospect – ‘the battle for your mind’, focusing on communications and advertising. This was endorsed by Kotler (2000: 298), who defined positioning as ‘the act of designing the company’s offerings and image to occupy a distinct place in the target market’s mind’. Arnott (1992: 111) similarly stated that ‘positioning is the deliberate, proactive, iterative process of defining, modifying and monitoring consumer perceptions of a marketable object’. Of course, it is also important that the (prospective) customer interprets the image of the organisation in the manner intended.

Webster (1991) brought the discussion into the strategy domain, referring to the ‘firm’s value positioning’, which is defined as ‘the firm’s unique way of delivering value to customers’. Evidence supports a positive relationship between company performance and clearly defined and well-formulated positioning activities (Brooksbank, 1994; Devlin et al., 1995; Porter, 1996). Appropriate positioning within an industry was notably identified as a key determinant of firm profitability (McGahan and Porter, 1997).

Repositioning

In essence, to reposition is to change the way in which a firm’s product or service is conceived in the marketplace. ‘Strategic repositioning is a conscious act undertaken by enterprises as they adapt to a changing commercial environment. Such strategic change often represents a fundamental shift in the underlying value proposition of the enterprise as it seeks to change its targeted market segment(s) and/or its basis of differential advantage’ (Turner, 2003: 251). In his empirical study of the failed repositioning efforts of Cable and Wireless, Turner (2003) highlights the importance of the firm reconciling changing external market needs and internal ability to meet them. A key error by Cable and Wireless was adopting a process of repositioning that was too radical, and which needed to be more

pragmatic. In addition, repositioning was not evolutionary in that it was largely discontinuous with key capabilities and core businesses.

Repositioning shares parallels with turnaround, in terms of their fundamentally strategic character, and the attempt of both to improve the firm's value proposition when performance is challenged. However, major differences patently exist in terms of the nature, scope and path of change.

METHODOLOGY

The research design is a longitudinal, multi-stage, nested case study within a single corporate setting (Yin, 1984). This approach is particularly suited to the study of strategic processes (Barnett and Burgelman, 1996). Since a key objective of the study was to gain an understanding of the strategic repositioning process in Bulmers from the perspective of the company's management, the governing paradigm was interpretive (Burrell and Morgan, 1979) and the philosophical orientation hermeneutic (Taylor, 1994).

Data collection spanned three years (2001–2004) and involved a variety of sources, both current and retrospective. Archival data were both internal (company) and external (industry). Interviews were conducted with five senior managers in Bulmers from different periods, and with the company's advertising agency and market research company (Table 1). All interviews were in-depth and open-ended, lasting between one and two hours. Full transcripts were completed in respect of all interviews. Triangulation was used to mitigate inherent problems of the 'hermeneutic circle' (Johnson and Duberley, 2000) and the use of retrospective data (Golden, 1992). This involved using different (internal and external) data sources as well as several researchers, interviewing successive marketing managers in Bulmers, and data collection at different time periods.

The basic question that informed the study was, 'How did Bulmers reposition its branded cider product?' Analysis involved methods of constant comparison and pattern recognition (Eisenhardt, 1989), resulting in a continuous cycle of data collection, cross-checking and examination. Being preliminary and exploratory, the Bulmers case study has theoretical and methodological limitations. The purpose of the study was to develop early-stage theoretical insights on the process of strategic repositioning, not validate (or otherwise)

Table 1: Bulmers Case Study Interviews

Name	Title/Position	Number of Interviews
Brendan McGuinness	Managing Director, Bulmers (1975–present)	3
Colin Gordon	Marketing Director, Bulmers (1989–1994)	1
John Keogh	Marketing Director, Bulmers (1994–2001)	1
Maurice Breen	Marketing Director, Bulmers (2002–present)	1
Stephen Kent	Marketing Manager, Bulmers (1998–present)	2
Brian Hayes	Bulmers Account Executive, Young Advertising (1990–present)	1
Colm Carey	Managing Director, The Research Centre Qualitative Research Company (1988–present)	1

existing theory (Eisenhardt, 1989). Consequently, Bulmers was intentionally selected on theoretical grounds as an exemplar of a successful repositioning strategy. In this regard, generalisability of the study to the theory of strategic management is not centrally pertinent. A case study is not a statistical sample of one (Roche, 1997).

This approach facilitated the emergence of a framework for a successful repositioning strategy, comprising six elements. Following a description of the process of strategic repositioning in Bulmers, this framework is outlined in the penultimate section of the paper. Finally, theoretical implications are discussed in the Conclusions section.

REPOSITIONING IN PRACTICE: A CASE STUDY OF BULMERS ORIGINAL CIDER?

Bulmers Ltd is Ireland's leading manufacturer of cider under the brand name Bulmers. The company has been making cider in

Table 2: Bulmers Repositioning Timeline

Year	Event
1988	Bulmers' first failed marketing campaign
1990	'Nothing added but time' theme initiated
1991	Launch of the 'Pint Bottle' in Dublin
1992/1993	Product gathers sales momentum
1994 and 1996	Government duty on cider increased
1996	Bulmers cider sells at a premium to lager
1996 and 2000	Bulmers wins gold in IAPI advertisement effectiveness awards
1996	Bulmers sponsors golf events and Saturday sports show on radio
1998	Cider Industry Council established
2001	Seven-fold rise in cider sales in volume terms since 1989
2005	UK-wide launch of Magner's cider

Clonmel in the south of Ireland since 1935, when William Magner first produced the drink commercially. Today, Bulmers Ltd is owned and controlled by Cantrell and Cochrane (C&C) plc, an international producer and distributor of beverages and snack foods based in Ireland. However, the Bulmers' brand is the largest and most important in the Group. This section of the paper describes the successful repositioning of Bulmers Original Cider over an extended period (Table 2).

The Image of Cider in the 1980s

In the late 1980s in Ireland, cider suffered from a negative image among consumers, the media and licensed publicans, many of whom refused to stock the drink. It was thought of as cheap, strong in alcohol content, and was associated with binge drinking, particularly by teenagers out of doors. It further served as a convenient scapegoat for many of the alcohol abuse problems of the time in Ireland. The product was sold in brown, two-litre plastic bottles ('flagons') and it

was not unusual at the time to find empty Bulmers bottles strewn all over public parks, the residue of a night's 'bush drinking'.

Bulmers was seen as a company in disarray. Cider had low margins and showed little growth potential. As John Keogh (Marketing Director, Bulmers Ltd, 1994–2001) stressed, 'The brand declined in volume terms by 11 per cent that year [1989] so you had a low price brand with a very poor image going nowhere. It was decision time – what to do. What would you do about it?'

Background to Repositioning

Bulmers began in 1988 with a marketing campaign that tried to position Bulmers cider as a beer. The campaign used somewhat tasteless 'ZZ Top'-type advertisements, reinforced with rather coarse posters saying, 'everything else tastes like pils'. Such shock tactics aimed to show the public how cider was superior to beer. (Cider is basically fermented apple juice.) Although it had a huge recall factor, the campaign did nothing to correct the image problems of the product and brand.

Following this failed campaign, Bulmers' management took stock of their situation. Marketing research carried out at the end of the 1980s confirmed that people were concerned with the product's negative image ('lunatic juice' or 'electric lemonade') and its adverse effects, in part reflecting high alcohol content. Nevertheless, people had a certain regard for the product (although not in the form in which it was then conceived and marketed) and would not wish to see the drink removed from the marketplace. Bulmers cider had redeemable features that no one could quite put their finger on at the time. The problems and potential of the brand were highlighted by Brian Hayes (Bulmers Account Executive, Young Advertising):

The research showed it was an image problem, but what specifically about the product? Was there anything wrong with the product? And most people would tell you in response, 'no, but my perceived idea is that it is jungle juice'.

Bulmers' management acknowledged that it was too big a challenge to try to convert all lager drinkers to cider drinkers, so they

looked at their own consumers. They established three varieties of Bulmers drinker. The *regular core drinker* drank cider most of the time due to its taste and alcohol strength. The *regular repertoire drinker* was the kind of consumer who went out to play a football match on a Wednesday night and started off on Bulmers for refreshment, before moving on to Guinness after two or three pints. Finally, the *occasional repertoire drinker* only drank Bulmers when in the countryside or when the sun shone on a Sunday afternoon.

While Bulmers would never be perceived as another beer, there were lessons to be learned from the beer market in Ireland. Brendan McGuinness (Managing Director, Bulmers Ltd, since 1975) believed that the market was characterised by rapidly changing preferences, with resultant opportunities:

Well, there's no clearly defined sort of population the consumer is in. If you look back in the history, you know stout was a dominant category and stout has declined. You know, there was a time when stout was, I think, 60 per cent of beer consumed in Ireland, so clearly if categories are in decline there's opportunities for other brands.

However, problems of negative perceptions remained. Creative and bold action was clearly required in relation to the product's image. The answer lay in a return to the roots of the company and cider making. Brendan McGuinness recalled, 'The basics were telling us that it was all about tradition, naturalness and heritage. Those are our properties.'

The catalyst for fundamental change was external cues from the company's competitive environment, allied to management insight and experience. Brendan McGuinness explained:

For example Guinness departed from their traditional strategy ten to fifteen years ago and started appealing very clearly to young people, and they chopped and changed their advertising, and I suppose we moved in and took part of their territory, which was the whole naturalness and heritage and tradition area and product qualities and craft of making it.

Repositioning Strategy

Bulmers embarked upon a strategy to change consumer prejudice about their cider brand. Colin Gordon (Marketing Director, Bulmers Ltd., 1989–1994) stressed that, ‘everything we did was fundamentally around how to continuously improve the image.’ He also highlighted the need to be ahead of the consumer, portraying Bulmers cider in a more favourable light and as a premium product. Management decided to use a theme based on ‘time’ throughout all company advertising. Colin Gordon reflected on the inception of the idea and the snowballing consequences:

Once you had the copy line, it actually became unstoppable what you could put in against it. So, ‘nothing added but time’ allowed you to be natural.... You could pick on the absence of things because of the ‘nothing added’ part of the by-line.

Consistency of meaning was achieved through several communication media, all portraying the same messages of naturalness, tradition and heritage. Bulmers has maintained the ‘time’ theme in all advertisements. It initially began as ‘Nothing added but time’. Although very successful, the company was forced to change the slogan in 1996 due to a European Union ruling on misleading advertising (a colorant is added to the cider). The next campaign focused on ‘All in its own good time’. This, in turn, was superseded by ‘Time dedicated to you’. Using symbols and legends in different fields of endeavour, this drew a parallel between the product and the single-minded person devoted to succeeding.

The second creative platform added to the brand’s character was that of ‘craft’, with advertisements showing craftsmen at work and implying the same for Bulmers. The aim of this constant brand building and learning was to allow the Bulmers brand to evolve while at the same time retaining the initial focus and qualities identified at the outset of the strategy. Therefore, although the message was changing in response to the consumer, market and product, it still retained its core meaning.

Industry and Other Measures

The bad public image of cider remained a critical issue. The first element tackled was cider's perceived high alcoholic strength. Before 1990, the alcohol content of Bulmers was 5.0 per cent by volume for draught, and 4.5 per cent for bottles. This compared with levels of 4.2 or 4.3 per cent for beer. (Historically, when UK cider brands had first entered the Irish market, they had a high alcohol content, which Bulmers matched.) Moreover, reflecting insufficient controls, the alcohol content of flagons sold through the retail trade varied between 4.0 and 8.5 per cent. As a result, Bulmers suffered from both an unnecessarily high cost of production and a bad image associated with drunkenness partly caused by the high and inconsistent alcoholic strength of its cider. Management took action to reduce and standardise alcohol levels.

Another problem was adverse press coverage, which affected Bulmers' image unfavourably in the mindset of consumers and the licensed trade. Newspaper headlines such as, 'Cider crazed youths', and 'Cider party turned nasty, court told' were commonplace. In 1998, the Cider Industry Council (CIC) was set up with an initial fund of IR£100,000. Its stated aims were:

- To encourage appreciation of cider amongst responsible and mature drinkers
- To encourage use of cider in cooking to accompany food
- To help combat underage drinking

Although claiming to represent the major cider companies in Ireland, Bulmers provided the CIC with 95 per cent of its funding, and got all of the other industry players involved. The CIC's real aim was to counteract the harmful media reports that were leading to negative consumer and trade attitudes. As John Keogh pointed out:

This was good work, need[ed] to be done and positioned cider very positively as taking a responsible attitude. We were seen as the irresponsible ones of the past acting responsibly.

At the same time, some marketing employees were given the task of contacting any journalists who reported on ‘cider parties’. If it could not be confirmed that a substantial amount of cider was consumed, the journalist was then asked to retract the article or print an apology. Bulmers also funded various initiatives supported by the police, such as alcohol awareness schemes, which helped to increase public recognition that the cider industry was becoming more socially responsible. Over time, such measures proved very effective in changing media and consumer attitudes to cider, with negative media stories about cider falling by five-sixths over a six-year period.

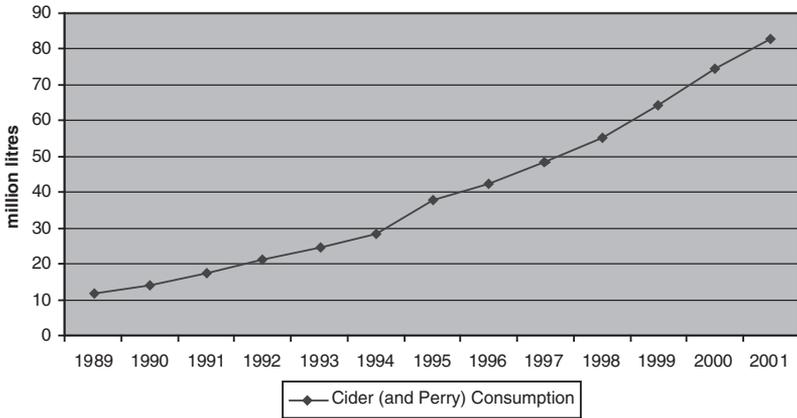
Bulmers also addressed elements of the marketing mix. The relatively low price of Bulmers had undermined the high quality image engendered by the company’s advertising. Over a number of years the price was increased to reflect its new premium product positioning and, since 1996, Bulmers cider has sold at a premium to lager (in part due to two government increases in excise duty). In addition, management stopped the previous in-pub promotion policy, which was judged to show Bulmers in a bad light, through encouraging drunkenness. The money saved was utilised elsewhere in the marketing budget. The focus of promotion shifted to image correction in public relations and sponsorship in areas more in keeping with Bulmers’ repositioned product image, such as golf and other sports events.

Bulmers also adopted several innovative approaches to packaging, which further reinforced the changed image of the product. The company introduced the pint bottle of cider served with ice, which over time became a trademark of the Bulmers’ brand. This arose from management spotting a consumer usage pattern and developing it. In addition, a long-neck bottle of Bulmers cider was introduced, following a suggestion by a lower-level employee.

Continuing Success

The deliberate repositioning strategy was hugely successful in enhancing the image of Bulmers cider. It significantly changed the mindset of consumers in relation to a product that looked to be in decline. The result was a huge increase in sales of cider, with annual consumption rising seven-fold from just under twelve to close on 83 million litres in twelve years (Figure 1). Bulmers, as the dominant market leader, was the chief beneficiary with substantial volume and market share gains (Figure 2). By 2002, Bulmers cider was on

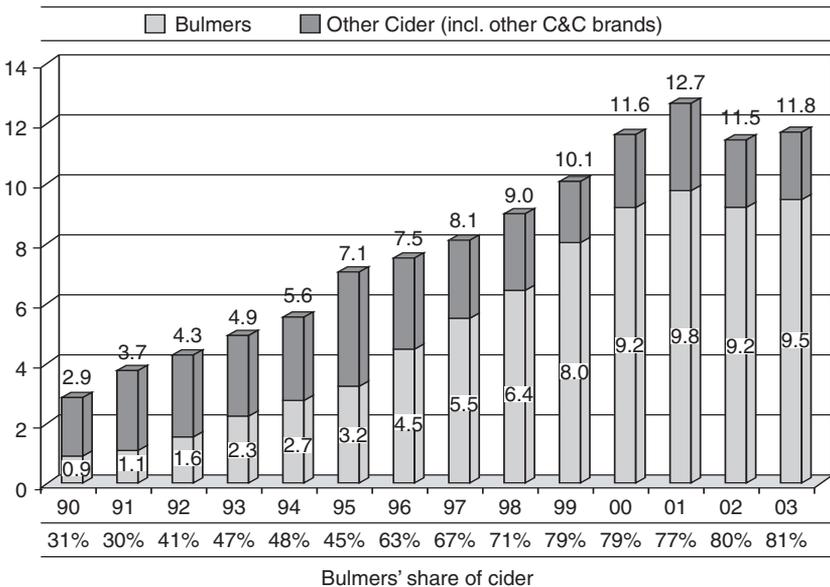
Figure 1: Cider Consumption in Ireland, 1989–2001



Source: Revenue Commissioners (1998–2001) ‘Table EX8: Excise Duty on Cider and Perry’, in *Statistical Report of the Revenue Commissioners*, Dublin: The Stationary Office.

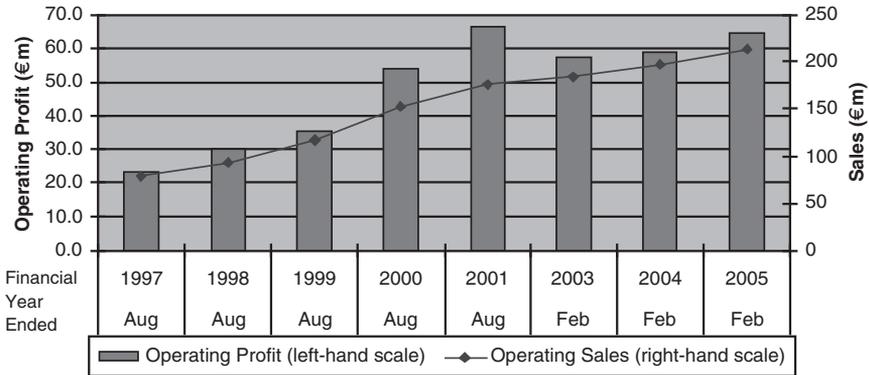
Figure 2: Bulmers’ Market Share

Cider share of the Irish LAD market



Source: C&C Group plc website, Our Brands: Bulmers section, http://www.cancgroupplc.com/group_alcohol_long.asp, accessed 23 May 2007.

Figure 3: Bulmers' Financial Statistics (estimated)



Source: Adapted from Goodbody Stockbrokers (2004) 'C&C Group: No hangover?', Dublin: Goodbody Stockbrokers.

sale in virtually every pub in the country compared to only 40 per cent ten years previously. Brendan McGuinness commented: 'They (the consumers) think of Bulmers in the same breath as Guinness, Bud and Heineken'.

Bulmers has continued to build on its repositioning strategy, the success of which is reflected in financial terms (Figure 3). In 2004, C&C floated on the stock market, providing Bulmers with ready access to capital for expansion and development. In 2005, following several years of test marketing in a number of locations, Bulmers launched its cider product nationally in the UK under the brand name 'Magners'. To date, the success of Magners in the UK has paralleled that of Bulmers cider in Ireland, and has been the main factor behind the strong performance of C&C's share price.

ELEMENTS OF A SUCCESSFUL REPOSITIONING STRATEGY

From analysis of the Bulmers case, a framework for a successful repositioning strategy emerged, comprising six elements (Figure 4). Each of these elements is outlined below.

Figure 4: Framework for a Successful Repositioning Strategy



Core, Deliberate Strategic Values

Repositioning involves realignment and refocusing, not replacement, of strategic posture. In the Bulmers case, based on analysis of market research and customer feedback, the product (except for reducing the high alcohol content), organisational structure, strategic architecture and management were left unchanged. What was altered (fundamentally and radically) was the strategic thinking of the management team and the image of the product in the minds of consumers. Thus, strategic repositioning is underpinned by purposeful, enduring, fundamental values (Collins and Porras, 1996). In the case of Bulmers, these values embraced product quality, marketing-led core competence and a restless management culture of change, which is open to internal questioning and external influences.

Strategic Flexibility and Strong Learning Capabilities

Bulmers' management clearly believed that even the most deliberately intended strategy is not carved in stone and should be open and receptive to change, allowing it to develop over time (Mintzberg, 1987). As John Keogh emphasised, 'It is and should be constantly evolving and your strategy should be constantly evolving.' Moreover, throughout the case interviews, words such as 'snowballing', 'iterative' and 'emerged' were routinely common. The case is replete with examples of a strong emergent aspect to Bulmers' repositioning strategy. These include the introduction of the pint bottle with ice and of the long-neck bottle, in response to consumer trends and employee input, respectively.

The Bulmers case also encapsulates the view that learning capability is a cornerstone of an effective repositioning strategy (Senge, 1992). Management used this capability to engender enhanced understanding of the product, the marketplace, the consumer and, above all, their successes and failures.

High Customer Awareness and Sensitivity

Bulmers' repositioning success highlights how important it is for a company to have a thorough knowledge of its consumers (Drucker, 1955). Bulmers had a comprehensive awareness of the consumer categories that drank their product: regular core, regular repertoire and occasional repertoire drinkers. This helped the company to focus on and target those consumers who were most likely to be swayed into buying the product. In addition, proximity to consumers and sensitivity to their needs gave Bulmers' management the confidence and insight to make the bold entrepreneurial moves required to reformulate the image of Bulmers cider and reposition the product successfully. This is evident in the process of leading the consumer through the change of image with innovative advertising, in raising progressively the price of Bulmers cider to premium levels, and in daring industry-level and media initiatives.

Critical External Orientation

Astute market and competitive analysis triggered Bulmers' repositioning strategy (Porter, 1996). It was competitors who unwittingly prompted Bulmers to return to its roots of naturalness, heritage and

tradition. Management was able to recognise the value and appropriateness of a strategy previously abandoned by Guinness, the market leader. Allied with the opportunity perceived from consumer brand switching, this demonstrated a deep and ingrained understanding of external developments, which was not shared by others. Bulmers' management also correctly defined its sphere of influence and action broadly, to embrace industry-level and media management activities.

Top Management Commitment

Bulmers' commitment to the repositioning strategy was steadfast and was not undermined by the introduction of new senior managers, notwithstanding some early misgivings. In addition, repositioning was led from the top of the company, as in most successful strategic change (Nadler and Tushman, 1989). Furthermore, the focus in repositioning was on the overall good of the company going forward. Given that there were no specific managerial incentives attaching to the success of the strategy, pride and willingness to succeed were the main factors driving management. Such affective motivations generate superior commitment (Meyer and Herscovitch, 2001).

Belief in the Product and Brand

Bulmers Original Cider was central to the repositioning strategy, while management's belief in the product and brand was unswerving. The evidence in the case supports an almost messianic conviction, despite an inauspicious start, in which the auguries were overwhelmingly negative. At all times, the brand was seen to be strong and the product right (save for too high an alcohol content). All management actions, from highly directive advertising to industry-level and media measures, proactively and aggressively reflected this. At the same time, management's belief was not characterised by omniscience and hubris.

CONCLUSIONS

This paper makes a number of preliminary theoretical contributions. Primarily, the Bulmers case affirms the ontological status of repositioning as a viable strategy. Over a twelve-year period, the

company's value proposition has been fundamentally altered (Turner, 2003) for the better. This is evidenced by the Bulmers-led transformation of the cider market from moribund to rapid growth; by the brand's transposition from second-rate beer to premium category leader; by the more positive profile of the product; and by the company's greatly increased sales, market share and profits. The strategic nature of repositioning is also attested by the framework for repositioning success developed in this paper. This framework is fundamental in character and wide-ranging in scope, encompassing many prerequisites for strategic success. Moreover, the elements of the framework are rooted in core precepts from the strategy literature.

The success of Bulmers indicates that repositioning is a feasible means of strategic change. It is clear that the change that occurred was transformational in character (Dunphy and Stace, 1993). At the same time, a noteworthy aspect of the Bulmers repositioning story is how limited was the scale of change. Product, structure, architecture and management remained essentially intact. The predominant change that occurred was in mindsets (Liedka, 1998). Internally, repositioning involved a change in the strategic thinking of management. Externally, what changed was the image of the product and brand among consumers, the media and general public. Predominantly, repositioning at Bulmers reflects intellectual processes, rather than concrete phenomena, with far-reaching ramifications. This may account for the mistaken (but understandable) conclusion that repositioning is marketing-based, and therefore functionally specific, rather than strategic, in nature.

In this regard, repositioning can be differentiated from turnaround. In repositioning the emphasis is on positive, mental mapping (Walsh, 1995) in which change is predominantly enacted, supplemented by strategic learning (Rajagopalan and Gretchen, 1996). (Change is also complemented by supportive entrepreneurial action.) Turnaround, on the other hand, involves expedient, forced operational intervention. Given the stark contrast between the failure of many turnarounds (Slatter, 1984) and the success of Bulmers (albeit only a single case), repositioning would appear to be more prospective as a strategy for change than its sparse treatment in the literature would suggest.

This paper affirms Turner's (2003) previous empirical study of repositioning. Turner's prescription of the need to reconcile external and internal environments finds resonances in the insight and experience of the management of Bulmers in exploiting Guinness' abandonment of its core traditional qualities, which Bulmers subsequently adopted. The internal/external duality is also evident in changed mindsets – both the strategic thinking of management, and the marketplace image of the product, respectively. In addition, the limited scale of change in the Bulmers case reinforces Turner's dictum that the process of repositioning should be evolutionary and pragmatic, building on existing capabilities.

However, the Bulmers case also extends Turner's paper in two important respects. Firstly, Bulmers is a story of successful repositioning, in contrast to the failure of Cable and Wireless outlined in Turner (2003). Arguably, the more favourable context lends persuasive weight to the resulting conclusions and theoretical insights. Secondly, this paper proposes a framework for successful repositioning. This provides a (tentative) template for embarking on repositioning, which builds on Turner's valuable highlighting of the issues and challenges of such a strategy.

As an early-stage exploration of repositioning, this case does not purport to be a panacea for all ailing companies. It does, however, highlight the value of such a strategy and puts forward some tentative suggestions for successful repositioning. It is hoped that this paper will stimulate further analysis and study with a view to firmly establishing repositioning in the lexicon of strategy and change.

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The Use of Social Marketing for Science Outreach Activities in Ireland



C H R I S T I N E D O M E G A N *

ABSTRACT

The recent trends in Irish society – the plastic bag levy, smoke-free public buildings and road safety advertisements – mean that social marketing is poised to provide alternatives to approaches that are no longer viable. The timing coincides with a shift in emphasis in government policy away from capital expenditure towards value-added outcomes associated with the knowledge society and innovation. This article explores the emerging field of science communication and outreach activities and the application of social marketing to the management and evaluation of such activities as a way forward.

Key Words: Social Marketing; Science Outreach Activities.

INTRODUCTION

Social Marketing is, broadly speaking, the application of marketing principles to social issues and is best known for its use in campaigns related to public health and the environment. Successful programmes dealing with obesity, tobacco consumption, family planning, safe sex, recycling, waste management and water purity are the more common applications cited (Andreasen, 2002; Kotler et al., 2002; Hastings, 2003). It is widely accepted that many social

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problems and concerns have underlying behavioural causes. As Social Marketing is about influencing behavioural outcomes, recent years have witnessed dramatic growth in the use and application of Social Marketing (Gordon et al., 2006). Both commercial and non-profit organisations alike are undertaking Social Marketing, especially in social issues where educational and legal interventions have failed (Diamond and Oppenheim, 2004).

A phenomenon not commonly associated with Social Marketing is the growing number of science programmes aimed at the general public. These scientific initiatives are established to drive our knowledge-based society and represent a major investment of resources (Beetlestone et al., 1998; Edwards, 2004; McCauley et al., 2006). Better known as Science Outreach Activities, because they are charged with raising the public awareness of science, they allow children, teachers and parents to experience science in a fun, hands-on and exciting way and to stimulate their interest and participation in science as career options and research avenues. They include, for example, the Alimentary Pharmabiotic Centre in UCC; Ready, Steady Bio and the Digital Enterprise Research Institute, both in NUI, Galway; Calmast, Waterford IT; the Pfizer Science Bus, DCU; and PharmaChemical Ireland.

Behind this worldwide science movement is an accepted, implicit assumption – a seamless link between science interest, enthusiasm, science literacy levels, science careers, and economic and social prosperity (Layton et al., 1993; Beetlestone et al., 1998). Nowhere is this better reflected than in Ireland, where science ‘is vital to our economic and social progress’ (DETE, 2006: 3). Being science-driven is clearly seen as the foundation of Ireland’s future if the Celtic Tiger is to sustain its position of the third highest GNP (Gross National Product) per person in the world, behind the United States and New Zealand (Economist Intelligence Unit, 2006). To this end, the Irish government launched several science initiatives, some include the re-introduction of science at primary level (see <<http://www.primaryscience.ie>>), increased resources and teacher training (see <<http://www.science.ie>>), the establishment of the Science Foundation of Ireland (see <<http://www.sfi.ie>>) and the promotion of science amongst the public through Discover

Science & Engineering (see <<http://www.forfás.ie>>). The recently announced Strategy for Science, Technology and Innovation 2006–2013 is being further supported with €3.8 billion (DETE, 2006). By any standards, this represents impressive funding, investment and resources.

The government is not the only one to respond to the science challenge in Ireland. Universities offer science programmes and open science days through their science faculties (see <<http://www.universityscience.ie>>). Multinational organisations, originally attracted to Ireland for its tax benefits and now needing Ireland's knowledgeable workforce, participate in science awareness, promotion and initiatives. For example, Medtronic, Boston Scientific and HP champion the annual Science and Technology Festival (see <<http://www.galwayscience.ie>>) and Pfizer sponsor the Pfizer Science Bus delivering science to Irish schools (see <<http://www.dcu.ie/sciencebus>>). Smaller companies, such as Mad Science, commercially sell science kits, science birthday parties and summer workshops (see <<http://www.madscience.org>>).

The application of Social Marketing to issues that concern societies, such as smoking, drink driving, exercise for young children, teenage drinking and leprosy, suggests perhaps it could be of relevance to Science Outreach (Wong, 2002; Long and Murphy, 2005). Can the concepts inherent in Social Marketing be applied to a field such as Science Outreach? Are there valuable insights to be had from Social Marketing for Science Outreach design, management and evaluation? Can the Social Marketing model deal with a diverse topic like Science Outreach? Do unique issues emerge? Would the inclusion of Social Marketing in Science Outreach thinking deepen our understanding of the role of science in society?

The purpose of this paper is to examine the use of Social Marketing for the management of Science Outreach activities through case study research. Specifically, this paper investigates what aspects of Social Marketing are relevant for Science Outreach activities in Ireland. It seeks to inform how Social Marketing relates to Science Outreach, culminating in an assessment of how Science Outreach design, planning and management could be enhanced by the use of a Social Marketing framework.

SOCIAL MARKETING DEFINED

Theoretically, there is no generalised definition of Social Marketing (McDermott et al., 2005). The term Social Marketing first appeared in a pioneering article, 'Social Marketing: An Approach to Planned Social Change', co-authored by Philip Kotler and Gerald Zaltman in 1971 in the *Journal of Marketing*. In the 1970s, Social Marketing was about selling 'ideas'. With the nature of Social Marketing being 'to sell brotherhood the way we sell soap' (Wiebe, 1951–52: 679), these early beginnings for Social Marketing are now referred to as 'tell and sell' marketing (NSMC, 2006). This initial conceptualisation of Social Marketing defined itself based upon discreet, economic marketing transactions. Like commercial marketing then, it focused upon a 'market to' the consumer's managerial perspective. On the ground, this inevitably resulted in Social Marketing in its infancy being strongly concerned with the communication of a message.

For this reason, non-marketing professionals tended to confuse Social Marketing with social communication. Social communication does not use the principles of marketing. As Sargeant (2005: 184) makes the point, 'the social marketer is concerned not only with the communication of a message; she must also attempt to make the adoption of a behavioural change relatively easy to achieve.' In the past, Social Marketing has also been wrongly defined as social propaganda and education (O'Shaughnessy, 1996). Despite this nebulous beginning, most, but not all, welcomed the expansion of economic transaction marketing into non-traditional and non-commercial areas such as public health and family planning (Kotler and Levy, 1969; Luck, 1969).

The conceptually modern view of Social Marketing in the 21st century has matured and now delineates its domain around the exchange process of voluntary behavioural change. Recent debates within the literature (Andreasen, 1995, 2002; Kotler et al., 2002; Hastings, 2003) confirm the conceptual movement towards the 'market with' relational approach (Lusch and Vargo, 2006). Currently, the three most accepted meanings of Social Marketing manifesting this modern view have been advanced by Kotler et al. (2002: 5), Andreasen (2002: 296) and Hastings (2003: 12).

Kotler's view is that: 'Social Marketing is the use of marketing principles and techniques to influence a target audience to voluntarily accept, reject, modify, or abandon a behaviour for the benefit of individuals, groups, or society as a whole' (2005: 5). Andreasen perceives Social Marketing as 'the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programs designed to influence the voluntary behaviour of target audiences in order to improve their personal welfare and that of their society' (2002: 296) and Hastings regards 'Social Marketing's most fundamental feature is that it takes learning from commerce ... such as consumer orientation, mutually beneficial exchange, the need to focus on behaviour change and address the context as well as the individual' (2003: 12).

These definitions have important bearings upon Science Outreach. The very core of Social Marketing – voluntary behavioural change beyond the individual and the surrounding societal context – implicitly and explicitly embraces the notion of Science Outreach. Each of these are now elaborated upon, and illustrated against Science Outreach practice in Ireland to demonstrate the relevance of Social Marketing for Science Outreach activities.

Beyond Individual Exchange to Complex Multiple Exchanges

One characteristic agreed by all in the Social Marketing literature is that the behavioural change occurs at both individual and society level (Lawther and Lowry, 1995; Hastings et al., 2000). Levy and Zaltman (1975) identify three dimensions in society that are affected by the change sought in Social Marketing campaigns: micro-level, group-level and macro-level. They capture this distinctive trait of Social Marketing in their examination of the impact of Social Marketing campaigns as displayed in Figure 1.

Like commercial marketing, the unit of analysis in Social Marketing begins at the micro-level of the customer. Social Marketing also pays attention to the next level of analysis or impact, the inter-organisational relationships of varying content, duration and strength (Ford et al., 2003). This has to be managed with the micro or customer unit. As a sign of this, the term 'community-based Social Marketing' now exists. However, Social Marketing, while incorporating both these levels of analysis, adds yet a third

Figure 1: Types of Social Change, by Time and Level of Society

Change	Micro-Level (Individual)	Group-Level (Group/Organisation)	Macro-Level (Society)
Short-term	<i>Behaviour change</i>	<i>Changes in norms/ administrative change</i>	<i>Policy change</i>
Example	Attendance at stop-smoking clinic.	Removal of tobacco advertising from outside a school.	Banning of all forms of tobacco marketing.
Long-term	<i>Lifestyle change</i>	<i>Organisational change</i>	<i>Socio-cultural evolution</i>
Example	Smoking cessation.	Deter retailers from selling cigarettes to minors.	Eradication of all tobacco-related disease.

level or unit of analysis, that of the whole system – a macro, society level, constituting those who control the social context influencing the other two units (Brenkert, 2002). This third social context level signals a further complexity for Social Marketing managers not normally seen by commercial managers. This is attributable to the fact that individuals influence and are influenced by those surrounding them, thereby requiring this three-tiered analysis approach to the exchange process. Hastings and Saren (2003: 315) believe this three-unit impact at different levels is Social Marketing's biggest contribution, bridging the 'gap between the corporate sector and public welfare' and understanding both worlds.

This multiple impact results in Social Marketing having an extensive constellation of stakeholders and relationships to satisfy. Social Marketing stresses relationships beyond the consumer into the broader market place, including suppliers, distributors and supporting firms, and extending to local communities, regional bodies and government. The relationships are simultaneously active at all levels with the customers, communities and policy-makers to achieve synergy between the multiple change agents and bring about the desired behavioural change (NSMC, 2006). Bagozzi (1975: 35) refers to this co-creation of value as a complex marketing exchange,

where more than three parties are involved in a network of relationships and there is not ‘the simple quid pro quo notion characteristic of most economic exchanges’.

In a very real sense, Social Marketing is as much about the social as the economic relationships of a society-wide network (Penaloza and Venkatesh, 2006). However, this is not to deny the significant economic impact arising from a social exchange such as the elimination of smoking and the positive health effects for individuals and society. These relations are formal and informal. Based upon a customer focus that considers the self-interested perspective of a target segment, Social Marketing has to successfully manage a multitude of varied, self-interested target audiences. Communications and interactions are extensive and vital to the proper function of the relations (Covellio et al., 1997). Here, communications becomes a two-way process and the role of the customer shifts from being passive to active in the exchange. Tangible and intangible elements compliment either the product or the service, all resulting in closer relationships (Covellio et al., 2001; Brady et al., 2002; Brookes et al., 2004; Brodie et al., 2007). Relationships at multiple levels are one defining characteristic. This requires face-to-face personal formal and informal communication with individualised, active customers to facilitate extensive interactions and relationships between employees and customers (Covellio et al., 2002). This empowers the customers to be highly participative in all aspects of the consumption process, giving rise to the co-creation of values and benefits between the organisation and customer.

Social Marketing is the co-creation of complex social and economic benefits and values ‘with’ customers among and throughout an entire community network of relationships. It is not a firm-level network – it works up-, down- and in-stream, throughout an entire holistic system of relationships. It is a network of deep collaboration, problem-solving and passion entirely centered around, among and concerned with, the real and true needs of the customer (Smith, 2000, 2006).

Another facet that Social Marketing’s multiple concurrent co-creation of benefits has to contend with is the complexity of the relationships reflected in the continuum of self-interested stakeholders that vary from customer segments that ‘behave as we wish’

to 'resistant to behave as we wish' to programme designers and policy-makers who fund such programmes (Rothschild et al., 2006: 1220). In a free society, the customer has the choice to refuse to change behaviour and maintain the current undesirable behaviour. The product or intervention from the social marketer must deliver greater immediate benefit and greater perceived value than the alternative behavioural choices. This is vastly different to commercial marketing where the main source of greater benefit or value comes from other organisations and businesses who offer similar goods and services (Szydlowski et al., 2005). The self-interest of customers/target markets requires the social marketer to work harder, faster, deeper and more extensively in understanding the motivations of the target customers and designing a market offering or intervention to appeal to them. As customers become more individualised, the need to understand and invest in motivations, commitment and trust rise (Hjelmar, 2005; Hastings, 2006).

Self-interest and conflict also derives from the other multiple active and participant stakeholders. In this guise, it relates to the goals of the Social Marketing strategy. Commercial marketing is predominately driven by the profit goal, compared with the practice of Social Marketing, where the aim is societal value. The self-interest in commercial marketing, while present in Social Marketing, functions alongside social aims. The social involvement of customers and organisations is more than a supporting condition in Social Marketing. The social component adds worth to the economic aspect and is valued in its own right (McKee and Wang, 2005).

Yet another implication of behavioural change for many exchange parties is captured by the notion of time. In Social Marketing, lengthy time periods are needed to perform what is planned and for future planning (Laczniak et al., 1979). This is especially true when large-scale behavioural change is sought, which in turn may require a change in beliefs or attitudes and when one is building a community of relationships. The best Social Marketing programmes advocate three to ten years duration, with the preference being for 10+ years in health promotion programmes such as AIDS programmes. This suggests that for networks of relationships, truly complex in nature, straddling large numbers of

disparate parties, requiring dynamic flows of communication and extensive interactions at numerous levels, within and between organisations, a longer time-frame (ten years) is indicative of a 'market with' approach to marketing. Long-term relationships are 'expensive, time-consuming and complex' to develop and manage according to Haytko (2004). Lusch and Vargo (2006) offer further insight into why we may need to lengthen our time-frame for some contemporary marketing practices – adaptive learning and flexibility are necessary to achieve competitive advantage and time is one of the critical elements.

Beyond the Marketplace to Societal and Environmental Influences

Exchange behaviour and relationships are socially, as well as economically, determined (Maibach and Cotton, 1995). Niblett (2005) sees partnerships as the key to Social Marketing, as they generally provide the needed infrastructure for the marketing mix, making for efficient use of limited resources and solving many capital dilemmas non-profit companies suffer from. Partnerships, like the levels of exchange, are multiple and occur simultaneously at five levels: (a) intrapersonal/individual, (b) interpersonal – where family, friends and peers ensure social support, (c) institutional/organisational, (d) community – through social networks and norms at a local or regional level, thereby once removed or more distant from the family/friends platform, and finally (e) public policy (Morgan and Hunt, 1994; McLeroy et al., 1988). This reinforces the concept of a network of relationships 'with, among and throughout' an entire community, and not just confined to any one level. Partnerships play this fundamental role in Social Marketing because they enable the vast number of parties in the holistic exchange system to work downstream, upstream and in-stream.

Downstream relates to aspects of Social Marketing that are only concerned with influencing the target audience, the end consumer or individuals. Downstream partners concentrate upon creating and distributing the interventions. Upstream Social Marketing examines the function of organisations, events and their consequences on a given behaviour for the individual and society. Upstream behaviour is aimed at altering the environment and policies affecting the target

audience to encourage and support the required individual behaviour change (Andreasen and Herzberg, 2005). Goldberg (1995: 361) encourages social marketers to take both upstream and downstream partnerships into account because ‘these perspectives are likely to be complementary and even interactive’, and the more partners to a Social Marketing campaign, the more effective the campaign tends to be and the greater the collective value of the contributions.

The final dimension of Social Marketing, of importance to Science Outreach work, is evaluation. Evaluation, like partnerships, is synonymous with Social Marketing. This is a consistent theme from Kotler and Zaltman (1971) to Hastings (2006). With the large number of differing individuals and groups, with differing needs and wants, evidence-based data and information is central to any successful Social Marketing performance. But it is more than information, more than generating data and intelligence. Evaluation aims to guide actionable insights using considered judgement. It is because of this considered insight that Weinreich (1999) contends evaluation is the cornerstone of Social Marketing.

Social Marketing evaluation falls into three camps. Firstly, there is formative evaluation – an information gathering process at the beginning of the exchange and intervention to shape and mould the programme/campaign to the self-interested needs of the up- and downstream target audiences. To this end, audience research, message and intervention testing, new product development and counter-competitive behaviour research form part of the constant information cycle used to shape Social Marketing strategy. Formative evaluation integrates effective research into the development of programmes, maximising benefits and the value of the exchange process for all parties. Formative evaluation is one of the essential elements of Social Marketing. Why is this so? It is because Social Marketing campaigns, by definition, only begin *after* the target audience has been heavily researched and the voice of the consumer truly heard and understood (Sargeant, 2005). As well as this, poor or unavailable secondary data sources in Social Marketing further fuels the evaluation/information drive towards knowing research (Bloom and Novelli, 1891). Also, it is more difficult for social marketers to obtain valid measures of salient variables than it is for commercial marketers and, as a result, multiple qualitative

and quantitative methods are consistently utilised (Goldberg, 1995). The result of this rigorous up-front 'knowing' information cycle, feeding into, shaping and informing a community of partnerships, is an ability to adapt and learn from all the exchange parties in their environments.

Secondly it is an outcome or impact study where indicators can be used for measuring outcomes, financial and non-financial. Outcomes are improved in Social Marketing because it is evidence-based, on what works in relation to individual motivations and interventions (SMNEC, 2003). Outcome measurements tend to be target audience-focused and include changes in behaviour, behavioural intent, belief and knowledge.

Finally, there is process evaluation to measure executional elements, that is, how well the programme was conducted according to the plan (Kotler et al., 2002). Expected measures include reach and frequency, media coverage and costs, as in TM (Transaction Marketing). Policy changes, partnership contributions and funding sources are the other elements listed by Kotler et al. (2002) as being more specific to Social Marketing.

CASE STUDY

Beyond Individual Exchange to Complex Multiple Exchanges

Under the auspice of Science Foundation Ireland (SFI), the Centres for Science, Engineering and Technology (CSETs) undertake science outreach and communication activities. REMEDI (see <<http://www.remedi.ie>>) is one such CSET set up in 2003 through a €14.9 million award over five years. REMEDI conducts basic and applied research in regenerative medicine, an emerging field that combines the technologies of gene therapy and adult stem cell therapy. REMEDI outreach programmes are science initiatives to create awareness of and promote science to school children, teachers, parents, the local community and general public through interventions (e.g. forensic crime-solving workshops for school children, microscope training for teachers, and hands-on cell experiments). REMEDI's target audiences are (a) the general public, (b) students at primary, secondary and third-level education, (c) teachers, (d) parents, (e) industry and finally (f) policy-makers.

The Digital Enterprise Research Institute (DERI) is also funded by SFI with a €12 million grant over five years (see <<http://www.deri.ie>>). DERI researches the next generation of the World Wide Web – the Semantic Web. It focuses upon software that allows the Internet to become a platform where organisations and individuals can easily communicate with each other, to carry out commercial activities and provide value-added services. Like REMEDI, DERI pursues outreach initiatives, targeted at primary and secondary school children, their teachers and parents along with the general public with particular emphasis on community and the voluntary sector, and aims to improve the quality of life of Ireland's people ranging from active retirement groups, the local Brazilian immigrant population and asylum-seekers to primary and secondary schools through the usage of web services. DERI has the same portfolio of customers: school pupils, their teachers and parents. However DERI is different to REMEDI in that DERI has a more local community base to its social relationships. DERI caters for specific groups of children and parents that are hard to reach or disadvantaged, such as asylum-seekers.

Another example of Social Marketing's three levels of analysis in Science Outreach is visible in the 'Our Universe' campaign by PharmaChemical Ireland. With sixteen of the top twenty pharmaceutical and chemicals companies in the world currently based in Ireland, PharmaChemical Ireland was established within the Irish Business and Employers Confederation (IBEC) in 1994 to expand and develop the sectors' business activities, thus enabling it to maintain international competitiveness and to improve the industry's communications with all sectors of society. In particular, the Our Universe campaign, established in 1995, provides business volunteers to go to local schools to deliver a range of activity-based enterprise and science programmes for young people aged five to eighteen years in partnership with the class teacher. The programmes are aimed at encouraging young people to make the successful transition from education into the science workplace. Table 1 shows how PharmaChemical Ireland's 'Our Universe' campaign influences groups and societies as well as individuals.

The campaign allows members to be 'caring and open to one another and to people in the community' outside of PharmaChemical

Table 1: Exchanges Beyond the Individual Consumer – ‘Our Universe’ Campaign

Students	Students’ awareness/interest in science is directly affected by the campaign.
Teachers	Teachers have praised the campaign and shown an increased awareness of the initiative.
Parents	Parents have given positive feedback to volunteers and shown an increased awareness of the initiative.
Community	The initiative has strengthened relationships with local school and community and increased the community’s awareness of science and its value to society.
Society	The campaign has contributed to a nationwide effort to have science introduced as an obligatory subject at primary school level.

Ireland. ‘Industry benefits because the campaigns will hopefully lead to an increased supply of employees. The volunteers have a good time and that creates employee satisfaction. Schools benefit because the science campaign takes pressure off teachers and also creates further teacher resources. The students benefit because, in the modern world, to have a firm science grounding is essential’ (Corry, 2006: 70).

These outreach science initiatives capture the essence of Social Marketing – the central role of community networks and interaction in value creation and exchange for voluntary behaviour change. At the micro-level, primary and secondary school children, their teachers and their parents constitute different target audiences, with different social and economic needs. At the macro-level, relationships between community groups and regional bodies facilitate the exchange process, with national agents at the top end of the value co-creation chain. These relationships have one aim – a change in behaviour – the uptake of science as a school subject and career option.

In testimony to the co-existence of both social and economic goals, Brendan Smith, DERI’s Education and Community Outreach Officer, explains, ‘my role is basically to explain how new web technologies can dramatically improve the lives of schools, communities and society generally’ (Domegan and Corry, 2006). REMEDI

goals for its outreach are the following: (1) to ignite and sustain second-level students' interest in science, (2) to promote a positive attitude in the general public towards science, careers in science and technology, and to facilitate useful debate on current scientific and public interest issues and (3) to address the socio-economic impact and the public policy concerns of policy-makers, arising from research in the new medical regenerative technologies.

PharmaChemical Ireland's chairman, Pdraig Somers of Swiss-based pharmaceutical company Helsinn-Birex, explains, 'the supply of highly skilled and motivated staff is vital if we are to secure existing investment and attract new companies to the country. The focus on promoting science at both primary and secondary schools must continue' (Corry, 2006: 3). The goal of the 'Our Universe' campaign is 'to get people interested [in] and knowledgeable about science in the short-term, leading to the uptake of science subjects and careers in science in the long run. If we can send volunteers to the same schools year after year, this will help the students get a better understanding (of science) and more of an idea and interest in science' (Corry, 2006: 68).

To successfully serve such a large number of target audiences and achieve a behavioural change, all three Science Outreach initiatives are approached from a long-term perspective. Both REMEDI and DERI have an initial five-year time-frame. As a result of this long-term perspective, REMEDI has been able to adjust its plans and put a two-year package together for the primary schools. This was not an original REMEDI objective but on foot of (a) changes in the local environment where an interactive centre for primary schools closed and (b) work experience with secondary schools that showed children needed to have more interest in science before secondary school, REMEDI now include children aged seven to twelve years. The 'Our Universe' campaign has been running for four years and is it planned for it to run for the foreseeable future.

BEYOND THE MARKETPLACE TO SOCIETAL AND ENVIRONMENTAL INFLUENCES

In relation to partnerships, all three of the Science Outreach campaigns consciously form and participate in extensive partnership building. DERI's concentration on community groups has required it

to form strong co-operative alliances locally with Galway City Council, Galway County Council, Galway Education Centre, Galway Centre for Independent Living, the Health Services Executive and local schools. There is informal and formal, social and business communication, together with extensive networking. This is such a vital part of the DERI offering that DERI refers to them as 'Strategic Partnerships' and maintains DERI projects only happen because of the partnerships between a wide range of important local stakeholders because 'everything is a partnership' (Domegan and Corry, 2006).

DERI sees its role as one of 'adding value' to the existing infrastructure in the region by utilising partners and their resources (e.g. sports halls to deliver its offerings). This approach of adding value to partnerships is a classic Social Marketing scenario where DERI's lack of resources is overcome by accessing and enhancing partners' infrastructure. For example, many of DERI's partners act as a distribution channel for its services, and DERI, by operating at off-peak hours (e.g. evening time), enhances the operational efficiency of the partners' resources.

Both DERI and REMEDI work with upstream partnerships, including city and county councils and Galway Educational Centre – they have the ability to change the social environment (e.g. free access to technologies in public libraries). They also actively partner with other science-orientated state agencies and other third-level institutions to affect the social environment at micro- and macro-levels in which science initiatives are offered. This work centres on information about interventions, what works and how the different stakeholders respond and essentially, is coalition-building based upon problem-solving.

The concept of up- and downstream partnerships is evident in the 'Our Universe' project too. Altering the social environment to 'facilitate' students to take up science subjects is called for by the campaign where

[A] revised syllabus has occurred but it's a case of a lot done a lot more to do, we are trying to introduce exciting material, interesting material to the syllabus such as DNA tracing, fingerprinting, blood patterns and gunshot residue. We would hope to give teachers these materials handed on a plate (Corry, 2006: 81).

To encourage students to study science, ‘subjects such as History, Geography, Art and the Languages all offer the student the chance to gain marks before they sit exams, in the form of orals or logs. Science doesn’t, so other subjects have an advantage over science. This needs to change’ (Corry, 2006: 81).

All three Science Outreach campaigns conduct evaluations. The ‘Our Universe’ campaign is adapted on a regular basis depending on what has been learned from previous campaigns. ‘We do adapt programmes, a lot of the programmes originate in the States so we have localised them to suit Irish students and the Irish curriculum’ (Corry, 2006: 77). A two-stage approach was adopted in order to evaluate the effectiveness of the ‘Our Universe’ programme. Both quantitative (pre- and post-programme surveys) and qualitative (focus groups) were employed pre-and post-programme. The questionnaire contained six questions. The first five questions focused on the five modules of the programme with one question for each module. The last question asked students to choose a job they would like when they got older. Four specific options were given (including scientist) with a fifth option being ‘other’ or a job not mentioned in the first four categories. At the Junior Achievement training session for participating teachers and volunteers, teachers were instructed to distribute the questionnaires to their students before the business volunteers made their first visit to the classroom, and again after the volunteers had completed their final visit.

As well as the pre/post-programme surveys, the Our Universe staff conducts focus groups with participating teachers and business volunteers who had delivered the programme. The format involves the group discussing all five modules in terms of content and materials, training for the programme, as well as the support provided by staff. The programme is then modified according to problems and suggestions identified from the evaluation process. For example, in a recent evaluation process, teachers and volunteers deemed Module 3 (the environment) a success although more detailed information might be necessary in order to really challenge students (Corry, 2006: 92).

REMEDI and DERI conduct impact studies as well, in the form of customer satisfaction surveys with children, teachers and partners. DERI also conducts extensive formative evaluations through

consultations with stakeholders and consumers prior to programme development. For example, to understand how different users of the Internet wanted to improve the quality of life for the local Brazilian immigrant community in Gort discussions were held with local Brazilians in the area, alongside discussions with DERI’s partner, the VEC, as to their needs from such an offering.

CONCLUSION

‘*Science is Fun!*’ and ‘*Study Science*’ are the new mantras being added to the already familiar ‘*Fasten your seat belt*’, ‘*Don’t drink and drive*’ and ‘*Reduce, Reuse, Recycle*’. These are popular themes requiring a voluntary behavioural change of benefit to the individual and society. They go to the very heart of Social Marketing. With Social Marketing an increasingly important development in the field of marketing this paper questioned what aspects of Social Marketing could be applied to the management of Science Outreach activities in Ireland.

The first obvious answer lies in Social Marketing putting the behavioural-changing individual at the centre of the process and orchestrating a society-wide network of relationships and partnerships to achieve such goals, using extensive research- and evidence-based information and evaluation (see Table 2). In this manner, Social Marketing delivers innovative insights into the social and economic exchange process that underlies Science Outreach programmes.

Table 2: Social Marketing: Implications for Science Outreach Activities

Issues	Science Outreach Activities
Beyond individual exchange to complex multiple exchanges	Adds a third layer: the community/society aspect. Audience-centred and all stakeholders driven. Social and consumption behaviour. Expands to longer time-frame, allowing for adaptive learning and flexibility.
Beyond the marketplace to societal and environmental influences	Introduces partnerships upstream notion. Introduces evaluation for insight and actioned judgement to support decision-making.

Second and interestingly, Social Marketing, like Science Outreach, is heavily informed by diverse, complex, multi-disciplinary fields such as psychology, community behaviour, education, communication, health promotion, sociology and science. Hence, Social Marketing deepens our understanding of networks, of relationships, and of complex economic and social exchanges. In doing so it offers the potential to enrich our theories about Science Outreach and how they operate, about science and society and how they occur and so expand the horizons of the existing Science Outreach agenda.

The less obvious answer as to how the Science Outreach could or should be refined by Social Marketing is presented in the form of partnerships and evaluation, both of pivotal importance to an extensive network of community relationships. Management resources, assets and investments need to be directed towards collaboration at all levels within a society and within the network itself. This requires management passion and an ability to solve complex problems and exchanges. In turn, constant information and a flexible adaptive learning outlook are needed, if organisations are to perform and dominate their chosen markets. Partnerships and evaluation also draw the environment within which marketing occurs within the equation – a factor that is central to the performance/practice dimension. In this manner, Social Marketing can deepen our understanding of how the co-creation of value, related to social and environmental, as well as commercial, motivations, happens in the context of Science Outreach.

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An Institutional Explanation and Model of the Factors Influencing Room Rate Pricing Decisions in the Irish Hotel Industry



R U T H B . T . M A T T I M O E *

ABSTRACT

This paper reports on a study of room rate pricing in the Irish hotel industry. The paper views pricing as a social and organisational practice embedded in the contextual setting of each hotel. An interpretivist research methodology was chosen and actioned using qualitative interviewing and case studies. Two contrasting major case studies provided insights into the practice of room pricing. A five-level institutional explanation/model, which connects micro- and macro-levels, is proposed, using Old Institutional Economic (OIE) and New Institutional Sociology (NIS) concepts. The findings suggest that room pricing is a function of context, cannot be subject to general rules and is path-dependent on a continuum between floor price and ceiling rack rate. Hoteliers wish to move the room rate along the continuum towards the rack rate, but face conflicting forces at macro- and micro-levels, yielding trade-offs and extensive complexity.

Key Words: Hotels; Room Rate Pricing; Context; Old Institutional Economics (OIE); New Institutional Sociology (NIS).

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INTRODUCTION

This paper presents an empirically and theoretically informed analysis of hotel pricing, based on case study work carried out at two Irish hotel sites. Taking the view that pricing is a social and organisational practice in a contextual setting (Hodgson, 1998) and that reality is socially constructed, an *interpretivist methodology* was chosen to carry out the research. The research method used *case studies* and in-depth unstructured and semi-structured *interviews* at two hotel sites. Using interviewees from general management, marketing and accounting at the case sites, to strengthen the validity of the evidence, it has asked ‘when, where, how, why and by whom’ room pricing is done in the way it is, given the macro- and micro-context of the hotel sites. Therefore, this interpretivist research has built explanation from the specifics of each case, going beyond mere descriptions of pricing practices, as in previous survey work.

To educe this explanation, institutional theories which are procesual, namely Old Institutional Economics (OIE) and New Institutional Sociology (NIS), were chosen and justified as being compatible with the assumptions of the interpretivist methodology and suitable for elucidating the findings. These theories comprise the theoretical framework with which to view the case findings. The insights of these latter theories and previous institutionally inspired research on pricing and continual ‘cycling’ carried out between theory and data (Ryan et al., 1992) provided a clarifying original five-level model (see section on the model), which explains the reality found in the case sites.

LITERATURE REVIEW AND METHODOLOGY

Accounting Literature and Room Rate Decision-Making

Several authors outline *rational models* of decision-making (e.g. Drury (2006) and Arnold (1973)): this classical decision-making model is an economic model, based on the assumption of rational behaviour in choosing from known alternatives to maximise objectives. Robbins (1988) terms this the *optimising model* of decision-making. It implies that the decision-maker can be fully objective and logical, knowing all options and having full information to rank

all alternatives in preferential order, enabling the selection of the alternative that rates highest. According to Daft and Marcic (2001: 183) this model represents 'an ideal, a fanciful notion about decision making unattainable in the real world.'

In reality, as Bennett (1991: 195) observes, 'limiting factors must always be taken into account in decision-making procedures'. These factors include elements of *uncertainty* arising from the lack of complete information about alternatives and their results, *time* and *cost* constraints, and *cognitive limitations* in dealing with complex problems (Champoux, 1996). The administrative model of decision-making, which focuses on organisational rather than economic factors that affect decisions, describes how managers actually make decisions in situations that involve uncertainty and ambiguity. It is based on the work of Herbert Simon who proposed the two instrumental concepts of *satisficing* and *bounded rationality* (Daft and Marcic, 2001).

Due to various limitations, as outlined above, decision-makers often are not in a position to consider all possible alternatives and so may have to select one that is good enough to attain the goal. This process is known as satisficing behaviour, emphasising the search for a satisfactory rather than an optimal solution. The approach accommodates the uncertainty imposed by the environment of the decision. In addition, it takes into account that individuals have only limited cognitive ability, making them unable to consider all conceivable aspects of a complicated decision or all the relevant data. Given these constraints, 'individuals operate within the confines of bounded rationality' (Robbins, 1988: 78).

Another aspect of the administrative model of decision-making involves the use of intuition which, Robbins (1988: 82) reports, 'has recently come out of the closet and into some respectability'. It refers to the quick apprehension of a situation, using past experience rather than conscious planning or thought (Agor, 1986). This approach is not irrational as it is based on years of hands-on experience and it enables managers to identify solutions quickly. Robbins (1988) identifies eight conditions when intuitive decision-making is most likely to be used. These include the existence of a high level of uncertainty, lack of predictability, limited 'facts' or data, having a range of plausible alternatives and time limitations. Many of these conditions are very familiar to hotel managers.

To conclude, the reality for managers, particularly in the hotel industry, is that uncertainty is a feature of the decision-making landscape. The administrative model, which takes this factor into account, together with time and cognitive constraints, seems to reflect the reality of the room rate pricing decision more accurately than the classical rational model.

Accounting Literature: Contingent Factors at the Micro- (Hotel Site) Level

Of the four determinants of business orientation in the Kotas (1975) model, cost structure and variability of product demand have the most powerful influence. The more fixed costs in the structure and the higher the grade, the more market orientation is required. Brander-Brown and Harris (1998), however, found that the business orientation model must be refined to take account of the context of the hotel product (i.e. the sales mix) before finally determining business orientation. Due to the high fixed-cost nature of hotels, the overriding concern is to maximise revenue and manage the mix of business; cost control is a secondary consideration (Harris, 1992). Other studies such as those of Croston in Harris (1995) revealed profit in hotels to be derived from many interconnecting factors, such as operating efficiency, marketing, service delivery and product specification. The 'service gap' is an important contributor to profitability, in that if the service expectations of the guest are exceeded or equalled, premium pricing can be introduced.

High property costs in hotels and high amounts of unallocated overhead costs make *cost traceability* (Fitzgerald et al., 1991) to, say, the individual guest or to market segments, as cost objects, difficult. This is further compounded by guests being involved in the service process and so having the choice to consume different mixes of service, as each guest wishes. Profitability of different customer groups is therefore hard to measure, in an industry where cost traceability is minimal and customer profitability analysis (CPA) is rarely used, with managers preferring to use intuition in estimating the profitability of customer segments (Noone, 1997; Krahmal and Harris, 2006).

Harris (1992) outlines a model for building a room rate price, based on the inclusion in package prices of a required overall return

for the year, called the budgeted yield (BY) using a formula called the Hubbart formula. Pricing is *time dependent in the hotel industry*: seasonal rack rates and seasonal room rates have to be set and published well in advance of the season in the various guides. This guiding parameter of BY is set in advance of the season and is called the 'primary pricing decision', because it computes the budgeted average daily rate (ADR) per occupied room required, if the hotel is to recover costs and produce the required return on capital employed. For further information, consult Harris (1992: 101–102). In practice, hoteliers realise that a delicate trade-off between rate and occupancy exists, so they view the BY as a mid-point, and price above the BY (up to the rack rate) to attract the corporate market and below (down to the variable cost of the room sale, i.e. the floor price) to attract tours and other more price-sensitive guest segments.

This is the technique of yield management (YM), a marketing strategy to manage demand by segmenting it and exploiting price sensitivities per market segment (Lovelock, 1996). In the final analysis, even if Hubbart-inspired cost-plus calculations are used to compute the BY, room pricing is market determined; little use is made of cost information for pricing rooms, in common with the conclusions of Fitzgerald et al. (1991) for service shops and mass services.

Mid-week and weekend break packages exploit the contribution margin approach to pricing (involving discounting), and these constituted secondary pricing decisions regarding use of spare capacity in the low season or in lull periods in the week (Harris, 1992). Collier and Gregory (1995) noted cross-subsidisation and bundling of services, for example in the free use of a leisure centre for guests on full or half-board terms and bargain breaks.

Marketing and Pricing Literature Review: Contingent Factors

Marketing recognises that success depends primarily upon identifying changing customer needs and developing products and services that match these better than the efforts of competitors (Wilson, 1999). Hotels therefore need a marketing function (and a marketing plan and budget), since guests only stay at a hotel 'as a means to an end' and marketing needs to know these 'ends'. Marketing strategies

are key in managing demand, for example market segmentation and YM techniques. The maintenance of a customer database (especially in large hotels where personal contact with guests is limited) is helpful in understanding customer needs and in managing demand. As Lovelock (1992: 158) notes, 'when a customer transaction is recorded separately ... then the understanding of demand is greatly simplified'.

Marketeers recognise that product, customer service and price together determine 'value' to the customer. Demand is sensitive not only to price, but to changes in the other two variables. This means that managing demand is about managing value and knowing the customer's motivation to buy. The marketing literature reveals three models of pricing: those of Lovelock (1996), Kotas (1975, 1999) and Dodds (2000). Due to space limitations, only a very brief overview of one of the models proposed (that of Dodds) is presented. Dodds (2000) uses a composite price-quality-value model, believing that product, customer service and price together determine 'value' for the consumer. A change in one can affect customers' perceptions of the other, so all three need to be considered simultaneously in terms of value. Dodds posits that customers have to come to expect a culture of value in the marketplace. An ideal position of value is one of the highest quality and service, at the lowest price, but this allows very little profit margin. Also, it must be taken into account that there are always consumers who are attracted to one value dimension at the expense of accepting less on the other dimensions. Therefore, companies need to focus on one dimension of value and target those segments which value it. The realistic company pursuing value management should match the key competitor on two dimensions and then grab competitive advantage by excelling on the third. In practical terms, this means that it must manage four key drivers of value: price, cost, demand and quality.

To conclude the review of the marketing literature, it can be seen that variations in the three models above imply that pricing varies according to the particular situation and so it is not amenable to one overall set formula. Also, it is clear that the marketeers' conceptualisation of demand is broader and more behavioural than that of the accountants. The next section outlines and justifies the research methodology and choice of case sites.

Justification for Interpretivist Approach, Case Study Method and Use of Key Informants

Due to the ontological assumption made in this research of a *subjective social reality*, a *qualitative methodology* and an *interpretive case study method* allowed the researcher to interact with the research subjects in their real-world context, to establish the when, where, how, why and by whom of room pricing.

The analogy of the development of science, based on the *replication logic* of experimental work, was used by Scapens (1990) in support of the case study technique as a valid means of generating theory. In replication logic, experiments which confirm emergent relationships provide some assurance of the validity of the relationships. Repeated experiments which disconfirm the relationships often provide an opportunity to modify or reject the theory, through further examination of the disconfirming results.

Case studies can be used as a method by which theories are used to explain observations, retaining theories which provide convincing explanations, while modifying or rejecting those which do not fit. Thus theory is developed in an explanatory fashion, with the emphasis on *theoretical generalisation* (rather than statistical generalisation), piecing together evidence from individual cases. The researcher must be sufficiently flexible to allow a two-way interaction between theory and observation. The explanation comes from within the case and is not imposed from outside, since the case is the focal point. The particular social system being studied, the relations between it, its sub-systems and the supra-system of which it is part (i.e. its outer context) provide the explanation (Ryan et al., 1992). This type of *pattern explanation* (Kaplan, 1964) helps to understand the social world and directs the researcher into the findings, to identify patterns and then to use theories to explain the observed relations. The use of case studies is also appropriate when the research questions seek to explain why and how something happens (Yin, 1994). Therefore, for these reasons, the case study method was justifiable for the research.

Empirical Work Done and Limitations and Biases

To access the required information for this study, contact was made with a total of ten respondents – four from Case Site 1 (CS1) and

six from Case Site 2 (CS2). These included the general manager (GM) from each case site, together with personnel from the marketing and accounting functions. The actual total time spent on the interviews for the empirical work amounted to 70.5 hours, of which 50 hours were spent on the case site interviews/work and 20.5 hours were spent interviewing key informants (KIs).

As it is possible for interviewer bias to occur, feedback of interview summaries was given to all KIs and to the hotel manager at each site. In addition, documentary evidence (e.g. management accounting performance reports, forward books and tour books) was examined. The comments from the KIs also enhanced validity.

At an extreme level, the 'Veranda Model' (Ryan et al., 1992) of conducting research may operate, whereby researchers interview only senior management and other vested interest groups, thus missing out on the day-to-day reality for the vast majority of people in the organisation. This was somewhat ameliorated in the case work in this study by interviewing the marketing manager and the accounting representatives, as well as the general manager.

Case Sites, Interviewees and Key Informants

Each respondent is identified by the case site and a letter of the alphabet. For example, the general manager (GM) of the Anna Livia Complex is referred to as CS1/A, while his counterpart in The Elms is CS2/A. The GM (CS1/A) was based full-time at the complex, reporting to the Director of Accommodation of the Europa Travel Group. He had no formal qualifications, but had thirty years experience, having trained on-the-job in different roles in hotels. The GM of 'The Elms' (CS2/A) was the fifth generation of his own family to be involved in the hotel business and had many years of experience as a hotel manager both in the United States and in Ireland. He married one of the daughters of the owners of The Poplars Group. He had a degree in Hotel Management from a top Dublin third level institute and a marketing qualification and had undertaken some part-time training courses in the hotel training agency.

KIs were used because a single pilot site would not capture the heterogeneity within the industry, and the literature had insufficient information on the evolution of professional training and other norms within the industry. Therefore, salient quotes from the KIs

were incorporated into the literature review (using KI/A, KI/B, etc. designations) where appropriate, with the balance of the KI comments referring to empirical matters, so being included in the findings.

The KIs used were:

- A. *Chief Executive of the Irish Hotels Federation*
- B. *Manager in Regional Training Services in CERT*
- C. *An Academic*, the Acting Head of one of the major third-level institute's School of Hotel, Tourism and Catering Management
- D. *A Special Advisor to the Minister*, Department of Trade, Tourism and Sport, former chairman of Bord Fáilte and inventor of the seaside resorts tax relief
- E. *Conference Handler*
- F. *Tour Operator*
- G. *A Chartered Accountant*, partner in 'XYZ Ltd' which does audit and consultancy work for hotels

In this research, two polar opposite case sites were chosen which exhibited striking differences in business mix, grade, ownership, capital structure and market segments served:

Main Case Site 1: 'The Anna Livia Complex' (CSI) is owned by a consortium of financiers and builders who built it to avail of tax incentives.

These developers/owners have leased the property to the third-level institute in whose grounds the complex is located. The land is owned by the institute and the buildings will also be owned, once the lessor company makes the transfer of the residences to the institute at the end of their tax life. From October to May it acts as student accommodation, but from June to September 'Europa Travel Group'¹ have an annual renewable contract with the third-level institute to rent out the facility commercially each year, under which terms it pays to them a negotiated guaranteed rent from the profits of the commercial letting activity. Based in south Dublin, it is a village-style complex of self-catering apartments containing 1,200 bedrooms and catering for bulk business. The complex is then sold in the short summer season as budget (but not hostel) accommodation, aimed at the youth market.

Main Case Site 2: 'The Elms Hotel' (CS2) is a family-owned hotel in the west, part of the 'Poplars' Hotel Group, an indigenous chain of five family-run hotels in the west of Ireland. CS2 was located in a popular scenic part of the rural, maritime west of Ireland, accessible by train and hosting a thriving community of artists. The GM bought 'The Elms Hotel' in 1995, with the help of his father-in-law (founder of the Poplars Group). Having received EU grant aid for the construction of new bedrooms and the refurbishment of existing ones, extension of the restaurant, construction of a new lobby, kitchen and banqueting room, it is a three-star hotel with 111 bedrooms. After the change in ownership, the new owners shed the accountant, some administration staff and the hotel laundry (due to high labour costs). Since then, revenues have trebled and the number of full-time staff has increased from fifteen to thirty-five.

OUTLINE OF THE MODEL

The main finding from the research was the derivation of an original model of room rate pricing which is divided into five levels (Mattimoe, 2002), an overview of which is presented below (see Table 1). The factors from the literatures and the KI interviews comprise *macro* environmental characteristics (related to the tourism industry and the hotel sector) as well as *micro* organisational characteristics (related to the specifics of the hotel site itself). The institutional explanation connects these micro- and macro-levels in Level 5, as well as conceptualising in Level 1 how the managers deal with uncertainty, so contributing to knowledge. Using the *pattern model of explanation* as outlined in this paper, the findings for each case

Table 1: The Five-Level Model of Room Rate Pricing

Level	Pricing
1.	Room rate decision: time-bound, interdependent, uncertain
2.	Routines used to deal with complexity of room rate
3.	Institutionalisation of routines
4.	Macro-level environmental influences
5.	Overall interaction of macro- and micro-factors

below-budget outcome. Efforts made at setting the three guiding parameters (budgeted yield, rack rate and floor price) and building the BY into packages/activity breaks and then promoting them, means that only the balance of the business needs to be managed. Rules are given to the receptionists as to the extent of discounting from the brochure/activity packages as well as the lowest rate at which they can sell; for example, all enquiries for more than twenty people must be referred to the manager for a quote. Thus, this uncertainty is coped with in a sequential way, using the guiding parameters, pre-pricing the packages, giving rules and then managing the balance on an ad hoc basis. As much as possible, the hotelier retains control over price setting.

As the season unfolds, ad hoc business will be sought and will present itself to the hotelier, with sometimes only a few days, hours or even minutes before the quote has to be given. This represents the demand that must be chased. Thus, the pricing approach is *reactive* and the decision context is *unsure*. When trying to give a quote, the hotelier tries to establish the actual yield and the state of occupancy to date, but often has to work this out using slow time-consuming manual calculations, instead of using computerised real-time yield calculations. Many interdependent aspects have to be balanced in the decision: rate versus occupancy; whether the business should be deferred; whether an overall view should be taken on the total revenues; whether a minimum stay and a single supplement should apply, etc. Lacking time and a comprehensive management information system (MIS), the manager often uses intuitive approaches which just suffice. *Informal routines* apply. When bad weather or other disasters strike, the pricing approach is *reactive*, often intuitive and based on gut, assisted by luck, making the decision context *very uncertain*. This endorses the uncertainty discussed in the decision-making literature in this section and also the recourse to intuition in these circumstances.

The hotelier copes with the overall complexity by means of the routines, which are considered at Level 2. The fact that some of these routines became institutionalised and how they became so embedded required some OIE concepts, which are explained in Level 3 of the model (to be developed in another paper). Level 4 moves to the macro-level, with environmental level forces and policies gleaned from the KIs, affecting the structuring of pricing at the

Figure 2: Factors Impacting on the Room Rate Decision



individual hotel level. The process of embodiment of macro norms in the external environment into the hotel site constitutes Level 4 of the explanation, and needs several NIS concepts. Finally, Level 5 (see Figure 2) conceptualises the interaction between the macro- and micro-factors. For example, training norms (macro) and bounded cognition of manager (micro) are interacting and profit route/key success factors (micro) and competition within the industry (macro) are interacting.

This interaction between the enabling and constraining macro environmental factors and the micro-level processes of room rate decision-making at the hotel site causes *trade-offs* to occur, as the hotelier, faced with the specifics of his or her hotel site, tries to move the average price along the continuum towards the rack rate. The detailed analysis of this level is beyond the scope of this paper.

Having explained the research methodology and the model, the main findings emerging from the case study research are now presented.

THE FINDINGS, THE LITERATURE AND THE MODEL

This section evaluates and cross-checks the case findings by first comparing them against the accounting and marketing literatures to see what contingent factors affected each case site. Then, the routines in use, the manager’s approach and training at the case sites are evaluated against the institutional model.

Contingent Factors from the Accounting and Marketing Literatures and the Case Findings

In brief, the findings show that both case sites understood their key success factors, strategic products, profit determinants and competitive strategies. There was evidence of a full marketing cycle in use at both case sites, with a marketing plan, budget and a strategy.

There were differences between each site in terms of location, size, ownership and market positioning, with CS1 offering budget accommodation for a season only, while CS2 provided three-star facilities throughout the year. Most guests came to CS1 for a purposeful stay (to attend conferences or language schools, etc.), whereas in CS2 they came for a leisure break or are business travellers. Reflecting these variations, the approach to business differed at the two locations. As CS1 had extensive accommodation, with over 1000 beds, it focused on bulk business, whereas by contrast, CS2 operated mainly at the level of the individual customer, with some tours and groups being taken. It actively differentiated its product using different activity breaks aimed at different market segments and varied pricing, using both discounting and value-added strategies, as appropriate. At CS1, being affiliated to a third-level college, the profit objective was sometimes mitigated by sporting and altruistic uses of the rooms. By contrast, at CS2 the profit motive was paramount.

Market segmentation was used at both case sites, but was more important at CS2, which competed by differentiating its product into packages, bundling accommodation with food and wine and using cross-subsidisation from non-resident revenues. CS1 had negligible non-rooms revenue, so cross-subsidisation did not apply, nor did price bundling, as there was no food or drink provided by the complex itself.

Now, moving to the model the links between the data and the model can now be demonstrated.

Formal Pricing Routines in Use at the Case Sites – Rack Rates, Budgeted Yield and Yield Management

In agreement with Level 1 of the model, the room price was generally found to be struck on a path between floor price and rack rate, except in CS1, where due to the large number of rooms, a few would occasionally be let free to charitable groups, showing that satisficing may prevail, instead of maximising. At CS2, the manager was found to be pre-pricing packages (inclusive of the BY to a greater or lesser degree as per YM principles) and giving rules to receptionists to handle the business, with the balance of the business being done on an ad hoc basis, using luck, intuition and reactive

discounting. CS2/A confirmed that about 60 per cent of the total business could be sold using the pre-priced brochures and activity breaks, but the remaining 40 per cent needed 'a new approach'. Similarly at CS1, the manager tried to block-book conferences and language schools in advance of the season, so that uncertainty was eliminated, with only the balance of the business being left to chance. As far as possible, the hotelier retained control, thus reducing the uncertainty, but never eliminating it, as per Level 1 explanation.

In keeping with Level 2 of the model, informal YM systems (without sophisticated demand forecasting and logging of daily rates) were used at both sites. CS2 was proceeding to install a computerised reservation and YM system, whereas CS1 has a computerised Protel system, but had not activated the YM module on it. The findings on YM and market segmentation in this study also agree with Lee (1994) that mark-up was determined by custom and by competition.

Examples of Differences in Informal Routines due to Characteristics of Each Site

As already mentioned, there were marked differences in the products offered by each case site. Pricing at CS2 was more complex than at CS1, because it involved pricing of accommodation (deluxe and standard rooms and conference rooms), in addition to ancillary services such as telephones, videos, food, beverages and leisure facilities. This led to differences in the informal routines in use. For example, unlike the situation at CS1, cross-subsidisation was an established pricing routine at CS2: 'The cover fee on the door to non-residents and the increase in bar sales ... it's cash in the door, as good as selling a room' (CS2/A). Frequently, entertainment in the bar was provided to guests on weekend packages, with access for non-residents. In fact, bar sales covered the cost of the entertainment and so subsidised the package price. Activity breaks such as set dancing and bridge weekends were heavily subsidised by the admittance to the workshops of non-residents, whose entry fees covered the cost of the band and instructors. Thus, this research provides more instances to support Nagle's (1984) research on segmented pricing and tied pricing.

Site level differences caused variation in the detail of the informal routines at the case sites, because they emanated from the specificities of the case site itself and from the manager's training

and cognition. CS1/A had been craft-trained, without formal qualifications, but his counterpart, CS2/A, had a university degree. As expected by Level 5 of the model, the difference in macro level training had an impact on the micro- (i.e. at the case site level) approach to room pricing adopted by the managers, with the more formal approach being evident in CS2.

Both case sites were aware of and supportive of several MIS improvements (instrumental changes in OIE theory) they would like to see (e.g. customer profitability analysis, break-even analysis and real-time computerised yield calculation). To the extent that there were information gaps this may indicate lack of optimality in the managerial routines for pricing and profitability. However, both case sites sufficed with their present information sources, by taking a global view of things, using reasonableness checks on room, occupancy and cash statistics, intrinsic knowledge of the business and the opinion that ‘only a limited number of things could go wrong’: General Manager – Case Site 1.

In keeping with Level 5 of the model, which suggests that faced with the specifics of the hotel site, the hotelier has to trade off on the rate, the case findings showed that the rack rate was not achieved very often and rooms’ revenue might be cross-subsidised with ancillary spending by customers and non-resident revenues.

DISCUSSION AND CONCLUSIONS

The contribution of the research lies in it being a theory-building study; specifically new theory in the form of a five-level model has been created by adapting OIE and NIS notions to room rate pricing. While agreeing with the work of Bennett (1991), Champoux (1996) and the bounded rationality concept of Simon (1979), it adds to this literature in two ways. Firstly, this paper adds to this literature on decision-making by proposing that case study participants operated in an environment of such high uncertainty that they adopted a number of *coping mechanisms* such as *formal (industry templates)* and *informal routines*. Hoteliers do try to cope with uncertainty and complexity by seeking to gain some control over it, in a sequential way, using the guiding parameters, pre-pricing the packages, giving rules before the season and then managing the balance on an ad hoc basis. As much as possible, the hotelier retains control over price

setting, so reducing the extent of uncertainty, but never eliminating it. This is proposed in Level 1 of the institutional explanation. Secondly, this paper *conceptualises* the whole room rate decision leading to the five-level explanatory model as described.

Pricing is contextual, situationally dependent and cannot be subject to rule-based procedures (Dodds, 2000). As far back as 1938, Hamilton (1938: 530) had concluded for President Roosevelt's Cabinet Committee on Price Policy that, 'a touch of the motley rests upon the ways of price making ... price bears the marks of the process from which it emerges'. This remains true today, based on the case evidence of this paper.

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- 1 The core business of the 'Europa Travel Group' was originally to arrange cheap flights for *outward travel* by Irish students to foreign cities. Gradually, the group became involved in *inward travel* to Ireland through opening foreign travel shops in all the major European cities and selling cheap flights. In 1989, the group spotted the need for budget accommodation in Dublin aimed at the youth/student inward travel market and bought a holiday hostel. Since 1989, it had opened three more holiday hostels in Cork, Galway and Dublin; it acquired a three-star city-centre hotel in Dublin and then negotiated a management contract to manage 'The Anna Livia Complex' in 1991.

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Structural Contradiction and Sense-Making in the First-Line Manager Role



C O L I N H A L E S *

ABSTRACT

The aim of this paper is twofold. The first is substantive: to shed light on the structural conflicts and contradictions that run through first-line manager (FLM) roles where routine supervision has been supplemented by wider management responsibility for business performance and customer service and on how FLMs themselves interpret and handle these conflicts through the ways in which they construct their identity and enact their role. This paper presents an analysis of two case studies of FLMs in their organisational context which traces the relationship between the structural conditions that shape the way in which the FLM role is defined and the subjective meaning-construction that shapes how the role is interpreted and enacted, and, in so doing, draws upon both ‘critical realist’ and ‘sense-making’ perspectives. Thus the second aim of this paper is to offer some methodological reflections on the possibilities and limitations of using critical realism and sense-making as complementary analytical frameworks and the implication this has for the problem of paradigm commensurability. It is argued that critical realism and sense-making are complementary, rather than syncretic, and can be deployed in tandem to generate cumulative interpretations of different facets of a problem.

Key Words: First-line Managers; Supervision; Critical Realism; Sense-making; Paradigm Commensurability.

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INTRODUCTION

The aim of this paper is both substantive and methodological. On the one hand, it draws on an analysis of case study data on how the first-line manager (hereafter FLM) role is constituted and enacted in two organisations to shed light on whether and, if so, how a broadening of the role of FLM from that of supervisor to one of responsibility for managing unit performance and/or customer service has impacted on the way in which FLMs interpret, negotiate and enact their role. The analysis traces the dynamic relationship between the structural conditions shaping the way that the FLM is defined and the process of sense-making that shapes the way that the role is interpreted and enacted by FLMs themselves. In so doing, the analysis draws on both critical realist and sense-making perspectives. The methodological aim of this paper, therefore, is to explore the case for combining these two perspectives which have, hitherto, occupied rather different, not to say opposed, positions on the terrain of methodological paradigms and to consider whether their ontological, epistemological and methodological assumptions render them irredeemably irreconcilable or pragmatically compatible.

The structure of this paper is as follows. It begins with a brief review of, first, the theoretical and methodological background, namely the key elements of the critical realist and sense-making perspectives and secondly, the substantive background to the reported study, namely the debate over how, if at all, the role of FLM has changed. The methodology and key findings of the study which form the empirical starting point of the analysis are then presented. From here, the paper seeks to develop an analysis in which critical realism and sense-making are deployed as complementary interpretive schema. The remainder of this paper considers the implications of this apparent interpretive eclecticism for the wider, abiding issue of paradigm commensurability. It argues that, if commensurability is couched in terms of the extent to which different perspectives can work in tandem, rather than having to be fused in a methodological melange – as being compatible, rather than syncretic – then critical realism and sense-making can be deployed in conjunction to generate cumulative and complementary, rather than alternative, interpretations of different facets of a problem.

THE CONCEPTUAL CONTEXT: CRITICAL REALISM AND SENSE-MAKING

As its various exponents (e.g. Ackroyd and Fleetwood, 2000; Archer, 1995; Bhaskar, 1998; Easton, 2000; Fleetwood, 2005; Mutch, 2005; Pratten, 2000; Reed, 2005; Sayer, 2000) make clear, critical realist analysis is tightly coupled to an explicit ontological and epistemological position. Reality is conceived as existing prior to, and independently of, its identification, apprehension in the form of knowledge and mode of investigation. It posits a stratified ontology of separate domains which are non-reducible to each other but contingently related: the *real* domain of structures or generative mechanisms with causal powers, the *actual* domain of events to which these structures give rise and the *empirical* domain of experience. Real generative structures with causal powers and liabilities give rise, under specific conditions, to particular events which shape and condition experience, which events and experience, in turn, instantiate, reproduce and transform those structures. The domain of the real further divides into the material, ideal, artefactual and social, variously differentiated by how far their existence is independent of or predicated upon human beings and how far and in what ways they are conceptually mediated (Fleetwood, 2005).

Structure and agency are separate and non-reducible to each other, in that they have emergent properties – structures are more than aggregates of human actions, whilst agents' actions are more than manifestations of structure – but are mutually constitutive in that whilst structures pre-date and shape actions, actions reproduce and/or transform structures which, in turn, become the sedimented product of the interaction between past structures and actions. Structures comprise resources, positions, institutions and ideas which are activity-dependent, in that they are instantiated in actions or practices, and conceptually mediated, in that they are mediated by meanings but are more than the sum total of the interpretations and actions of agents. Agents have the emergent properties of reflexivity, interpretation and intention which render their actions more than mere instantiations of structures. Thus, structures exist through and are conceptually mediated by meanings and actions but are not reducible to those meanings and actions; actions are concept-dependent in that they are informed and shaped by meanings

and interpretations, but are not concept-determined in that they are not simply the product of those meanings and interpretations.

A pivotal concept in critical realism, linking structure and agency, is that of ‘positions–practices’ (Reed, 2000): the point where pre-existing and enduring structures with emergent properties and causal powers intersect with transient, reflective, purposive agents giving interpretation to their experience and intention to their actions. Occupants of pre-existing, structurally located positions engage in specific practices associated with those positions which are partly conditioned, partly chosen and which, in turn, partly reproduce and partly transform those positions. As Pratten expresses it:

the causal effect of social structures on individuals is manifest in the interests, duties, resources, powers, constraints, rules, conventions and obligations built into or associated with such positions (Pratten 2000: 117).

Critical realist epistemology and method flow logically from this ontology in that the express purpose of critical realist analysis is to penetrate beyond surface events and experience to uncover the structures which, as generative mechanisms, give rise to them by both constraining and enabling what is possible. In so doing, it offers a generative, rather than successionist, substantive, rather than correlational, and conditional and contingent, rather than deterministic, explanation of these events and experiences in terms of the contingent tendencies, rather than invariant laws, produced by multiple generative mechanisms operating in an open system and mediated by context and meanings. To effect this, critical realism employs a ‘transcendental method’ of abduction, conceptual reframing of observable events and experiences, and retroduction, construing the conditions which must be necessary and sufficient for the observable event and experience to occur – that is, posing the question: ‘What, if it existed, would account for this phenomenon?’ (Reed, 2005: 1631).

Within that broad methodological strategy, however, critical realism utilises a plurality of research methods, collecting quantitative data for ‘extensive’ investigation of the prevalence and distribution

of a phenomenon and qualitative data for the 'intensive' investigation of its substantive causality, a blend of data driven by the focus, nature and purpose of the enquiry rather than by methodological preference (Sayer, 2000).

In contrast, sense-making (Weick, 1995, 2001) is distinguished more by its object of enquiry and by methodological bricolage, the opportunistic deployment of a variety of investigative methods, than by a prescriptive methodology or explicit epistemology and, in particular, ontology. Sense-making is the ongoing accomplishment through which people create their situations and actions and attempt to make them rational and accountable to themselves and to others (Allard-Poesi, 2005: 171). Thus, the focus of sense-making analysis is upon events, experience and interactions and its concern is to analyse *how* 'the unknown is structured' and situations and actions are made rationally accountable – how dissonant experience arising from ambiguous events is rendered both 'sensible and sensible' (Weick, 1995: 4) by actors purposefully and pragmatically drawing upon linguistic resources to place that experience into an interpretive framework of categories and labels: as Weick expresses it, 'converting the world of experience into an intelligible world' (2001: 9). According to this perspective, information overload, increased complexity or instability of experience or 'problems' in the form of disparities between intentions and reality create 'shocks' to the flow of experience in the form of ambiguity (an excess of competing interpretations) or uncertainty (insufficient interpretation); in short, the individual actor either cannot decide what is going on or does not know what is going on. This prompts individual actors to engage in a sense-making process of attempting to place inchoate experience into a framework of known categories and labels by bracketing experiential cues, linking them to existing vocabularies – in short, putting experience into words and categories that make sense – and then revising these interpretations in the light of new experiences. In so doing, they may, according to Weick (2001), draw on a range of alternative 'vocabularies', including societal/cultural 'ideologies' and/or organisational 'third-order vocabularies' such as work-related 'paradigms', 'theories of action' concerned with coping, and 'stories' that filter and organise experience into 'plots' and 'outcomes'. This process of labelling and so

temporarily ‘fixing’ the nature of experience occurs continuously, retrospectively, selectively and discursively, and the result is a temporary, contingent, plausible account or representation of this experience. Thus:

... sense-making involves the ongoing retrospective development of plausible images that rationalise what people are doing (Weick, 2001: 460).

This process has four interrelated characteristics. First, environments are not passively experienced but actively ‘enacted’ – through sense-making, individuals create an environment that is sensible and can be responded to in known ways.

When people engage in acts of sense-making, it is more precise to think of them as accomplishing reality rather than discovering it (Weick, 2001: 460).

Secondly, problems are not so much identified as ‘set’, in that diffusely problematic situations are coagulated into specific ‘problems’ by virtue of the aspects of the situation that are attended to and the conceptual framework into which they are placed. Thirdly, responses to these problems are rationalised in that they are retrospectively justified through the construction of a plausible story that accounts for outcomes. Finally, sense-making involves the attempt to construct or maintain a positive, consistent, competent identity or sense of self. Actors make sense of their situation in ways that sustain a favourable personal and social identity:

[W]hat the situation will have meant to me is dictated by the identity I adopt in dealing with it (Weick, 1995: 24).

Organisations, according to Weick, are the prime site for sense-making because of their inherent ambiguity and uncertainty as open systems and their susceptibility to continuous negotiation among a multiplicity of actors. In particular, they are the location for continuous interplay between two types of meaning: the ‘generic subjective’, the shared or imposed scripted meanings that are crystallised in

rules, procedures and customary practices, and the 'inter-subjective', fluid and temporarily agreed meanings that are negotiated through interaction. The former prevail in situations of continuity, routine and control; the latter in situations of change, innovation and autonomy. Whilst generic routines and habituated actions shape inter-subjective negotiated meanings by furnishing the linguistic resources out of which they are constructed, they are, in turn, re-affirmed, reproduced or subtly changed by them.

Prima facie, therefore, critical realism and sense-making offer very different ways of conceptualising and investigating social phenomena, with different concepts and vocabularies, research programmes and adherents. What is central to the issue of commensurability is whether this merely reflects methodological preference prompted by the pragmatic need to choose from among alternative perspectives or indicates a fundamental incompatibility, stemming from opposed ontological, epistemological and methodological assumptions. One way to explore this problem is performatively: to examine whether the two perspectives can be used in combination in the conduct of a particular investigation.

THE FLM ROLE – A CHANGE FOR THE BETTER OR MORE OF THE SAME?

The traditional supervisory role of the FLM focused primarily on routine planning, scheduling and monitoring of work and dealing with unforeseen staffing, equipment and workflow problems (for a summary see, for example, Fletcher, 1969; Dunkerley, 1975; Kerr et al., 1986) – in short, direct control of the production system (Thurley and Wirdenius, 1973). Further, insofar as a critical function of the role was to translate paper plans into operational reality (Child and Partridge, 1982) the FLM stood at the intersection between broad strategic intent and specific operational implementation, between the abstractions of the 'system' and the complex technicalities of operations, and between the divergent interests and expectations of senior managers and members of the work group. Recent workplace studies and more focused studies of industrial supervisors have suggested that, despite changes in rhetoric and aspiration, this traditional picture has not altered substantially (Cully et al., 1999; Delbridge and Lowe, 1997; Gallie et al.,

1998; Lowe, 1992, 1993; Lowe et al., 2000; Rose et al., 1987; Storey, 1994).

In contrast, there have been persistent claims in the mainstream management literature that with empowerment of work teams, delayering of middle management and decentralisation of decision-making, the FLM role is either a residual one of 'team coordinator', facilitating the work of teams that supervise themselves, or an enhanced one of 'business unit manager', with responsibility for both the operations and performance of organisational unit (see, for example, Atkinson, 1997; Ballin, 1993; Bowman, 1999; Dixon, 1993; Duffield, 1992; Dunaine, 1993; FitzSimons, 1999; Hankins and Kleiner, 1995; Humphrey and Stokes, 2000; Katzenbach and Smith, 1993; Kim and Mauborgne, 1997; Lebediker, 1995; McManus, 1995; Pearce, 1992; Peters, 1989; Schlesinger and Klein, 1987; Smiley and Westbrook, 1975; Van Auken, 1992; Walton, 1985; Waterman, 1988; Wellins et al., 1991; Weiss, 1998; Wickens, 1987).

Evidence from a recent survey¹ of the way in which the FLM role is defined in 135 organisations shows both continuity at the core and change at the margins of the FLM role (Hales, 2003, 2005). A common responsibility for routine supervision and the translation of strategy into operations has been *extended* to include 'softer' elements of team leadership, *more sharply framed* by a focus on performance management and, to varying degrees, *supplemented* by responsibility for stewardship, operational management and, more exceptionally, business management of a unit, rather than simply a work group. This has had the effect of both perpetuating the traditional conflicts of supervision and introducing new contradictions into the role. In addition to the conflicts *within* the supervisory role revolving around the disparity between accountability for smooth work operations, effective performance and limited authority and involvement in decisions relating to the resources and methods that determine operational fluidity and performance, there is now potential for conflict *between* the supervisory role and wider managerial roles, in the form of conflicts between supervisory control and facilitative leadership, between supervision of processes and management of operational performance, and between direct supervisory immersion in operational routines and more detached business management of an organisational subunit. However, whilst the survey

evidence shows the potential for ambiguity and conflict in the FLM role, there remains the question of how and how far this is realised in practice and how FLMs themselves experience, interpret and handle this conflict.

THE STUDY

These questions were addressed in two case studies, the purpose of which was to investigate, in detail, the characteristics of different types of FLM role and, crucially, how these roles were enacted and undertaken by FLMs themselves. The survey had shown variations around and extensions of the common supervisory core of the role, creating four discernible types: 'Supervisors Only', 'Performance Managers', 'Client/Customer Service Managers' and 'Budget Holders'. The two case studies reported in this paper examined FLMs in a public sector casework organisation (INDORG) whose role characteristics has been shown by the survey to be those of 'Performance Managers', and FLMs in a retail fashion business (CHIC) whose role characteristics had been shown by the survey to be those of 'Customer Service Managers'.²

A 'mixed methods' approach to data collection was adopted, both because different kinds of data were required from different sources and because the use of mixed methods permitted triangulation of the data. Data on the role expectations of the members of the FLMs' role set and on the FLMs' perceptions and interpretations of the role were collected through tape-recorded focus interviews which sought to identify, elaborate and gauge the strength of expectations. Data on FLMs' work activities and their understanding and perception of these were collected through informal observation of FLMs at work and concurrent informal discussion with them, both of which were recorded in field notes. Data on the activities and internal structure of the organisations and the more factual elements of the job were collected through documentary evidence (websites, organisation charts, job descriptions, operating manuals), supplemented by interviews with senior managers. Specifically, in INDORG sixteen focus interviews of one hour were conducted with each of the three senior managers, each FLM and 50 per cent of subordinates and 7 days of observation/work shadowing was carried out. In CHIC fifteen focus interviews of one hour were

conducted with each of the three senior managers, all FLMs and 50 per cent of subordinates, together with 8 days of observation/work shadowing.

THE FLM ROLE IN THE CASE ORGANISATIONS

CHIC

CHIC is a British-owned fashion business, founded in 1974 by its three directors, concerned with design, production, wholesale and, since 1999, retail, of up-market women's clothing. At the time of the research, the retail arm of the business comprised one store and four 'concessions' (where the company rent retail space in a large department store) and employed approximately 100 people: twenty in design and administration, and eighty in distribution and sales. Since then, there was rapid expansion to two stores and thirty-six department store concessions in the UK and Republic of Ireland by May 2003. The CHIC brand, targeted at affluent women in their thirties and forties with 'money to invest' in their appearance but a need for guidance on how to achieve this, emphasises classic design, contemporary style, colour and 'fabric interest', coupled with one-to-one 'bespoke' service. 70 per cent of CHIC's sales come through a VIP list of loyal customers for whom special previews, collection launches and personal shopping evenings are staged.

The company is centralised, with all decisions relating to product design, production, pricing, marketing and merchandising taken at head office. Uniform standards relating to presentation/display of merchandise, customer service and staff appearance and behaviour are imposed top-down, as are operating procedures, including those built into point-of-sale technology, relating to store opening/closing and maintenance, till operation, handling cash, stock monitoring and replenishment, deliveries and staffing. Retail outlets have fixed budgets, imposed by head office, for all running costs, of which staffing costs are of central importance.

FLMs in CHIC are the retail or concession managers of each retail outlet, reporting to two senior managers at head office, responsible, respectively, for HR/personnel and merchandising. Apart from one, all are female graduates in their late twenties/early thirties, with previous fashion retail experience. They are responsible

for promoting sales through 'bespoke' customer service and managing store operating costs, particularly staffing costs. However, since all aspects of store operation are decided centrally, they have limited autonomy and authority.

Apart from the FLMs, each outlet has a staff of five, all women: four 'sales consultants', full- and part-time, and one senior sales consultant/assistant manager who deputises for the FLM. However, in the department stores, there is, in practice, often a pooling of staff among the different concessions. A key element of the work of sales staff is to promote the brand by wearing items from the CHIC collection at VIP events, for which they obtain a clothing allowance.

INDORG

At the time of the research, INDORG was an independent public body, with a budget of £4.5 million and employing 90 people, concerned with supervision and review of approximately 17,000 investigative cases involving members of the public and other government departments.³ In return for an increase in its budget, INDORG was under pressure to deliver timely, but satisfactory, processing and resolution of cases. By agreement with stakeholder organisations, INDORG was committed to meeting specific time targets for particular types of case. The organisation comprised a chair, a senior management team of three (one line and two staff), five FLMs and 40 caseworkers, together with a number of independent 'associates' who liaised with those outside the organisation.

Caseworkers, who were graduates with professional qualifications and mainly women, were organised into teams of eight, each responsible for particular types of casework. Each team was headed by an FLM, referred to either as 'team-leader' or by their administrative job grade. FLMs were mostly graduates, men and women aged between 36 and 45 years, and were broadly responsible for supervising and managing the performance of caseworkers. In addition, each FLM was responsible for an aspect of 'stewardship', such as premises, equipment and specialist training, relating to the whole casework operation. The role of the associates was to act as the public face of INDORG, liaising with the relevant stakeholders and, therefore, to sign-off and take public responsibility for casework outcomes.

A Critical Realist Account of the FLM Role in CHIC and INDORG

The conditions that constrain and facilitate the FLM role in these organisations may be analysed through a critical realist perspective. What is presented here is the result of this analysis, an account in which the analytic sequence of retroduction (from events and experience to structures) is reversed to show how the role of FLM is shaped by both its immediate organisational context and the wider context in which the organisation is located (from underlying structure to immediate experience). The context of both case organisations is a market (or quasi-market) in which a prevailing economic logic of efficiency is articulated through the demands of important external actors – in CHIC, pressure from business owners for profitability, in INDORG, pressure from the government for ‘value for money’. These external demands to ‘perform’ economically are translated and transmitted within the organisation as performance targets specifying what is to be achieved and operating procedures specifying how, reinforced by senior management expectations that targets are met, procedures adhered to and that managers manage in a certain way. In this latter respect, senior manager expectations draw upon a wider discourse of ‘enterprise’, ‘performance’ and ‘targets’ in an attempt to ‘make up’ the work identity of, or shape the subjectivity of, FLMs in the organisation as managers who can, or should, ‘make a difference’ (du Gay 1994; Miller and O’Leary, 1987).

In CHIC required levels of profitability, brand image and service standards set by the directors are translated into store performance targets and budgets and embodied in service and merchandising standards, operating procedures and in-store technology. These structural constraints are echoed in senior managers’ general discourse and specific expectations, expressed routinely and informally as well as more formally through appraisals and store visits, that FLMs manage the store as ‘their business’ and that they promote the brand by managing staff behaviour and appearance and the standard and style of service offered. Through these formal and informal articulations, senior managers attempt to cast CHIC store managers as ‘enterprising’ business people who are personally responsible and accountable for the sales performance of ‘their’

store and whose role is to market and promote the brand by personifying it themselves and by shaping the attitudes and self-identity of sales staff so that they also 'live the brand'.

In INDORG the structural constraints take the form of casework completion targets and procedures for processing cases, both determined by senior managers in response to government demands for an efficient, effective and accountable service and civil service pay and staffing regulations, both determined by wider national agreements between government and trade unions. These are echoed in senior managers' general discourse and specific expectations that FLMs ensure that a given number of cases are completed in a given time, and that, to achieve this, they closely monitor individual caseworker performance and take steps to intervene and remedy under-performance. Through these formally and informally articulated expectations, senior managers in INDORG attempt to cast casework team leaders as 'performance managers', personally responsible and accountable for levels of casework completion, and whose role is to identify individual (not systemic) reasons for under-performance and intervene actively to find ways of improving individual performances.

The combination of the demands of the wider socio-economic context, expressed through key external stakeholders and amplified by senior managers, and the constraints of internal rules and the distribution of resources together form the structural framework in and through which FLMs themselves are managed. However, as well as being managed, FLMs also manage: stores, casework and, crucially, staff. This process, too, is subject to institutional constraints, embodied in formal rules and expressed through informal expectations. The key institutional constraint that impinges on this process is the employment relationship and how this, in turn, shapes the interests and expectations of staff as employees. It is manifested in pressure on the FLM 'from below' to maintain a stable work environment where levels of effort are predictable, work offers some intrinsic satisfaction and there is scope to 'do a good job'. In CHIC, the 'sales consultants' expect regular predictable work and to be given the skills, autonomy and support to sell effectively. They expect the FLM to manage the store as a *workplace*, rather than as a business. In INDORG, caseworkers want time to produce good

quality casework reports and look to the FLM to defend them against pressure to prioritise volume of casework over quality, to manage the team as a team rather than as a collection of variably performing individuals and to help the team to balance work and home life and to develop personally.

A problematic structural relationship with customers/clients complicates the picture in both organisations. Both organisations have customers or clients who are also the arbiters of the effectiveness of work performance and with whom FLMs interact directly. In that sense, FLMs in both organisations are also 'managed' by and have, in turn, to attempt to manage, their customers/clients. In CHIC, customers are relatively affluent women in their thirties and forties with 'money to invest' in their appearance and a need for guidance and tailored advice on how to achieve this. By expecting high quality, distinctive, available merchandise, a relaxed, up-market setting and attentive service and advice from credible sales staff, they reinforce organisational expectations that the store and the staff exude 'the brand'. In INDORG, independent 'associates' are the internal clients of caseworkers and, because they are the public face of the organisation, are keen to ensure that cases are resolved effectively in ways that satisfy external parties and can be defended publicly. In so doing, they support the caseworkers' emphasis on the quality of casework, rather than senior line managers' emphasis on the volume of casework completions.

Thus, the conflicts surrounding the role of FLM in these two organisations are not the contingent outcomes of particular organisational circumstances or individual actions. Rather, they are the effect of the structural properties of organisations shaped by their institutional context to be configured in such a way as to direct and monitor work behaviour in the context of an employment relationship and in pursuit of externally conditioned economic goals. Conflict, therefore, is intrinsic to the 'position–practice' (Reed, 2000) of FLM, even though it is instantiated in and experienced by FLMs as specific dissonances between organisational targets and constraints and in the divergent expectations of senior managers, staff and clients in their respective attempts to 'make up' (du Gay et al., 1994) FLMs as managers who can 'make a difference', in various ways, to work performance.

A Sense-Making Account of FLM Role Enactment in CHIC and INDORG

The way in which FLMs themselves handle these conflicts can be analysed by examining how they negotiate the subjective dimension of the position–practice of FLM through a process of ‘sense-making’. Viewed from the sense-making perspective, the role of the FLM in CHIC and INDORG is an amalgam of ambiguous, competing general ‘recipes’ (Weick, 1995), expressed in divergent expectations, which FLMs have to translate, through various forms of improvisation, into specific actions. FLMs in CHIC and INDORG handle the structural contradictions and conflicting expectations surrounding their role through the way in which they make sense of the situation that they face, construct an identity as someone who is ‘managing’ and enact the organisation in the light of that identity. Ambiguities in the role prompt FLMs to negotiate an interpretation of that experience through sense-making, linking experiential cues to known vocabularies that invoke ‘the organisation’, its ‘environment’ and ‘work’. The effect of this is to distil a problematic situation into specific ‘problems’. FLMs rationalise the actions they take in response to these ‘problems’ by constructing an identity or favourable sense of self as someone *managing* to do that job efficiently, consistently and able to ‘cope’ with the problems of the role, and by weaving a plausible story of ‘how the organisation works’ and ‘what the job is all about’. The result is the construction of a negotiated account of their role that is plausible, acceptable and couched in shared vocabulary. This account serves as a broad cause map, or a sense of ‘how things work’, on which actions may be grounded. In doing so, they enact ‘the organisation’ in a way that affirms their identity as ‘managers’, managing in a particular way. Further, by acting in ways that assume ‘how things work’, FLMs partly determine that things *do* work like that and their actions become, in part, self-fulfilling.

In CHIC, FLMs distil the diffuse contradictions of the role into the specific ‘problem’ of being accountable for the business performance of the store, which they are unable to determine, since the style, quality, pricing and merchandising of ‘collections’ is decided and imposed by head office and the level of sales is determined by the number of customers enticed into the store by merchandising

and by corporate advertising. Central to the FLMs' response to this contradiction is to reject the imputed identity of autonomous 'business manager' or 'entrepreneur' and to construct the alternative identity of diligent *employee*, conforming to company procedures, identifying with the brand, trying to ensure that the sales consultants do the same and reporting the performance that results from this. Thus, they enact CHIC as their *employer*, not 'their' business. This sense of being in the company but not of it influences their perceptions and enactment of a number of specific aspects of the role.

Firstly, they enact performance management more in terms of *reporting* performance, through various trading reports, 'best seller' reports and competitor reports, than in terms of managing performance. They are aware of performance targets but regard meeting these as more a matter of luck – the happy consequence of how they manage store operations – than of business interventions on their part. Secondly, therefore, they emphasise process over outcomes by emphasising the importance of managing stores *how* head office requires, rather than managing the stores in ways that would meet or exceed performance targets. In managing staff, for example, this means keeping staff busy, setting an example in terms of appearance and personal deportment and using corrective coaching to ensure that the sales consultants deal with customers in the 'proper' way by adhering to company procedures and standards. It also means juggling rotas and day-to-day staffing levels so that staff costs, the only performance variable that they can manipulate, are balanced with staff needs for predictable work commitments.

Application of company procedures and standards is tempered by an awareness of the expectations of the 'sales consultants' for predictable hours, to be given the knowledge and information to sell effectively and to be allowed to do their job without interference. Consequently, FLMs avoid highly interventionist supervision and manage by exception rather than constantly monitoring and directing what sales staff are doing. Thus they *negotiate* a modus operandi of the store that subtly balances formal compliance with procedures with selective informal attention to staff needs.

FLMs in INDORG distil the diffuse conflicts and ambiguities in their role into the problem of 'pressure' – meeting targets whilst having little control over staff resources, workflow contingencies,

the volume of work or the complexity of cases that determine work performance. They resolve this by defining themselves as conformist administrators, doing what they *have* to do, without falling foul of procedures and without antagonising senior managers, caseworkers or associates, rather than as interventionist managers. They enact the organisation as one in which the propriety and procedure necessitated by the wider impact of the organisation's work clashes with speed of response prompted by the need to demonstrate 'value for money'. Within the performance management regime, this means 'coping' and 'complying' – manipulating the scheduling and allocation of casework projects and then reporting on that performance through the collation of statistics. They juggle casework by encouraging the relatively rapid completion of straightforward cases at the expense of larger, more complex ones and by covering for staff absences. Equally, they avoid involvement in technical work that they imperfectly understand and avoid confronting the issue of underperformance by individual caseworkers. By adhering to procedures and simply reporting performance, they also avoid the issue of representing caseworker concerns to senior management. In short, the tactic they adopt on the basis of this sense-making process is one of diluting and negotiating the implementation of policy and downplaying any role as mouthpiece for the two groups, staff and senior managers, whom they connect. This buys a 'quiet life' but only temporarily and at the price of satisfying neither group, and creating more 'pressure' in the future. Consequently, FLMs spend a high proportion of their time interacting with each other, constructing a shared siege mentality in which senior managers are seen as imposing 'unrealistic' targets and caseworkers are seen as insisting on 'unreasonable' thoroughness.

DISCUSSION

The case studies analysed here have shown that FLMs may find themselves in an inherently contradictory and ambiguous position, beset by competing, not to say conflicting, expectations and a disparity between accountability for performance outcomes and an incapacity and lack of authority to determine these outcomes. They manage these contradictions and conflicts through an improvised sense-making process in which they construct a particular 'managing'

(coping) identity and enact both their role and the ‘organisation’ through plausible accounts of ‘what the job involves’ and ‘how the organisation works’ in such a way as to affirm their identity as someone managing *that* role in *that* organisation.

Faced with the uncertainties and insecurities generated by a structurally contradictory role where the contradictions are articulated in the competing expectations of others, FLMs deploy sense-making to construct a fragile ‘managing’ identity which both enables them to cope and, paradoxically, limits their capacity to do so. However, *pace* Collinson (2003) this is less a response to insecurity engendered by wider social forces, such as the emphasis on ‘achievement’ or the tension between autonomy and interdependence in employment or, *pace* Kondo (1990), the tensions arising from inter-role conflict and ‘multiple selves’, more a specific situational response to *intra*-role conflict, expressed in the demands of the job. It is ‘identity work’ within the ‘multi-discursive settings in which managers try to manoeuvre’ (Sveningsson and Alvesson, 2003: 1176), in that the terrain on which competing expectations and FLMs’ interpretations clash is one of competing discourse – in INDORG between efficiency/operational performance and effectiveness/work quality, and in CHIC between enterprise and employment, brand identity and personal autonomy, and performance and procedures. Identity work for FLMs was, in effect, an attempt to incorporate and reconcile these discourses in a sense of self which is only partly successful in resolving these contradictions.

A number of practical and methodological implications flow from this analysis.

Practical Implications: Addressing the Contradictions in the FLM Role

To take the practical first, it is evident that the FLM role, in at least some organisations, continues to be constituted in such a way that it retains all the conflicts and ambiguities associated with the traditional supervisor role: the competing expectations from above and below, now complicated by additional client/customer expectations; the requirement to translate paper plans and policy into operational realities; and the dissonance between accountability and lack of authority or involvement in decision-making. At one level, there

may be little that organisations can do to change or ameliorate this, since such conflicts and ambiguities are endemic to a role that stands at the ‘frontier of control’ – the point at which the immediate direction, monitoring and control of labour is attempted – in any task-discontinuous, employing organisation operating within a market or quasi-market. For the contradictory and problematic FLM role to disappear would require radical organisational transformation in the form of the abandonment of hierarchical control, individual supervisory responsibility and vertical accountability. The evidence, at least in the UK, is to the contrary – both the principle of direct supervision and the *role* (if not necessarily the name) of supervisor remain (Cully et al., 1999; Delbridge and Lowe, 1993; Gallie et al., 1998; Hales, 2005; Mason, 2000; Lowe, 1992, 1993; Lowe et al., 2000).

In the absence of such radical organisational change, all that remains is for organisations to prepare and/or compensate the holders of these positions in more appropriate ways. The findings of recent workplace studies (Cully et al., 1999; Gallie et al., 1998) and the survey stage of the study reported here, as well as the case studies, indicate, however, that organisations do not invest adequate training and development in the role. In 30 per cent of organisations, FLMs receive no management training, particularly formal management training leading to a recognised award, either prior to taking up their position or, indeed, subsequently (Hales, 2003). FLMs who are graduates may be familiar with the individual components of the job but may be ill-prepared for the practical dilemmas and conflicts of the job and may be more likely to be groomed for progression to middle management once in post, a post out of which they may seek to be promoted at the earliest opportunity. Alternatively, other FLMs have drifted into the role by virtue of being the senior professional or technician in a team and are equally ill-equipped for the transition from professional/technical work to management and supervision. Whilst sense-making and improvisation are probably endemic in loosely defined roles that are primarily concerned with the manipulation of symbols and meanings, typified by managerial roles, there is no reason why these should become the *necessary* strategies for compensating for a lack of training and development.

The Cinderella status of the FLM role and its relative neglect in HR policy and practice comes at a cost, however. The FLM role is the point at which organisational strategy and policy become real in that abstract managerial intentions and aspirations are translated into operational realities in the form of concrete actions on the part of employees. What the case studies indicate, however, is the way in which FLM sense-making and coping with contradiction and ambiguity can deflect or dilute policy and strategy. In CHIC the attempt to drive sales through a combination of FLMs/store managers' local entrepreneurship and proactive management of sales staff to project the brand dissolves into the *reporting* of performance and keeping sales staff content by juggling rotas. In INDORG the attempt to drive casework throughput through interventionist performance management by FLMs/case team leaders dissipates into hands-off juggling of workloads and prioritising of cases on the basis of expediency rather than importance. Whilst senior managers might find the creative improvisations of FLMs faintly entertaining, they might be less amused by what, as a consequence, is happening to their planned strategies or carefully crafted policies. Neither recordkeeping nor juggling are the same as delivery.

Methodological Implications: Marrying Critical Realist and Sense-Making Analysis – Happy Match or Shotgun Wedding?

The foregoing analysis attempts to deploy a form of 'adaptive theory' (Layder, 1998), tracing the linkages between the 'lifeworld' of actors' experience and practices and a 'system' of institutions, resources and positions. It has proceeded according to the 'morphogenetic method' (Archer, 1995), entailing an analysis of the pre-existing structural context, the interaction of agents in that context and reproduction and transformation of the structural context as a consequence of these interactions. Implicit in this approach is the claim that combining critical realist and sense-making analysis is both feasible and valid and, obversely, a rejection of the view that they are incompatible perspectives, located within incommensurable paradigms. Given the conventional location of critical realism in the objectivist/structuralist paradigm and sense-making in the subjectivist/social constructionist paradigm, this claim requires

engagement and settling of accounts with the issue of paradigm incommensurability.

Paradigm incommensurability has been treated both as a practical one of research method and as a philosophical issue of methodology. For Lewis and Grimes (1999) the problem is one of the practical feasibility and utility of adopting multi-paradigm research. They argue that research can usefully draw upon different paradigms to *review* fields of enquiry and identify both the fundamental differences in domain assumptions and areas of similarity ('transition zones') of different paradigms, *research* fields of enquiry using alternative paradigmatic lenses to guide data collection, interpretation and analysis and *build theory* which accommodates different paradigms at a higher level of abstraction ('meta-theory'). Central to this is 'meta-triangulation': deliberately focusing on contentious areas of interest, collecting data that are amenable to multiple interpretation, applying different paradigmatic lenses to data analysis and building theory through meta-conjecture, a process of rich, complex iterative induction which enables multi-paradigm enquiry to 'overcome its unrealised theory-building potential' (Lewis and Grimes, 1999: 673). Their case is somewhat compromised, however, both by an uncertainty about whether they are advocating, as it were, 'co-existence' – *parallel* application of different perspectives – or 'rapprochement' – resolution of paradigmatic differences at a higher level of abstraction – and by their admission that a major stumbling block is whether researchers are prepared to acknowledge and work with alternative paradigms. In short, they duck the wider issue of whether paradigms represent irreconcilable, polarised positions on what constitutes objects of enquiry and how they may be apprehended or complementary perspectives on how objects of enquiry may be viewed.

For some (classically, Burrell and Morgan, 1979; but also Jackson and Carter, 1991, 1993) different paradigms occupy and speak of 'different worlds', with polarised ontologies, epistemologies and methods. Any apparent overlap suggested by a shared signifier (e.g. 'organisation') disguises profound disagreement over what is signified. Working within a particular paradigm is not a matter of contingent pragmatic choice but one of fundamental conviction about the nature of reality, in what sense it may be known

and how. Either social phenomena (e.g. organisations) are mind-independent entities that stand apart from the interpretations and experiences of those who are part of them or they are negotiated social constructions arising out of interaction in general and discursive practices in particular. Attendant epistemologies and research methods are similarly juxtaposed between empirical discovery, description, analysis and explanation of the real properties of social phenomena or understanding how and with what result social phenomena are interactively and discursively constructed. On this account, to attempt to work with approaches from both the objectivist and subjectivist paradigms is tantamount to holding, simultaneously, polar opposite views about reality and how it may be apprehended (Jackson and Carter, 1991). Equally, the tenets of each approach cannot be used to pronounce on the validity or appropriateness of the other since there is no common conceptual ground, nor can there be any over-arching rationality on which to adjudicate between the two approaches: there is no ‘meta-theory’.

Alternatively, paradigms can be treated as alternative perspectives from which to view different social phenomena or aspects of them (Reed, 2005; Weaver and Gioia, 1994). Paradigms may differ in their focus, emphases and methods of enquiry but remain ‘mutually intelligible’ in that they share enough of a common project and common language to make communication and debate possible. To assume otherwise – that not only concepts but phenomena themselves are paradigm-specific – implies that there is no way of knowing that paradigms *are* contradictory (or how) and no way of deciding the aptness of a paradigm for examining the phenomena that it purports, uniquely, to examine (Weaver and Gioia, 1994). This not only creates the paradox of a claim that denies itself but also runs counter to practical experience of academic discourse. Rather, commensurability of paradigms in the sense of the possibility of communication between them is demonstrated in two ways. Firstly, in scientific practice, there is continuity rather than rupture among paradigms in that, in the course of ‘normal science’ (Kuhn, 1970), accumulations of disconfirmations that question the empirical, conceptual or explanatory limitations of a paradigm stimulate interest in other paradigms to remedy or compensate for these limitations. This paradigmatic transition could not happen if paradigms were

mutually unintelligible. Secondly, paradigms connect in that they are mediated by each other and defined relationally; paradigms are couched in terms of what others are not (Willmott, 1993). Finally, different paradigms share common ground and a basis for communication in so far as they conform to agreed forms of academic discourse (Reed, 2005; Weaver and Gioia, 1994).

The position taken here is that critical realism and sense-making are *compatible*, they can be used in conjunction with one another as complementary perspectives from which to view and understand different aspects of a social phenomenon rather than commensurate, in the sense of being dissolved into a transcendent meta-theory. Central to this complementarity is the contribution that they can make to understanding the dialectic relationship structure and agency. In viewing this relationship, critical realism focuses more sharply on the structural conditions which constrain and enable actions and interactions whilst the intricacies of those interactions are more fuzzily observed. Sense-making focuses on the detailed processes of actions and interactions, whilst the conditions within which these take place remain indistinct. Further, if the two approaches are deployed in this pragmatic way, rather than evoked ideologically to mark out territory, then there is no need to adjudicate between them; the issue is not which to use but how to use them both. Adjudicating between the two approaches is like adjudicating between two halves of a pair of scissors.

Furthermore, critical realism and sense-making are compatible, complementary perspectives if they are adopted without 'ontological exaggeration' (Fleetwood, 2005); that is, if notions that the social world is entirely mind-independent and unmediated by concepts or that it is entirely discursively constructed are abandoned in favour of one in which social structures are concept-dependent but not concept-determined and are reproduced *and* transformed by actions and where actions are constrained and enabled, but not determined, by pre-existing structural arrangements. Versions of critical realism which accept that social entities, such as organisations, are mediated by conceptual resources and cognitive/discursive practices open up space for sense-making as a way of analysing this *process* of conceptual and discursive mediation. Similarly, versions of sense-making which accept that there are pre-existing

social arrangements within which interaction takes place and about which sense has to be made open up space for critical realism as a way of analysing these structures.

Far from being compromised versions of the two perspectives, these non-exaggerated positions are consistent with their respective stated projects. Critical (cf. crude) realism accepts that real structures are instantiated in events and experiences which are made meaningful discursively but seeks to go beyond this to uncover underlying generative mechanisms which shape it; sense-making accepts that what is made is ‘sense’ of phenomena not the phenomena themselves.

Critical realism and sense-making represent, not implicit claims about the inviolability and ontological primacy of ‘structure’ or ‘agency’, but choices about which aspects of the dialectical structure–agency relationship are attended to. Certainly they differ over the *extent* to which they regard structures as mind-independent or socially constructed. For critical realism, structures have a real, substantive and obtrusive existence beyond the agents that occupy and interpret them, whereas for sense-making, structures are, to a greater extent, contingently negotiated social constructions enacted through interpretation.

However, to characterise sense-making as claiming that all social reality is an effect of language elides its more subtle claim that interaction and discourse draw upon pre-existing linguistic resources to frame and fix social reality in certain ways. To characterise critical realism as unaware of the paradox of claiming that reality is immune from discursive manipulation (Willmott, 2005) elides its more subtle claim that language mediates but does not constitute social reality. Both characterisations conflate discursive *claims* about the existence and character of the social world with either discursive performativity in actively constituting social reality – in short, that talk ‘about’ the social world effectively talks it into existence (Fleetwood, 2005) – or with discursive representationality in passively reflecting social reality – in short, that talk about the social world only mirrors its existence. Between these two extreme positions is one which insists that interaction and discourse frame and categorise but do not create social reality. If certain forms of discourse have greater sway – if social reality tends to

be conceived and framed in certain ways – this reflects the power of that discourse and those who deploy it and, as such, is relative, contingent and precarious. Social reality is temporarily, provisionally and contingently – not permanently, absolutely or universally – ‘fixed’ by these discourses.

At a more detailed level, there are three clear areas of implicit, if not explicit, complementarity between critical realism and sense-making. Firstly, both perspectives are sensitive to the dialectic between structure and agency in the shaping of actions within organisations and how these intersect in ‘positions–practices’ (Reed, 2000). What differentiates them is the relative emphasis that they give to positions or practices. Critical realism attends more to *positions* and how these are located in and shaped by wider organisational and socio-economic structures which operate as generative mechanisms. Sense-making, on the other hand, attends more to *practices* and how these are enacted by social actors as they attempt to make sense of their situation or position.

Obversely, each perspective pays relatively less attention to the other facet of positions–practices. Critical realism tends to be relatively silent on how expected practices associated with positions play out in practice, whilst sense-making is relatively silent on what generates the situations that social actors must make sense of. In that sense, each perspective tends to treat one aspect of positions–practices as more ‘real’. In the critical realist account, positions are relatively concrete outcomes of the causal powers of institutional structures, whereas practices, in the form of duties, responsibilities and interests that attach to them, are more contingent. In the sense-making account, interpretive practices and their action consequences are more concrete, whereas positions and the wider institutional context are more contingent and are, in part, the enacted outcomes of these practices.

Thus, critical realism and sense-making are distinguished by the different priorities and explanatory weight which they give to structure/positions and practices/agency rather than by rejection of structure or agency per se. Critical realism focuses more on how positions pre-date and shape practices (Archer, 1998) whereas sense-making focuses more on how agent actions/practices ‘enact’ positions (Weick, 1995). Yet, in doing so, both, implicitly at least,

accept a seamless dynamic interrelation between constraining structures and meaningful, enacted practices, choosing to concentrate analysis on one or the other. This represents less a 'privileging' of structure or agency and more a pragmatic choice of focus of enquiry. Nor does it represent acceptance of a crude dualism between structure and agency where social institutions and human agents are ontologically exclusive but rather sees structure and agency as two components of a heuristic device for rendering the complex, interconnected, dynamic social world more amenable to understanding.

Both perspectives implicitly accept that something lies 'beyond' their chosen purview – the empirical realm of everyday experience for critical realism and the institutional realm for sense-making. In critical realism, recognition of concrete actions and practices, how these only contingently and loosely flow from the positions to which they attach and how they are open to choice and interpretation, is central to the concept of 'causal powers' in two ways. In a general sense, the concept of causal powers recognises open-endedness and contingency in that it proposes that the generative mechanisms of structures produce *tendencies* which, only under specific conditions, result in concrete events (Sayer, 2000). Because of this, critical realism tends to focus on the link between 'real' structures and 'actual' events, how the former give rise to the latter and how the latter reproduce and transform the former. Further, critical realism recognises that agents themselves have causal powers as sentient human beings, including, crucially, reflexivity and intention derived from the capacity to imbue experience with meaning and, therefore, that practices are concept-dependent. What critical realism is less concerned with is the way in which consciousness shapes practices; whilst it accepts that the practices associated with particular structural positions are shaped by negotiated meanings in the form of interpretations and intentions, it regards *how* meanings shape practices as lying outside its purview. Conversely, sense-making recognises the pre-existence of structures and institutions in the concept of the 'generic subjective' – shared meanings which have, over time, crystallised into rules, procedures and customary practices. It therefore accepts that part of what agents seek to render 'sensible and sensible' are

the structures and institutions in which they are located and that, in doing so, they draw upon *shared* vocabularies and categories, but regards the origins of these structures and institutions per se and how these constrain and enable actions as falling outside its concerns.

Rules illustrate how the two approaches apply steady gaze and peripheral vision to different aspects of the structure–agency dynamic. For critical realism, rules are socially real, patterned entities which can exist independently of their identification but which are nonetheless dependent, for their reproduction, on human activity, in which they are conceptually apprehended and mediated: rules are the pre-existing *objects* of subsequent meaning-construction. For sense-making, rules are the ‘generic subjective’ (Weick, 1995) resources on which actors draw in responding to routine unambiguous situations and in so doing, reproduce them: rules are one of the *tools* of meaning-construction. Thus although the two approaches share similar conceptions of the nature of rules, they differ over what they take as given and what they treat as problematic and worthy of investigation: critical realism, like sense-making, accepts that rules are subject to conceptual mediation but, unlike sense-making, pays little attention to detailed analysis of how they are interpretively deployed and transformed, whereas sense-making, like critical realism, accepts the existence of pre-existing rules but, unlike critical realism, pays little attention to the detailed analysis of how they are shaped institutionally.

A second major characteristic which both perspectives share is a rejection of both structural determinism and reductionism. Critical realism does not reduce practices and actions to manifestations of structural imperatives or agents to the structural positions which they occupy; sense-making does not reduce institutions to aggregates of interaction and general recipes to aggregates of negotiated meaning. Indeed, shorn of terminological differences, there are clear parallels between the critical realist position that structures have ‘causal powers’ that may or may not be realised in manifest effects and the sense-making view of organisations as loosely coupled systems in which there is an indeterminate relationship between generic ‘recipes’ and specific ‘actions’. Both recognise, therefore, that what should or might be expected to flow from

particular organisational arrangements or institutional contexts does not necessarily do so. Social actors are not ‘cultural dopes’, mere ‘bearers of structures’ nor creatures of the organisation. Both approaches also recognise that agents, in their actions, reproduce and transform but also draw upon rules and resources embedded in social structures. Actions are not simply isolated, local, random improvisations but are shaped by broader institutional scripts and are informed by shared vocabularies that pre-exist in particular sets of agents. Equally, institutions and positions, whilst not reducible to the particular actions and practices of agents, are only instantiated in and reproduced by the actions and practices of agents through those actions and practices.

Where the two perspectives differ is in the relative emphasis that they give, respectively, to rules as expressions of power or rules as linguistic conventions. Critical realism emphasises rules as crystallisations of the obligations that flow from real disparities of power within patterned relationships, whereas sense-making emphasises rules as vocabularies of motive and categories of action. Critical realism focuses on the *causal powers* of positions which flow from unequal, socially distributed resources to which such positions give access, whereas sense-making focuses on the different *interpretive and improvisational powers* which flow from access to different vocabularies or differential access to shared vocabularies.

CONCLUSION

This analysis of how FLMs interpret and enact their role has shown how, despite (or, indeed, because of) changes in the breadth of responsibility of their role, FLMs continue to occupy a structurally ambiguous and contradictory position which they attempt to manage through a sense-making process in which they construct a precarious ‘coping’ identity and enact their situation as one which affirms that identity, a process which partially resolves and partially reproduces that ambiguity. A fully rounded account of how the FLM role is constituted, interpreted and enacted needed, it was argued, to investigate the dynamic between structure and agency. Combining critical realist and sense-making as complementary perspectives was one way of doing this. This, in turn, suggested a more general

compatibility between the two perspectives as practical analytical devices, rather than their fundamental incommensurability, a compatibility which was demonstrated by an analysis of the areas of conceptual overlap. Finally, at a practical level, whilst the way in which the conflicts and ambiguities of the role are handled by FLMS themselves may enable them to cope with that situation, it also has consequences for the implementation of organisational policy and strategy. Recording or juggling performance is not the same as delivering performance.

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- 2 Both 'CHIC' and 'INDORG' are pseudonyms to protect the confidentiality of the two organisations.
- 3 Shortly after completion of the research INDORG was re-organised and re-launched as an independent commission, although its essential brief remained the same.

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