REVERSAL OF STRATEGIC CHANGE

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When planned change is canceled, managers may be tempted to reverse their organization's strategy. Our longitudinal case study documents an organization's canceled merger effort and a failed attempt to return to the organization's widely accepted premerger strategy. We trace the failure to contradictions in symbolic change management. The phenomenon of change reversal draws attention to the historical continuity of "sensemaking" and raises caution about the popular view that managers need to destroy organizational meaning to facilitate the realization of strategic change.

Reversal of planned change is a relatively unexplored topic in management research. Yet the phenomenon would appear to be relevant. Organizational change always entails difficulties and uncertainty, and thus many planned changes are canceled (Greenwood & Hinings, 1988). Failed mergers and acquisitions alone are a relatively common event. For example, in recent years several established airline carriers attempted to refashion themselves as low-cost carriers (e.g., United attempted Ted, and Delta began Song) only to revert back to their original strategy. Mergers can be canceled because, for instance, of disagreement between parties (an example is the IBM-Sun Microsystems merger in 2009) or antitrust regulators' interventions after substantial premerger preparation (GE-Honeywell and Microsoft-Yahoo mergers are examples).

The strategy and organizational change literatures suggest that reversing change is an essentially unproblematic outcome of canceled change. Green-wood and Hinings (1988) stated that cancellation of a radical change (an "aborted excursion") would lead an organization to revert back to its previous interpretive scheme in a fairly nonproblematic fashion (illustrated by Fox-Wolfgramm, Boal, and Hunt [1998]). Other prominent views in the management literature also imply that changes are reversible. The literature on exploration and experimentation (Levinthal, 1997; March, 1991) and work on "real options thinking" (Adner & Levinthal, 2004; McGrath, 1999) both rely on the assumption that top management can reverse an organization's direction.

Taking issue with this established view, we show that deeper understanding of change reversal is important for theory and practice. We present a longitudinal case study of a Nordic public sector organization facing a prospective merger that was canceled after a considerable period of preparation. The top managers of our case organization responded to the cancellation by attempting to reverse the change process, formulating and communicating a strategy essentially similar to the premerger strategy. The staff rejected managerial efforts to reverse the change, even though the premerger strategy had been widely accepted. The existing change management literature provides little guidance for explaining why reversal succeeds or fails. Although a few pioneering studies have reported failed change efforts (Labianca, Gray, & Brass, 2000; Maitlis & Lawrence, 2003; Nag, Corley, & Gioia, 2007; Vaara & Monin, 2010), the resolution of cancellations, including reversal, remains by and large an uncharted territory.

Our results highlight the influence of past organizational "sensemaking" as the core explanation for the outcome of change reversal. We illustrate how

the strategies communicated by managers persist as "residuals" in the minds of individual employees, becoming part of what we call an organization's "sensemaking history." These residuals explain how past managerial interventions constrain future symbolic actions. Of particular relevance is the managerial practice of organizational "sensebreaking," by which we mean the symbolic destruction of previous strategies to make room for new ones. An understanding of the sensemaking history in an organization is needed to fully explain the success and failure of strategic change efforts.

REVERSAL OF STRATEGIC CHANGE AND ITS MANAGEMENT

Most organizations undergo constant gradual changes. These periods of adaptive change tend to be punctuated by more radical changes (Tushman & Romanelli, 1985). Strategic change represents a radical organizational change that is consciously initiated by top managers, creating a shift in key activities or structures that goes beyond incremental changes to preexisting processes (Rajagopalan & Spreitzer, 1997). Following Gioia, Thomas, Clark, and Chittipeddi, we conceptualize strategic change as a process that involves "either a redefinition of organizational mission or a substantial shift in overall priorities and goals to reflect new emphases or direction" (1994: 364).

The cognitive literature on strategic change highlights the layer of interpretive change in which meaning is destroyed, created, and reconstructed around the change endeavor. The cognitive argument is that radical change requires a shift in the underlying cognitive template shared in the organization, its interpretive scheme. The term "interpretive scheme" captures central assumptions and beliefs about an organization that define and legitimize its visible aspects, including its activities, structures, and expressed goals (Bartunek, 1984; Greenwood & Hinings, 2006; Ranson, Hinings, & Greenwood, 1980). These assumptions and beliefs are held by not only the top managers but also a significant body of middle managers and staff (Balogun & Johnson, 2005; Labianca et al., 2000).

The interpretive layer interacts with a structural layer in which routines, systems, and practices are created, destroyed, transformed, and reroutinized (Cooper, Hinings, Greenwood, & Brown, 1996). Figure 1 illustrates these layers. Planned change processes may exhibit varying interactions between the two layers; some change episodes begin with a structural transformation followed by a more interpretive process (e.g., Corley & Gioia, 2004), and in others (e.g., Gioia & Chittipeddi, 1991), structural changes follow interpretation. Sometimes the interpretive and structural layers interact throughout the process (e.g., Balogun & Johnson, 2004).

Sensegiving in Strategic Change

Contemporary change management literature tends to argue that instituting changes to an organization's interpretive scheme represents the most important and challenging aspect of change management (Pfeffer, 1981; Pondy, 1983; Ranson et al., 1980; Schein, 1996). The managerial communication of new beliefs and meanings to staff has come to be known as "sensegiving" (Fiss & Zajac, 2006; Gioia et al., 1994; Gioia & Chittipeddi, 1991; Labianca et al., 2000). Managers typically embark on sensegiving either as a part of planned change efforts (Gioia & Chittipeddi, 1991) or in response to "sensegiving imperatives" (Corley & Gioia, 2004), which are occasions when a staff relies on its man-

FIGURE 1
The Interpretive and Structural Layers of Radical Change
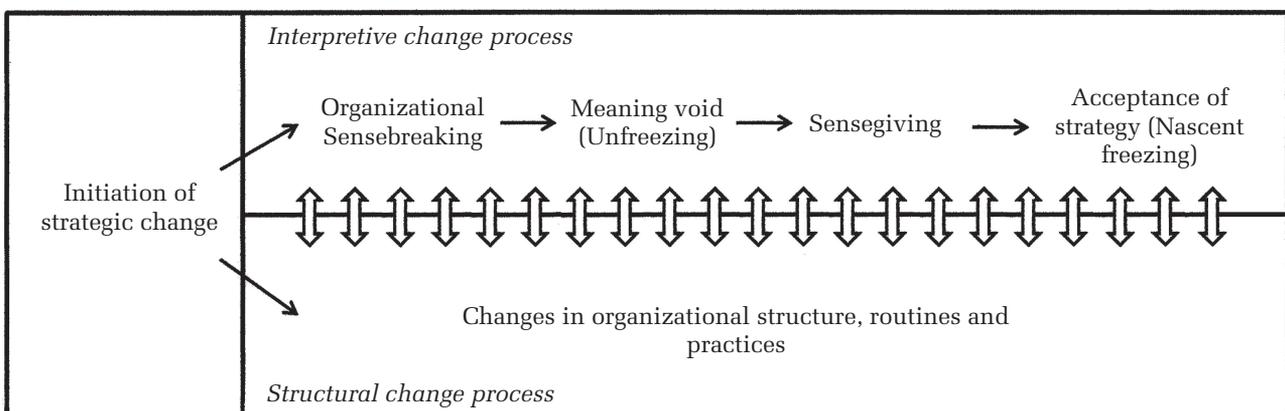
agement to provide meaning during a change process. Sensegiving imperatives arise when organizations encounter "meaning voids" (Figure 1)—when prevalent meanings are challenged through a variety of conditions, including perceived external threats to a present strategy or organizational identity (Ravasi & Schultz, 2006), ambiguity regarding organizational identity in the early stages of an organization's life (Corley & Gioia, 2004), and tension among powerful stakeholder groups (Maitlis & Lawrence, 2007).

Since strategic change depends on the cognition of organizational employees, the impact of managerial sensegiving efforts is measured by their effect on employee sensemaking (Balogun & Johnson, 2004; Gioia et al., 1994; Gioia & Chittipeddi, 1991). A new interpretive scheme forms through sensemaking processes that negotiate a synthesis of the present and new strategies (Balogun & Johnson, 2004, 2005; Bartunek, 1984; Burgelman, 1983; Jarzabkowski, 2008; Lovas & Ghoshal, 2000). Although middle managers can at times drive strategic change (Balogun & Johnson, 2004, 2005; Burgelman, 1983; Floyd & Lane, 2000; Mantere, 2008; Wooldridge, Schmid, & Floyd, 2008), the literature broadly suggests that top management sensegiving often plays the central role in guiding planned change efforts and directs the employee sensemaking processes constituting the shared interpretive scheme (Fox-Wolfgramm et al., 1998; Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996; Isabella, 1990; Ravasi & Schultz, 2006).

Managerial sensegiving is successful when its recipients construct a shared interpretive scheme congruent with the goals of the managers. Many studies have documented the practices of sensegiving, yet scholars have limited knowledge of staff reception of these efforts (Bartunek, Rousseau, Rudolph, & De Palma, 2006; Ford, Ford, & D'Amelio, 2008; Sonenshein, 2010). The change literature commonly frames the reception of managerial change efforts with the concept "resistance to change." The extent of such resistance is predicted to be positively related with the extent to which change recipients need to revise organizational meaning (Labianca et al., 2000; Maitlis & Lawrence, 2003; Piderit, 2000). That is, excessive deviance from preexisting beliefs (Labianca et al., 2000), organizational identity (Fox-Wolfgramm et al., 1998), and tacit knowledge (Nag et al., 2007) can sometimes explain failed change. Although "resistance to change" is a potentially problematic label that overattributes change agency to top management (Ford & Ford, 2008; Tsoukas & Chia, 2002; Weick & Quinn, 1999), it helps capture the important notion that organizational meaning "persists" as organiza-

tion members tend to hold on to meanings that are central to their organization.

Organizational Sensebreaking as a Facilitator of Change

Managers do not merely communicate new meaning during times of change. They may also intentionally undermine existing organizational meaning to clear the way for change. Indeed, the change literature often underscores managerial activity intended to disconfirm the status quo and help an organization "unlearn" deeply ingrained assumptions and beliefs that would hinder the acceptance of change (Lewin, 1951; Pratt & Barnett, 1997; Schein, 1980).

To capture the intentional managerial efforts aimed at creating a meaning void for individual employees, we turn to the concept of sensebreaking, a managerial practice of destroying meaning (Pratt, 2000). The intent of sensebreaking is to create a meaning void in its recipient. Such a state increases receptiveness to managerial sensegiving, which then "serves as a response to sensebreaking, providing the organizationally sanctioned answers" (Ashforth, Harrison, & Corley, 2008: 343). In Pratt (2000), the target of sensebreaking is meanings central to an individual's identity. We employ the concept of organizational sensebreaking in the context of strategic change (Figure 1) to capture the managerial act of destroying the organizational meanings underlying an established interpretive scheme. A number of empirical studies (e.g., Chreim, 2005; Gioia & Chittipeddi, 1991; Nag et al., 2007) have hinted at a similar managerial practice. Extending Pratt's theorization, we view organizational sensebreaking as focusing on the central assumptions and beliefs in an organizational interpretive scheme, rather than on individual identity. The destruction of meaning resulting from organizational sensebreaking, undermines the meaningfulness and desirability of an organization's interpretive scheme rather than an individual's identity, elaborates the deficits of the present organizational interpretive scheme, and creates a drive to adopt a new meaningful conception of an organization rather than of an individual's self. Individual sensebreaking is used when organizations seek to obtain new loyal members (Pratt, 2000), but organizational sensebreaking is practical when organizations need to reestablish the commitment of their members to a new strategy.

Organizational sensebreaking complements the concept of sensegiving (Ashforth et al., 2008; Pratt, 2000) and captures the "destructive aspects of reorganizing that must take place if change is to be

successful" (Biggart, 1977: 410). Such destructive aspects help secure acceptance for fundamental changes in interpretive schemes (Bartunek, 1984; Fiol, 2002) and help to undo previous sensemaking (Balogun & Johnson, 2004; Gioia & Chittipeddi, 1991: 434).

Organizational sensebreaking has connections with the related theoretical constructs of "unfreezing" (Lewin, 1951; Schein, 1980) and "unlearning" (Pratt & Barnett, 1997; Schein, 1980) but maintains a meaning independent of them. Organizational sensebreaking is directed specifically at the interpretations of change recipients, whereas unfreezing addresses structural and interpretive elements in tandem. Organizational sensebreaking achieves change specifically by destroying organizational meaning, but unfreezing characteristically involves a wider range of targets, such as the feelings of safety and control of change recipients, as well as a variety of structural factors (Schein, 1980). Sensebreaking and unfreezing can be conceived of as managerial change tactics intended to launch the process of unlearning (Pratt & Barnett, 1997).

Understanding Change Reversal

Following the interpretive perspective on strategic change, we conceive change reversal as an attempt to reinstitute a prior strategy as a basis for an organization's interpretive scheme. Reversal challenges the existing planned change literature in an interesting way. The established view suggests that reversal is unproblematic, even trivial, as it requires no great leap beyond existing organizational meanings; organization members are merely expected to return to what they already know (Greenwood & Hinings, 1988).

On the other hand, reversal *does* represent a moment of discontinuity with a trajectory of already initiated change, as organization members are expected to abandon nascent changes in meaning structures. The interpretive literature has suggested that during the initiation of planned change, organization members formulate "expected schemas" (Labianca et al., 2000: 238−239) before structural changes are routinized. Expected schemes also give rise to a new interpretive scheme, albeit an imaginary one that is untested in experience. This suggests that in reversal situations, although organization members are not expected to embrace novel meaning, they are expected to let go of expected schemes, meanings that exist in nascent form (Figure 1).

Reversal thus raises the question, How do nascent, expected schemes influence sensemaking when managers seek to reverse change? If organization members retain expected schemes, reversal may not be as unproblematic as the change literature predicts. This is the area to which we contribute with our empirical analysis. As we report findings from a longitudinal case study of a canceled merger and its aftermath, we explain why the reversal failed, expanding on interpretive theory regarding the management of change. By focusing on a case in which change reversal was associated with significant negative consequences, we are able to elaborate theory (Lee, Mitchell, & Sablynski, 1999: 163) around the acceptance and rejection of symbolic management of strategic change.

EMPIRICAL SETTING AND METHODS

Our case organization, a governmental organization we refer to as "the Office," appeared appropriate for our purposes (initially, to study the cognitive and symbolic management of strategic change), as it was about to undergo a planned strategic change effort. The organization had recently been confirmed as a party to a merger with parts of its parent organization. In line with recent research on strategy process and strategy-as-practice, we tried to capture the roles of staff and middle managers alongside that of the top management in strategic change processes (Balogun & Johnson, 2004, 2005; Mantere, 2005, 2008; Mantere & Vaara, 2008; Whittington, 2006; Wooldridge et al., 2008). We sought to gain a rich understanding of the case from the perspectives of the various involved parties and observed the subjects over a long period of time. Fortunately, the Office management allowed us relatively unlimited access to a wide range of their operations.

Data Collection

At the beginning of the research project, we[1] gained full access to all the data available to the Office staff and an open invitation to all the events in the organization. The rich data we collected included observation, documents, and individual and group interviews. We triangulated these data sources to build a detailed timeline of key events central to the change endeavor. Table 1 presents this timeline.

Site visits. Observation played a fundamental role as we developed our understanding of the

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[1] "We" refers to the first author and to a colleague who chose not to be an author but has read and commented on this article.

TABLE 1
Timeline of the Case Organization and Data Produced[a]

Time	Event History and Preliminary Observations	Data
1995–2000	The office is founded by merging four separate units (IT, accounting, office service, statistics). Top management strives to build "synergy" and "clarify the Office's identity."	6 annual reports
Jan. 2011–Dec. 2002	The minister announces that due to EU policy, the Office will undergo a major reorganization, possibly a merger. The minister assures that jobs will not be lost and organization will stay in the same geographic location. Worries are expressed in the intranet forum regarding the fate of the organization and its members, there is a perception the reorganization is beyond the control of the Office stakeholders. The executive team writes an official declaration to the Ministry: the Office's expertise must influence the merger process.	38 top management meetings 9 internal bulletins 10 entries in intranet discussion 1 annual report
Researchers enter the organization at this point		
Jan.–Feb. 2003	A steering group for the merger starts to prepare the organizational change effort. The Office's top management and personnel are represented planning of the merger. Speculation in the national media regarding the merged organization being relocated to unknown geographical location. Discussion in the intranet discussion forum subsides. Interviews show the personnel preparing for the merger in an optimistic spirit.	25 interviews: 5 executive team members, 5 middle managers, 15 personnel members 5 entries in the Office's intranet discussion forum 3 internal bulletins 4 top management meeting minutes
March–May 2003	The Office staff conducts an internal staff personnel questionnaire. IT shows that while some staff members remain concerned about the continuity of the organization, most recognize the potential of the merger in building a stronger and more meaningful organization. An information session/strategy day regarding the merger for all personnel is held in May.	Internal questionnaire, $n = 93$ (qualitative and quantitative) 3 internal bulletins 10 top management team meeting minutes 2 change planning documents 3 researcher field notes
June–Sept. 2003	Executive director resigns and temporary internal replacement is appointed for a year. A senior Ministry official is appointed as the leader/negotiator for the merger. The executive team notes in their meeting minutes that the atmosphere in the merger planning committee has been "constructive."	2 researcher field notes 2 internal bulletins 7 intranet forum entries 12 top management team meeting minutes
Oct. 2003	Politicians in the national parliament lobby for geographic relocation of the forthcoming merger organization. The topic is discussed in the national news. The ministry sternly opposes the relocation. Policy documents for the new organization are finalized and personnel transfers prepared. An open discussion seminars for organization's members, focused on the issue of merging organizational cultures and operations. An open information seminar. The chief aide to the minister presents the potential relocation as a threat which the ministry is doing their best to counter. Hectic activity around creating structures and working policies for the new organization.	8 researcher field notes 5 meeting memos 5 supporting documents 6 internal bulletins 4 top management team meeting minutes
Nov. 2003	National parliament interferes in the merger preparation, seeks to relocate the organization. The minister withdraws the Merger. Minister announces his resignation. Office Christmas party.	17 researcher field notes 2 meeting memos 3 supporting documents 3 Office intranet forum entries 6 internal bulletins 1 top managements meeting minutes
Dec. 2003	An open party called a "wake" is held to commemorate the merger cancellation. The minister, key persons, and a considerable part of the staff participate. Information session to the personnel; the temporary director note that development efforts started in the merger preparation will continue, and "Office will continue on its journey towards change." IT unit director champions the view that the office is not "fit to survive" without radical changes.	9 researcher field notes 3 meeting memos 5 internal bulletins 4 top managements meeting minutes 1 annual report (2003)

(Continues)

TABLE 1
(Continued)

Time	Event History and Preliminary Observations	Data
Jan. 2004	Dissent among the top management team. The temporary executive directory quickly starts to prepare a new vision for the organization. IT unit director resists and wishes to start the process by formulating the unit's own vision first.	10 researcher field notes 7 meeting memos 1 strategy document
	Personnel development seminars, originally intended to facilitate pre- and post-merger integration, are not cancelled but go on as planned.	
Feb.–March 2004	Office executive team formulates a new vision and strategy continued by units, but vision work is soon halted to await selection of the new executive director. The IT unit director is the only member of the executive team to apply for the post.	6 researcher field notes 1 meeting memo 5 strategy document
April 2004	External candidates appointed as executive director.	4 researcher field notes 1 meeting memo 1 strategy document
	The top management team reaches consensus about strategy under the leadership of the new executive director.	
May 2004	New executive director addresses the personnel.	3 researcher field notes 1 meeting memo
	New executive director starts vision work from scratch.	
	New minister is appointed.	
June–Dec. 2004	New executive director host a strategy away-day for an extended executive team, containing staff representation. A vision and strategy are formulated on an incremental basis. A balance is struck between a proactive view on strategy and incremental development of services for the parent organization. Researcher field notes shows that the top management team finds unity in the new strategy formulation. Strategy implementation work in units with executive personnel participation. Researcher field notes report that personnel is hesitant about the new strategy.	15 researcher field notes 2 meeting memos 1 supporting document 2 strategy document
Jan. 2005	Focus group interviews conducted by the researchers, with the intent of accessing the different stakeholder views on the whole transformation effort. The top management team members frame the merger effort as a learning experience with the positive outcomes. The staff focus group express frustrated, cynical views.	3 group interviews: Old executive team members (4), personnel (4), development people (4) New executive director interview 1 researcher field note 2 meeting memos 1 annual report (2004–05)

[a] Total data used in the analysis: 3 transcribed group interviews, 26 transcribed individual interviews (25 + 1), 78 researcher field notes, 73 executive team meeting minutes/memos, 24 other meeting minutes/memos, 9 supporting documents, 8 strategy documents, 9 annual reports, 39 internal bulletins, 25 intranet forum entries.

The entire chronology of the case has been offset by a specific integer between −36 and +36 months in the interest of securing the anonymity of the case organization and the informants.

changes unfolding for the members of the Office. As soon as we gained access to the Office, we attempted to identify and attend as many key events as possible so as to engage with locally meaningful practices (Van Maanen, 1979). The two researchers, often together, made a total of 78 visits ranging from an hour to a whole day in duration. Each visit was recorded in field notes on the same day (Bernard, 2002). The context of researcher visits to the Office ranged from vision creation workshops and strategy roll-out sessions to team meetings and key social events, such as the Office Christmas party and a sports and recreation day. Most of our visits were nonparticipatory, focused on observation. We did, however, want to create a sense that we were contributing members of the Office community, building relations of trust with our informants that would prompt them to freely share information and interpretations. This goal meant that upon request,

one of us acted as a facilitator in meetings that allowed the Office personnel to discuss the merger and its aftermath. The most unorthodox participation situation involved the first author playing cocktail jazz in a duo at an Office social function. This intimate access enabled us to witness the emotional atmosphere and other informal aspects of the merger process.

We took steps to remain impartial to the interests of any stakeholder and to avoid influencing the change process. These goals led us to undertake the following practices (Bernard, 2002: 348–353): First, one of the researchers remained a full observer in those instances that one of us participated. Second, we sought to retain impartiality in our observations by noting our own suspicions, feelings, and assumptions in a separate diary section of the field notes to minimize potential for subjective bias, keeping separate subheadings for what we categorized as personal and

factual observations. Writing down our own emotional responses allowed us to work through them in analyzing the data. Third, we conducted a wide round of interviews before engaging in any participation (see Table 1). Finally, and most importantly, we relied on a number of other sources beyond our observations in our interpretation of what happened (see below).

Public and nonpublic documents. We secured permission to download a large portion of the entire Office intranet, containing, for instance, executive team meeting minutes and a discussion forum. The Office had a very active internal communication policy, which meant that the intranet contained frequent internal bulletins. Many of these were focused on the merger. We also archived a large body of published materials (see Table 1 for a longitudinal representation and total number of different types of documents).

Individual and focus group interviews; unofficial discussions. Our sampling strategy was purposeful, as our intent was to elaborate theory from a rich set of qualitative data (Patton, 2002). As most of the formal interviews were conducted either prior to or after our observations, we wanted to use them to ensure that we would get a well-rounded picture of the change effort, including both potential resistant voices and those who championed the change. In conducting the first set of interviews at the Office, we used the maximum variation sampling strategy (Patton, 2002: 234–235), trying to capture the central themes relevant to the merger effort throughout the organization, its hierarchy, and its functions. A total of 25 semistructured, individual interviews were conducted at the start of our study in January and February 2003 (Table 1). After the whole executive team (five people) had been interviewed, we sought a roughly equal number of interviews in the four main Office units because we were aware of the differences between these units that could be relevant to our aim of understanding strategic change throughout the organization. Those differences seemed likely to lead to different reception by unit members of top managers' change management efforts. We made sure to include middle managers as well as operative employees of both sexes from all four units. We wanted access to those who were active in managing change because of their formal positions as well as those who were more likely to be change recipients. The individual interviews lasted from one to two hours and were tape-recorded and transcribed verbatim. The interview protocol contained a number of questions regarding the Office's future, strategy, and the interviewees' own work roles in this context. Nevertheless, we encouraged the interviewees to pursue any topics they regarded as relevant. Appendix A presents excerpts from our interview protocols.

Throughout our data collection period, we conducted many informal discussions with Office stakeholders, supplementing our perceptions of what took place. When the data collection neared its conclusion in January 2005, we sought conclusive views on how the Office's members made sense of what had transpired during the merger and reorientation. To capture main themes across the organization, we organized three focus group interviews, one for the executive team, one for the organizational developers and middle managers, and one for the operational personnel. In total 13 people attended these three focus group interviews; all four units were represented. As we had come to know the Office personnel, we were able to sample a heterogeneous variety of voices, involving both change agents and recipients from different parts of the organization. The interviews lasted some two hours each and were also taped and transcribed verbatim. These interviews were more loosely structured, as they were based on the critical incident technique focusing on what the interviewees regarded as key events during the recent history of the Office. We asked participants to conclude their interviews by creating a timeline of key events on a flip chart. We also interviewed a recently appointed executive director regarding his perceptions of the organization's past and future soon after he had started in the position (see Table 1).

Data Analysis in Three Rounds

Our analysis followed the principles of grounded theory, progressing from a very detailed, empirical reading to greater generality. It progressed in three rounds. Strauss and Corbin (1990) suggested that grounded theorizing begins with a fine-grained reading of the data, a practice that they call "microanalysis." We began our analysis by writing a detailed account of the change effort from the viewpoint of Office stakeholders, using Atlas.ti software to catalog and temporally order the data and consulted published official sources to construct an event history of what had transpired. We coded what appeared to be important events in the merger process and integrated the views of different stakeholders by using nonpublic texts and interviews. As the richness of our data allowed for triangulation, we augmented, criticized, and structured the public view with these documents. Table 1 represents this first round of coding.

During the second analysis round, we began to theorize on the basis of the longitudinal account that we had written. Again, we used the Atlas.ti program to code and access the data. We compared the two change episodes (merger preparation and postmerger sensemaking), coding instances of managerial sensegiving and respective employee responses. To help tease out relevant passages in the texts, we used a few rough codes, such as "positive sensemaking response" or "negative sensemaking response" to collect passages of text that contained evidence of staff sensemaking. We created two corresponding rough codes for accessing management sensegiving. After identifying organizational sensebreaking as a phenomenon of interest, we contrasted it with positive sensegiving, creating two corresponding rough codes. We proceeded by analyzing the content of the four rough codes, coding the texts contained in all these four rough codes in an inductive manner, creating a large set of largely empirical codes. Strauss and Corbin (1990) labeled the practice of creating a large set of data-based codes "open coding." Our first-order categories, presented in Figure 2, are examples of these open codes.

During the third analysis round, we moved on to axial coding (Strauss & Corbin,1990), a practice of structuring the data into theoretical categories and more general aggregate dimensions (see also Corley & Gioia, 2004). The data structure in Figure 2 demonstrates the outcome of this process of theory elaboration. During this stage, our analysis became more theory-driven, as we were intent on discovering the theoretical contribution contained in our empirical results.

Concluding the third round, we integrated all of the previous rounds into a temporal explanation of sensegiving success and failure at the Office, introducing the theoretical vocabulary into a longitudinal framework. Although our account of events at the Office is one of many potential interpretations (Van Maanen, 1988), the rigorous practice that we followed in producing and analyzing the data helped us avoid "fitting the data to illustrate a theory" (Wodak, 2004: 200). We constantly interrogated our theory as well as our data throughout the process (Locke, 1996). Table 2 demonstrates our coding through a number of examples from the text.

In addition to triangulating data types, we also triangulated analysts, since only the first author had been involved in the production of the data. The two coauthors questioned, challenged, and interrogated his in-depth knowledge of the Office. We used our first draft of this article to test our interpretation of the events with the Office quality manager, our original contact, and took her comments into consideration.

REVERSAL OF STRATEGIC CHANGE AT THE OFFICE

The Office is a subsidiary to a national ministry in northern Europe. Its function is to produce support and expert services for its parent organization, which we will call the Ministry. The Office was founded as a part of a larger institutional reform of the Ministry's administrative sector, with the intent of allowing the Ministry to focus on policy making rather than implementation. Its official tasks were to coordinate the implementation of the Ministry's policies and provide support services for the Ministry. The Office consisted of four units: information technology (IT) services (operating and organizing the IT systems for implementation of policies), statistics (maintaining relevant information for the Ministry), accounting (financial and human resources services for the Ministry as well as for the Office organization), and administrative services (mail carriers, chauffeurs and porters).
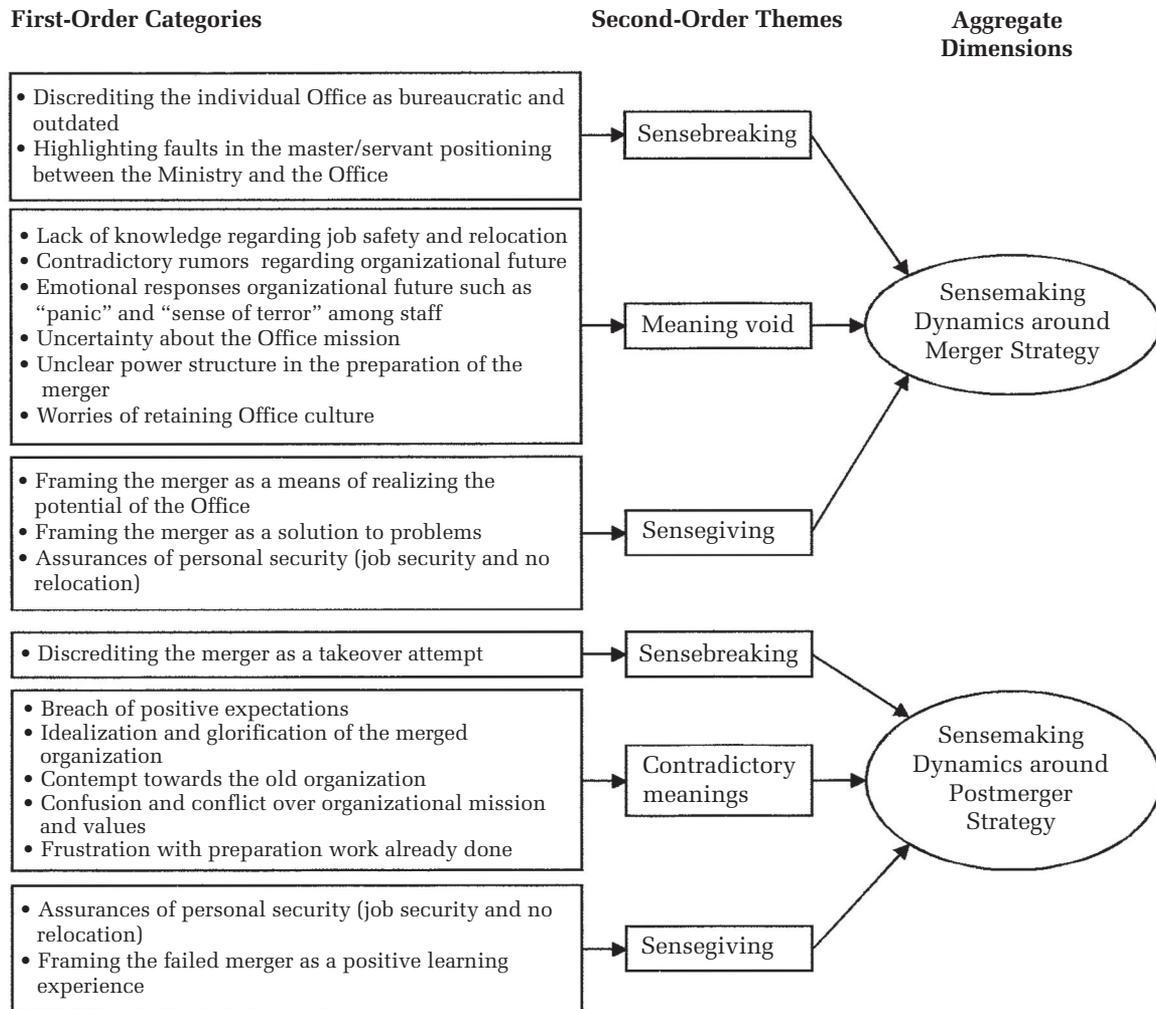
The Office had been created as a "governmental office for tomorrow," a force to challenge the bureaucratic thinking so endemic to governmental agencies with the innovative use of IT and flexible organizing methods. The top management in the Office had constantly communicated this strategy (Strategy$_0$) to the staff throughout the Office's eight-year life span. Most of our informants prided themselves on the fact that the Office's "progressive culture" distinguished it from that of its parent, the Ministry.

> Our main motivation for building the Office was that we were building something completely different. No such organization had been seen within government. [The Office] was to be the "governmental office of tomorrow." (Office executive director, in an annual report)

Our empirical analysis elaborates two episodes of externally imposed challenges to the prevailing strategy that necessitated a radical change (Balogun & Johnson, 2004; Barr, Stimpert, & Huff, 1992; Bartunek, 1984; Gioia et al., 1994; Gioia & Chittipeddi, 1991). In both episodes, the managers responded with a combination of organizational sensebreaking and sensegiving.

The first episode was triggered by a merger announcement that undermined the interpretive scheme of the independent Office with four separate but synergistic units, striving for a progressive and nonbureaucratic culture, and its strategy as an

FIGURE 2
Final Data Structure after Third Coding Round

First-Order Categories   **Second-Order Themes**   **Aggregate Dimensions**

- Discrediting the individual Office as bureaucratic and outdated
- Highlighting faults in the master/servant positioning between the Ministry and the Office

→ Sensebreaking

- Lack of knowledge regarding job safety and relocation
- Contradictory rumors regarding organizational future
- Emotional responses organizational future such as "panic" and "sense of terror" among staff
- Uncertainty about the Office mission
- Unclear power structure in the preparation of the merger
- Worries of retaining Office culture

→ Meaning void → Sensemaking Dynamics around Merger Strategy

- Framing the merger as a means of realizing the potential of the Office
- Framing the merger as a solution to problems
- Assurances of personal security (job security and no relocation)

→ Sensegiving

- Discrediting the merger as a takeover attempt

→ Sensebreaking

- Breach of positive expectations
- Idealization and glorification of the merged organization
- Contempt towards the old organization
- Confusion and conflict over organizational mission and values
- Frustration with preparation work already done

→ Contradictory meanings → Sensemaking Dynamics around Postmerger Strategy

- Assurances of personal security (job security and no relocation)
- Framing the failed merger as a positive learning experience

→ Sensegiving

independent "office of tomorrow." As a response, the top management dismissed the prevailing strategy (Strategy$_0$) that positioned the Office as an independent service innovator and developed a new strategy whereby the Office would realize its true potential through membership in a more meaningful organization (Strategy$_1$). Management communicated this new strategy to the staff. The staff eventually accepted these strategy communications, which facilitated radical changes in the organizational interpretive scheme.
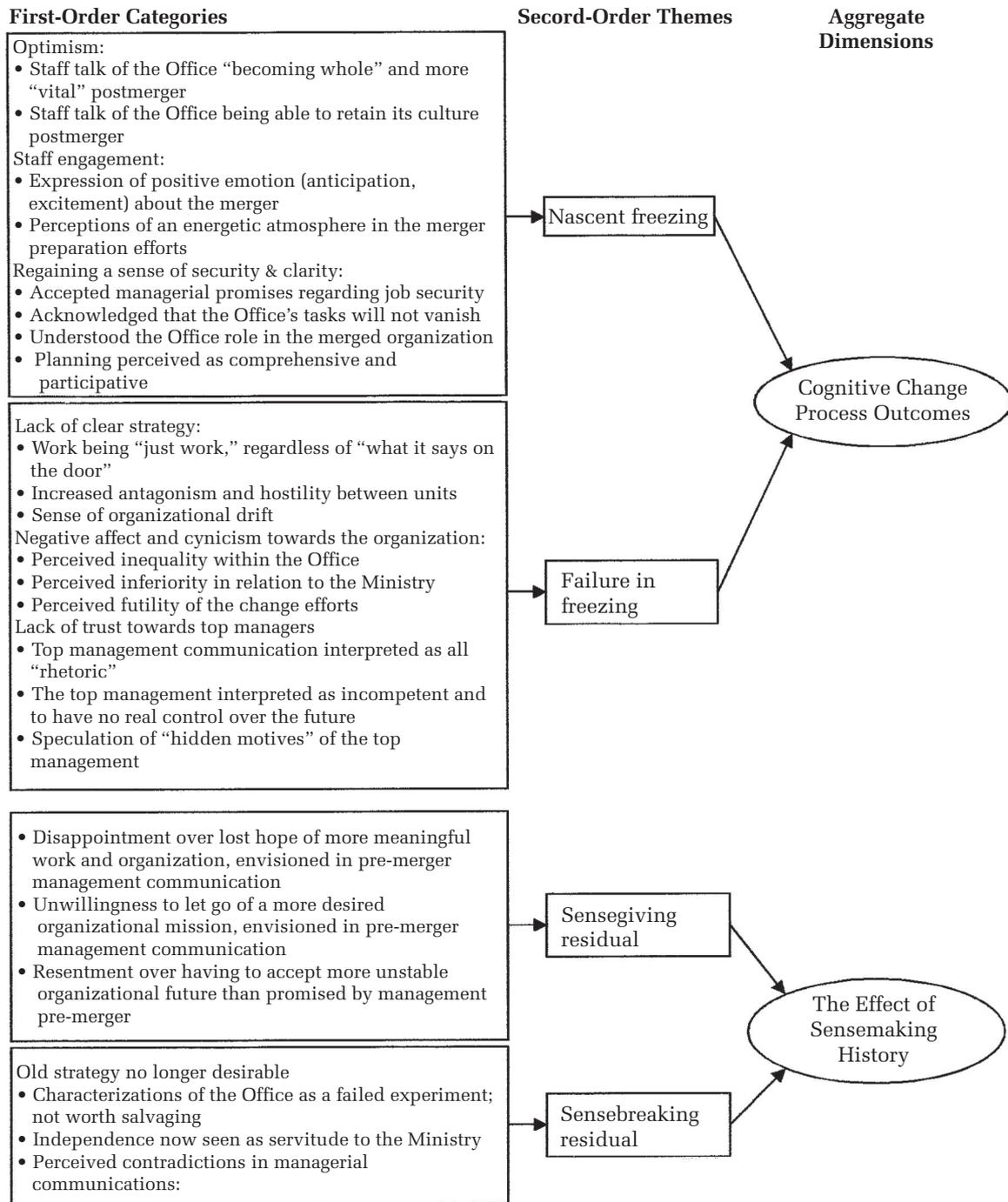
The second episode was triggered by an abrupt cancellation of the merger at the very end of preparation for it. The top management responded to the aborted change by retracing their steps, discrediting the appeal of the merged organization (Strategy$_1$), and communicating a strategy essentially identical to the one preceding the merger (Strategy$_0$). This was done to restablish the previous scheme of the Office as an innovative, independent

organization. Unlike the outcome of the first episode, the outcome of management's attempt to reverse the change effort was failure.

Episode 1: Initial Success in Planned Change

When we entered the Office (see Table 1), Ministry decision makers had just announced a forthcoming merger. The first official sign of the merger was given to the Office when the Ministry announced in January 2001 that it was forming a planning committee to prepare organizational changes in the Ministry and Office. Some of the Ministry's functions would be merged with Office functions. The new organization, Agency, would be responsible for the realization of all of the Ministry's policies—a task that had formerly been distributed among the Ministry and a host of other organizations, including the Office. This meant dismantling the interpretive scheme that the Office

FIGURE 2
Continued

First-Order Categories	Second-Order Themes	Aggregate Dimensions

Optimism:
• Staff talk of the Office "becoming whole" and more "vital" postmerger
• Staff talk of the Office being able to retain its culture postmerger
Staff engagement:
• Expression of positive emotion (anticipation, excitement) about the merger
• Perceptions of an energetic atmosphere in the merger preparation efforts
Regaining a sense of security & clarity:
• Accepted managerial promises regarding job security
• Acknowledged that the Office's tasks will not vanish
• Understood the Office role in the merged organization
• Planning perceived as comprehensive and participative

→ Nascent freezing

Lack of clear strategy:
• Work being "just work," regardless of "what it says on the door"
• Increased antagonism and hostility between units
• Sense of organizational drift
Negative affect and cynicism towards the organization:
• Perceived inequality within the Office
• Perceived inferiority in relation to the Ministry
• Perceived futility of the change efforts
Lack of trust towards top managers
• Top management communication interpreted as all "rhetoric"
• The top management interpreted as incompetent and to have no real control over the future
• Speculation of "hidden motives" of the top management

→ Failure in freezing

Cognitive Change Process Outcomes

• Disappointment over lost hope of more meaningful work and organization, envisioned in pre-merger management communication
• Unwillingness to let go of a more desired organizational mission, envisioned in pre-merger management communication
• Resentment over having to accept more unstable organizational future than promised by management pre-merger

→ Sensegiving residual

Old strategy no longer desirable
• Characterizations of the Office as a failed experiment; not worth salvaging
• Independence now seen as servitude to the Ministry
• Perceived contradictions in managerial communications:

→ Sensebreaking residual

The Effect of Sensemaking History

staff had accepted as the basis of their organization's operations.

Sensebreaking. The Office managers discredited Strategy$_0$ by questioning the very idea upon which the Office had been built: delivering services to the Ministry. They suggested that the Office had not become the progressive entity that it was built to be in the first place. Providing innovative services to the Ministry meant that the most important customers had been forgotten: the citizens. The Office managers framed the merger strategy with an end-customer perspective, focusing on the quality and flexibility of the services delivered. They portrayed the separation between the Ministry as a "strategist" and the Office as the "implementer" as "old-school thinking" that represented the very bureau-

TABLE 2
Empirical Examples of Our Main Categories

Sensemaking dynamics around merger strategy

Sensebreaking

What we have now is a really old-school bureaucracy. −IT unit vice-director interview, February 2003

Meaning void

[After hearing about the possibility of a merger] people started to panic, even the directors. What would we become? What would happen to all the progressive stuff, the culture that we had built together? −Administrative services unit middle manager in retrospect, focus group interview, January 2005

It is imperative that Office representation and viewpoint be secured in the merger preparation. −Excerpt from Office top management meeting minutes, February 2003

Sensegiving

The organizational transformation [merger] is now in the offing. If I look at it from the viewpoint of the Office's mission, I see it as a very beneficial development. The Office's tasks will be [even more] central in . . . the whole task of implementing EU policy in this country after the merger. −Executive team member interview, February 2003

[Executive director's first name] submitted a White Paper to [ministry official in charge of the merger], requesting that Office would have representation in the committees in charge of preparing issues with impact on Office. . . . Even though the information session did not offer much new information about the forthcoming merger, it was made perfectly clear that the Office personnel stand united, willing to participate in the planning of our future together [within the Agency]. –Internal bulletin reporting from an early Ministry information session concerning the forthcoming merger, January 2001

Sensemaking dynamics around postmerger strategy

Sensebreaking

Since the merger was first hinted at, the Office personnel has had to live with a noose around their necks, uncertain about when they finally open the hatch and let them hang. −Retired Office executive director, in the annual report for 2005

Contradictory meanings

We are like an airplane flying without a direction. −Researcher field notes: Staff member in a discussion about organizational vision, January 2004

We are in a rowboat with no oars, undecided about our direction . . . one would like to go to the open water, but only after reflection about which boat and how. We are lost for how to go there, our oars are missing. −Researcher field notes: Communications chief in a strategy workshop, August 2004

Sensegiving

The year 2003 was not lacking in drama. . . . The work conducted during the merger preparation did not go to waste, however. It will come in handy as we develop the Office. –Executive director, in the 2003 annual report

Cognitive change process outcomes

Nascent refreezing

Look, our tasks will not vanish into thin air. [Office's]tasks, I believe, will be part of the core functions of the new organization. The new organization cannot cope without us. −Accounting middle manager an individual interview, February 2003

Our job will continue in the new organization but personally I would also prefer that things not remain the same. That there would be some changes in procedures within the new organization. . . . It really cannot get any worse, and it would get better if we would see more eye to eye with them [the Ministry people in the new organization]. −Middle manager interview, February 2003

Failure in refreezing

At the end of the day, it makes little difference what the sign on the door says, whether it says "the Office" or something else. −Accounting unit clerk, in focus group interview, January 2005

The effect of sensemaking history

Sensegiving residual

There was a real sense of achievement in the merger preparation committee. We were really going to make it happen. . . . However, I heard some background speculation even then that the politicians were going to stone the effort to death. . . . −Staff focus group interview, January 2005

People were rather cynical in that discussion [about the Office vision after the merger cancellation]. It felt funny to talk about that after what had happened. −Accounting unit clerk in focus interview, January 2005

Sensebreaking residual

"We were supposed to be dead by now."

"But my friend, this is an astral body." −Researcher field notes: Managers debating about the merits of the reversal strategy in a meeting, February 2004.

[The merger]came to nothing and we needed to return to the old way. Returning to the same old felt like a kick in the face. −IT unit team leader in the staff group interview, February 2005.

cracy that the Office had been created to fight against. The separation between "master and servant" had resulted in a rigid organization that hindered serving the citizens.

[With the merger], we are trying to shake off the old-fashioned bureaucratic cloak and don a more customer-friendly one. (IT unit director interview, January 2003)

In their communications, the Office managers also emphasized that the relations between the Office and the Ministry had occasionally been problematic, motivating the merger as a solution to several functional problems that had arisen from overlap in processes.

[The merger] has advantages, no real disadvantages . . . . We are trying to streamline our operations. We are trying to collect them all into one organization to be maintained, not like what we have now, that is, processes going through several organizations. (Executive team member interview, February 2003)

The merger represents a promising development after a number of years of taking baby steps in the dark. (Statistics unit director interview, January 2003)

Meaning void. The organizational sensebreaking activities acted in tandem with the merger announcement itself, delegitimizing $Strategy_0$ as outdated and nontenable. The merger announcement itself had caused a number of concerns among the Office staff. After encountering the first rumors about the merger, staff members had been highly concerned, a sentiment characterized in retrospect with words such as "terror" and "panic."

I remember the people being . . . how should I put it? Quite terror-stricken, frankly. (Statistics unit middle manager, in retrospect, in a focus group interview, January 2005)

I still remember it like yesterday: I had just come back from vacation, and was walking down the corridor. Down walks [colleague] and tells me that [the Office] will be terminated! (Administrative services unit middle manager in retrospect, focus group interview, January 2005)

The staff had felt that their jobs were being threatened by relocation or termination. As most staff members outside the IT unit had little professional training and long work histories at the Office, job loss was a real threat. The looming merger threatened the very existence of the Office, undermining the existing interpretive scheme and creating a sense of need for a new strategy. The prospect of a merger created anxiety among employees as it threatened the continuity, predictability, and control of the employees' lives, key aspects of psychological security (Erikson, 1968; Giddens, 1991).

There was a clear sense that a new direction was needed, and many of the employees looked to the top managers to provide it.

Our future is shrouded in a veil of black magic. It is the practitioners of this black art who refuse to reveal the future of this organization (Anonymous comment on intranet discussion forum, January 2001)

The state has started to implement an aggressive regional policy that involves relocating offices outside the capital area. All new governmental offices will be transferred outside the capital, including the new office [the merged organization] (Anonymous comment).

If they relocate us [outside the capital area], how many of you would go? (Anonymous comment)

You should not jump to conclusions based on what you may have read in the papers. Our internal communications channels continue to be the most reliable sources of facts. The merger preparation committee has its next meeting on Thursday. Why don't we continue this discussion after the meeting? (Office communications officer responds, using his own name)

Although the merger announcement had already undermined the tenability of $Strategy_0$, the managers' intentional use of derogatory labels such as "old-school" and "bureaucracy" further discredited the established interpretive scheme and motivated a drive for new meanings (cf. Pratt, 2000), extending the meaning void perceived by the staff (Corley & Gioia, 2004). Consequently, the staff looked to managers to provide them with meanings.

Sensegiving. Sensebreaking was used to build a foundation for prospective, positive sensegiving that depicted a desirable future for the Office as a part of the Ministry. The new strategy was portrayed as a solution to preexisting problems emphasized in the related sensebreaking efforts. The Office as a part of the Ministry would finally be free of the many conflicts between separate organizations (Office interunit tensions, tensions between the Office and its parent). The progressive way of thinking about a governmental agency would be to frame it as a single, customer-focused organization, built to serve the end customer, rather than another agency in the service of further administration.

It is the modern way to look at an organization from a customer's perspective. (Ministry nonpolitical executive director in an Office internal bulletin, January 2003)

The [merger] is a development that I have been trying to accomplish for a number of years now. . . .It is the sort of arrangement that will allow us to realize some of the crucial promises inherent to this

organization, but it will allow us to continue working on the basis of our organizational culture. (Executive director interview, February 2003)

Despite the beneficial changes foreseen in the new organization, both the top managers and many staff members saw that the Office would not be dissolved within the new organization, but that its functions and culture would be continued within it.

I at least am confident about the future, as this [merger] gives us the opportunity to retain our organizational culture . . . to continue developing our organizational culture and whatever is associated with that. (Executive director interview, February 2003)

The management addressed uncertainty regarding individuals' personal circumstances by emphasizing the continuity of individual jobs, depicting the forthcoming Agency as an increasingly vital organization in which everybody would have a role. The minister (the political leader of the Ministry) formally announced that no jobs would be lost or relocated in the merger effort, reducing anxiety related to personal security. This created an environment in which staff started to think about their desired future.

Nascent refreezing. The managers were eventually able to resolve the personal breach in security among the staff, as well as the strategic ambiguity. Through persistent negotiations with the Ministry leadership, the Office's top managers were able to secure representation for both themselves and staff on the relevant subcommittees in charge of the merger preparation effort. This created a foundation for the credibility of a new strategy for which the Office could claim ownership.

The strategy that top management communicated in response to the sensegiving imperative facilitated staff sensemaking, which in turn began the transformation of the Office interpretive scheme toward a prospective one. Some concerns were still occasionally voiced, but the staff had started to regard the new strategy promoting a new, unified, customer-focused organization as a compelling vision of the future. The new organization would have a more discernible and meaningful mission.

We will get new people from the Ministry and the old Office will become a much larger and more vital organization. (Office clerk in an individual interview, February 2003)

Our prow is pointing at the right direction, we have a chance of creating a much more meaningful organization. (IT unit specialist interview, February 2003)

After the [official merger announcement in February 2003], people really started to get onboard. They had started to see [the merger] as an opportunity to finally put certain things in order. (IT unit team leader in retrospect, focus group interview, January 2005)

The acceptance of the shared vision also meant the resolution of ambiguity within the organizational interpretive scheme. The merged organization would be a way of resolving tensions between subunits and the somewhat troubled relations with the Ministry.

Our competence will play a key role in crafting the new organization. (Statistics unit clerk interview, February 2003)
I think the answer [to looking at the merger] is focusing on our core competence. . . . I believe that a key problem in the Office has been that the four units are so different from one another. (IT specialist interview, February 2003)

During our on-site visits, we sensed a general spirit of optimism among the staff and a feeling that the merger would be a step forward. We saw the staff engage with the effort and shift from anticipating the merger to preparing for it. The merger planning committee started its work. Rumors and angry exclamations subsided in the intranet. Our field notes show that our informants often felt the work was "hectic" as the merger preparation subcommittee formulated the detailed rules of procedure typical for a new governmental organization. Yet, although it was a lot of work, the preparation for the merger in the committee was conducted in a cooperative spirit.

I find this whole ordeal [the merger preparation] quite exciting, really. It will be interesting to see what we will become. (Accounting unit clerk in an individual interview, February 2003)

Refreezing is a process that is finalized only after organization members have had experience of both the structural and interpretive elements of change (Figure 1). This means that at the Office, freezing of the merged organization was nascent. The merger preparation subcommittee had crafted a detailed plan of the structure of the Agency, pending the official launch of the merger. Both the management and the preparation subcommittee had communicated actively, and there had been a number of preparation workshops at which all Office staff members had had the opportunity to discuss the merger (see Table 1 for more details). This suggests that many of the change recipients had built an "expected schema" (Labianca et al., 2000) of the forthcoming change. No structural changes had yet been

implemented, however. The change agents and recipients as yet had only experienced the change through expectation and anticipation.

Episode 2: Reversal

In a swift series of events, the merger effort was canceled after almost a year of formal preparations, less than a week prior to the planned launch of the new organization in late November 2003. The cause of the cancellation was an unexpected turn of events in the national parliament, beyond the control of the Office or the Ministry. Recognizing the importance of the cancellation, we spent every minute we could at the site, witnessing in person the key events, such as the merger effort wrap-up cocktail party officially (and ironically) labeled "the wake" and the Office Christmas party, which took place right after the announcement.

The cancellation challenged the more or less established interpretive scheme and thus represented a second episode of change for the Office's top managers. Their response was to retrace their steps, discrediting Strategy$_1$ and reverting to Strategy$_0$. In other words, they chose to give sense to the aborted change by reversing back to the previous scheme.

Sensebreaking. The Office top management framed the merger cancellation as a fortunate outcome: the Office was able to continue finding its own path. Even if unexpected, the outcome had restored the Office's ability to retain its autonomy and to realize its original promise as a progressive and nonbureaucratic organization. In his first speech after the cancellation, at the Christmas party, the temporary executive director expressed the sentiment that Ministry officials had thrust the merger upon them against their will. He celebrated the fact that the Office had escaped the merger unscathed.

> People are dressed well, which marks this as an important event for them. The different units seem fortified around their tables. All of a sudden, it feels like there are a number of identities at the Office. . . . [In his speech, the Office executive director makes a joke:] "**The Office is a cat that was supposed to be made into a doormat for the new organization and, yet, the cat has somehow landed on its feet.**" . . . When I approach them, people do not wish to talk about the merger, whereas before the cancellation, everybody wanted to share their views with us. (Excerpt from researcher observation notes at the Office Christmas party, November 2003, right after the cancellation announcement)

The director's speech was part of a second important sensebreaking attempt, aimed at discrediting the recently established scheme of the Office as

a part of the Agency that the staff had begun to identify with. The founding of the Agency, if it had been realized, would have meant the death of Office as the staff knew it.

Contradictory meanings. The news of the cancellation suddenly invalidated Strategy$_1$, the foundation of the organizational interpretive scheme developed during merger preparations, and then managerial sensebreaking discredited Strategy$_1$. The cancellation and sensebreaking appeared to be intended to create a meaning void, just as with the previous episode. Yet the staff seemed to cling to contradictory meanings, and the effects of sensebreaking were far less successful than in the first episode. No "sensegiving imperative" in which the staff was open to and expectant of managerial sensegiving resulted; instead the staff was reluctant to address any new strategy.

> The merger preparation effort was a frustrating experience: you work like hell and then they pull the rug out from under you and say "April fools!" (IT unit team leader in focus group interview, January 2005)
> I wish I could to do the job I was hired to do in peace for a change, without being constantly harassed by this or that organizational change initiative. (Accounting unit middle manager in focus group interview, January 2005)
> It is exasperating to return to the previous stage in our development. Finding a way back is tricky, especially if you want to frame this search as "strategy." (Accounting unit director in a strategy meeting, March 2004)
> Q: How would you characterize this feeling [after the cancellation]?
> A: Well . . . uncertainty, uncertainty, uncertainty. (Statistics group clerk in a focus group interview, January 2005)

Sensegiving. The official communications by the executive director framed the cancellation of the merger as a fortunate event and the whole merger process as a meaningful learning experience for the organization—one that would lead to a substantially improved partnership between the Office and the Ministry.

> The Office will continue on its journey towards change. The development efforts that we started during the merger preparation will continue towards a single outcome—more meaningful collaboration between the Office and the Ministry. (Executive director, speech, December 2003)
> Let us continue to look at the future with curiosity and resolve. We should continue developing the organization and our jobs within it. (Ministry executive, speech, November 2003)
> The Ministry sees us in a completely different light today [after the merger effort]. There is little left of

the way they used to toss us around like a rag doll. What the [merger effort] did for us is that we now have a mature relationship. (Executive team member in an informal discussion, January 2005)

A new executive director was appointed to the Office to replace the previous one, who had left before the merger. The new executive director communicated a strategy that was strikingly similar to the one promoted by his predecessor almost ten years previously. From the first communications to the staff, the new director founded the Office strategy as the path of a "governmental office of tomorrow," supporting the Ministry in the implementation of its policies in innovative ways.

The new director launched a strategy process involving participative formulation of a new vision and strategy as well as the creation of a "balanced scorecard" with a set of measurements and tools to implement the strategy.

The key objective for the Office, stated forcefully by [the new executive director] at the strategy away-day, was "proactive future creation," that is, more long-term planning. The away-day participants greeted this warmly. There was wide consensus that the Office should have a common direction. (Secretarial minutes from the first strategy away-day organized by the new executive director, August 2004)

What the top managers offered in official communications to replace $Strategy_1$ was in essence a return to $Strategy_0$: the Office would continue as an autonomous entity, consisting of four separate units, aiming at providing innovative service to the Ministry, which was exactly how they had framed the organization before the merger announcement. There would be no radical change to replace the merger. Instead, the Office would gradually develop its operations, and "continue on its journey towards change."

The Office provides services, it does not do politics. We don't make decisions, we serve [the Ministry]. . . . In my view the internalization of this service role is vital for all of the Office's staff. . . . We cannot go against the will of the Ministry. But we should actively try to influence the will of the Ministry, push for the right things, make sure they understand to want the right things. (Interview with the new executive director, February 2004)

Failure in refreezing. We observed all of the official strategy process events during the six months following the strategy away-day. During this time, the management and staff discussed the postmerger strategy (i.e., engaged in sensemaking) to work out its implementation across operations. Our field notes show that we became more and more aware that the staff had not accepted the

second strategic change and did not reenact the premerger interpretive scheme in their sensemaking. Although the executive participants at the strategy away-day had felt that it was a step forward, operational units and teams generally met strategy implementation with a sullen lack of enthusiasm. Corridor discussions with the staff confirmed that they did not think highly of the new strategy.

Our vision is like the one where you were the first in class in the whole of Europe and you excelled in doing nothing. (IT unit team leader during an unofficial discussion, February 2004)

Our suspicions were confirmed during the focus group interviews that we conducted at the conclusion of our data collection period; indeed, we were even surprised at the negative attitude the staff members showed toward the strategy, their managers, and the organization. The top managers were united in voicing the opinion that the merger effort had made the Office a better organization—that is, more focused, with a clearer sense of purpose—but the staff responses were largely indifferent to the organizational future save for how it affected them personally. The staff's negative attitudes went beyond just dismissal of $Strategy_0$ and the interpretive scheme that it had been supporting. The staff started to question whether it was even relevant that they worked at the Office and not some other organization. For many, the reversal strategy had reinforced a sense of doubt about the organization's capability to influence its own fate.

Q: When you think back on the last couple of years, what do you think were the key incidents?

A: The first thing that comes to mind, I'd say the key incident was this [merger effort] when the whole future of the Office hung in the balance—and now we live like nothing happened, "Let's see what happens next." (Staff focus group interview, January 2005)

Altogether, the staff appeared to have little, if any, hopes for the Office. The staff had seen the merged organization as something to strive for during the merger preparation, and the old Office had become increasingly meaningless for many of our informants. At the same time, intraunit tensions had come to the forefront. At the IT unit, the young and well-trained workforce had become the merger's most enthusiastic champions. The cancellation of the merger appeared to be a crushing blow both to the unit's director, who questioned whether the Office was salvageable at all, and its staff members.

The Office, as it is now, is not fit to survive. (IT unit director, November 2003)

Well, this is what happened and we cannot change that fact. But I can promise you that we will go to [a famous ski resort] for our next staff Recreation Day to lick our wounds and plan for the future. (IT unit director, addressing the IT unit staff directly after the cancellation of the merger [excerpt from researcher field notes])

Interunit tensions also escalated, as the IT unit staff started to harbor suspicions that the other units had never been truly committed to the merger. The other units, on the other hand, blamed the IT unit members for never being true members of the Office:

The old ladies from [another Office unit] were no doubt ravished by the charming minister who came in and told them: "Ladies, you do not have to move your office." (Frustrated comment in the aftermath of the merger cancellation by a [young, male] IT specialist, November 2004)

I doubt that many of the boys in the IT unit have ever realized that they work at an organization called [the Office]. (Accounting unit [senior, female] clerk in an unofficial corridor discussion in the aftermath of the merger cancellation, January 2005)

Generally, it appeared to us that the staff felt betrayed as a result of the change reversal. Even though the merger cancellation was the doing of extraorganizational forces, the staff's comments often implied that the Office managers had breached a "psychological contract":

Where are these leaders of ours leading us? That would be an interesting thing to know, really. . . . I mean, yes, there is a lot of talk about values and the staff being valued but where's the proof of that? (Statistics unit clerk, focus group interview, January 2005)

Well, I don't know about the very top management. For all we know, this can actually be the stage where they are dissolving the organization.

Yes, which is the goal? To sustain and save the Office? Or disband it? (Staff focus group interview, January 2005)

The Office value statement reads: "We work together as equals." Yeah right. (Accounting unit clerk in a focus group interview, January 2005)

There is a lot of rhetoric going on about the value of the employees or that employees are really important. But then in practice, everybody's effort isn't that important. – (Accounting unit clerk in staff focus group interview, January 2005)

Sensemaking History: Sensegiving and Sensebreaking Residuals

The staff's response suggests a connection between the two change episodes. The top managers

seemed to underestimate the role of their previous sensegiving, and in particular their previous sensebreaking, in the staff's subsequent interpretation of the reversal. The merger preparation was still a very recent memory, and meanings created by the premerger situation lingered among staff members. A residual of change sensemaking was left among the staff, even if at the rational level, all stakeholders had to acknowledge the cancellation as a fact. This residual effect is coherent with previous evidence that layers of previous interpretive schemes exist as "sediment" in the shared cognitions of organization members, created during a history of consecutive radical changes (Cooper et al., 1996), and with the notion that organizations attend to past processes of collective sensemaking (Isabella, 1990).

We use the term "sensemaking history" to denote the organization members' recollections of the sense they made of past managerial communications. Our analysis suggests that sensemaking history has two main effects in change reversal, which we call "sensegiving residuals" and "sensebreaking residuals."

Sensegiving residuals. Sensegiving residuals refer to the influence of past positive sensegiving on the acceptance of managerial change efforts. At the Office, the residue of positive sensegiving left many staff members enthusiastic about the exciting prospective future that had been propagated in the managerial sensegiving (Strategy$_1$) and unwilling to abandon it. During the nascent process of refreezing, the staff had engaged with the merger preparation, investing hopes and energies into the process of creating a better organization. They had difficulty accepting that the Office had been lucky to escape the merger, as the top management now suggested. Quite a few members of the staff were reluctant to let go of the new strategy and face the old organization again.

In the [merged organization], we would have been part of something bigger and more meaningful. (Statistics unit clerk, in focus group interview, January 2005)

Question: how did you react to the cancellation?

There was an unpleasant feeling. People had already committed themselves to the merger, in a way. (Staff focus group interview, January 2005)

The whole process turned out to be the "emperor's new clothes" again. (Statistics unit clerk in focus group interview, January 2005)

I suppose disappointment is a normal reaction [for the cancellation]. It takes people a while to get back on board, to start looking to the future again. (IT unit team leader in a focus group interview, January 2005)

We are now faced with the daunting task of rebuilding the Office from out of the smoldering ruins of the Agency. (Accounting unit manager in strategy workshop, August 2004)

It seems the effects of sensegiving residuals were amplified by the lack of real experience with the postmerger strategy prior to its cancellation. Although it may be easy to discredit established strategies by drawing attention to their negative aspects, in discrediting a strategy that was only expected but never truly implemented, the Office managers had to focus on generic and abstract elements of the postmerger strategy—largely elements they had framed positively in their prior sensegiving.

Sensebreaking residuals. Sensebreaking residuals refer to the influence of past organizational sensebreaking on the acceptance of managerial change efforts. They are particularly important for understanding how sensemaking history influenced the failure of the reversal at the Office. Managerial sensebreaking during the merger preparations constituted a persistently negative framing of the previous strategy, effectively preempting a possibility of return to it. Managerial sensebreaking had intentionally damaged the appeal of the "governmental office of the future" strategy, discrediting this view as outdated and bureaucratic. The staff thus found it difficult to reendorse it. They did not want to become servants (or "errand boys") for the Ministry, even if they had accepted this strategy before the merger was announced.

We are back to being errand boys to the Ministry. (Statistics unit clerk in focus group interview, January 2005)

The organizational sensebreaking that was used after the merger cancellation had more severe consequences. The managers' choice to discredit the merger strategy by arguing that the Office had been lucky to escape it gave rise to an explicit contradiction in their communications. The employees' sentiment was that the managers had lost control over events affecting the organization. The clear contradictions between consequent communications also led employees to question the integrity, competence, and legitimacy of their managers (Neilsen & Rao, 1987). Some employees began to question the very possibility of a meaningful organizational change at the Office (Reichers, Wanous, & Austin, 1997). The managers had undermined their credibility as strategists and communicators.

They [the directors and the Ministry leaders] say that the fate of the Office is in our own hands. . . .I won't believe it until I see some ink on the page. (Administrative services unit clerk, focus group interview, January 2005)

Question: Do you see that the choice is now in the hands of the Office or can you influence what is going to happen?
Answer: Well this is what they like us believe, but I do question that very much. (Staff group interview, January 2005)

I doubt if this constant chop and change will ever end. (Administrative services unit middle manager, focus group interview, January 2005)

It wouldn't be the first time that they try to uproot us and hurl us somewhere [discusses the possibility of the organization being relocated]. (Statistics unit middle manager, focus group interview, January 2005)

The management's contradictory messages led to two coexisting schemes, both of which had been discredited and thus appeared undesirable to the employees. Whereas successful strategic change establishes a "redefinition of organizational mission" (Gioia et al., 1994: 364), the Office ended up in a situation in which its mission was compromised.

The Office should never have been founded in the first place. (Accounting unit clerk, focus group interview, January 2005)

DISCUSSION

Strategic change efforts do not always turn out the way they were planned. The little literature that exists on aborted change suggests that unsuccessful planned change leads to a largely unproblematic reversal back to a previous interpretive scheme. In the case we documented, we found this process to be problematic and traumatic to the organization. The top managers sought to reverse the change episode, pursuing a strategy similar to the one preceding the merger announcement and urging the staff to reincorporate what was essentially the premerger interpretive scheme in their sensemaking. The unwillingness of the staff to accept change reversal resulted in a loss of managerial credibility and trust in the managers. The organization was left in a crisis state in which it had no broadly accepted strategy.[2]

The key theoretical puzzle we present is this: Why did the staff begin to make sense of the changed organizational strategy in the first but not in the second episode? At first glance, the

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[2] We asked one of our informants, an Office middle manager, to read an earlier version of this article. Upon reading the document, she expressed the sentiment that after several years the Office still had not "recovered from the identity crisis" that the merger cancellation had caused.

episodes appear strikingly similar in structural terms. In both episodes, the organization faced a significant change episode wherein extraorganizational events created a need for a strategic response by top management. In both cases, the top management's response involved a combination of *sensebreaking*, in which the established organizational strategy was discredited, and *sensegiving*, in which another strategy was presented as a positive alternative. If anything, the strategic reorientation in the second episode (cancellation of the merger) seemed inherently less radical than that in the first episode (the merger). The management simply urged the staff to reenact the strategy that they knew intimately and had previously been reluctant to let go, pending a major managerial sensegiving effort. During initial change, the organization faced the prospect of significant structural changes, whereas at the time of the reversal, very few actual changes had been implemented, and current established routines and structures were to remain unchanged. Thus, the failure in sensegiving during the second episode cannot be attributed to the extent of the change; one can even imagine that the cancellation would have induced a sense of relief among the staff, who could return to the organization that they knew.

Sensemaking History in the Management of Strategic Change

Change reversal is an extreme case that highlights a largely disregarded aspect of planned change. Our findings underscore the residual effect of sensemaking history on future change management actions. Existing models of planned change are focused on independent change episodes (Figure 1), whereas our study is based on a longitudinal analysis that covers two sequential change efforts. In our analysis, we found that prior change efforts created sensebreaking and sensegiving residuals that employees remembered and attended to when making sense of subsequent contents of managerial sensebreaking and sensegiving. In plain language, what managers say and do today to change an organization, they will encounter in their change endeavors tomorrow. Figure 3 graphically depicts these relationships.

The literature has suggested that the process of sensemaking about change leaves a mark on organizations: "History contains the cognitive logic that facilitated organizational members' understandings and adjustment during change and that will most likely guide their understanding of and adjustment to events in the future" (Isabella, 1990: 35). Our

findings complement this view, noting that managerial sensebreaking and sensegiving efforts create substantive commitments that hold a special importance in the sensemaking history of an organization (Figure 3). Such commitments are particularly relevant in terms of the perceived legitimacy of future sensegiving efforts, as well as in terms of the perceived trustworthiness and integrity of an executive team (Neilsen & Rao, 1987).

Sensemaking history primes individuals against contradictory suggestions. Figure 3 shows two of its effects: the confounding influences of sensegiving and sensebreaking. Sensebreaking residuals (recollections related to past sensebreaking) confound the acceptance of subsequent managerial sensegiving. Sensegiving residuals (recollections related to past sensegiving) confound subsequent managerial efforts at sensebreaking.

The Influence of Sensemaking History on the Reception of Change

Is sensemaking history only relevant in reversal settings, or do prior strategic change efforts always influence the interpretation and acceptance of subsequent changes to some degree? Our analysis suggests four factors that predict the strength of sensegiving and sensebreaking residuals during change episodes: the time elapsed between successive change episodes, the extent of organizational sensebreaking used, the extent of realized structural changes during previous change episodes, and the degree of staff acceptance and commitment to the previous change efforts. The reversal context highlights these four factors as an extreme case.

Elapsed time between episodes. It seems evident that the closeness in time of the two episodes was significant in giving rise to the visible, confounding effect of sensemaking history at the Office. When change was reversed, the recollections of previous strategies were still fresh in the memory of organization members, clearly influencing their interpretations and discussions. Indeed, for them, prior changes represented recent history, and the residuals of past sensebreaking and sensegiving remained salient. Research has suggested that time leads to organizational forgetting, which occurs, for instance, through staff turnover (de Holan & Phillips, 2004). Although people's ability to recall most events increasingly degrades over time (Chechile, 2006), some intensely emotional events are remembered for very long periods and sometimes never forgotten (e.g., Conway, Singer, & Tagini, 2004; Shum, 1998). Since organizational change is often associated with strong emotions, anxiety, and

stress, sensebreaking and sensegiving activities may be remembered for years (Huy, 2002). Past negative emotional change experiences have the potential to continue to haunt an organization for long periods of time.

Overall, sensemaking history implies that "organizational forgetting" (de Holan & Phillips, 2004) has novel positive effects. Although in prior research, forgetting and unlearning focus on letting go of established knowledge (Lyles & Schwenk, 1992), our findings draw attention to the benefits that organizational forgetting of prior managerial communications provides to managers. In the case of sensebreaking, forgetting seems outright beneficial, as memories of how managers discredited a prior strategy serve little purpose. In contrast, repeating prior sensegiving (and thus strengthening the sensegiving residuals) can help sustain the desired interpretive scheme until the beginning of the next change episode.

Extent of organizational sensebreaking. Sensegiving and sensebreaking residuals have different implications for reversing change. Sensegiving increases the range of options for future interpre-

tations of organizational strategy, and sensebreaking diminishes this range. The use of organizational sensebreaking creates "toxic strategy" as it undermines strategies by attaching negative meaning to them (see, e.g., Frost [2003] on "toxic emotions"). This undermines the possibility of reversing a change later. Sensebreaking residuals limit the possibility of reconciling past and present interpretations, as new strategies have to avoid being associated with previous ones that still carry negative meanings. Previous strategies become "no-go zones" where their future sensegiving is concerned. In contrast, sensegiving residuals cause ambiguity, as organization members have to reconcile multiple desirable strategies, past and present.

Sensebreaking does not only inhibit a reversal through its residual effect. Sensebreaking is also a risk when used in the reversal itself. Recollections of positive sensegiving may be remarkably fresh in reversal cases. The use of sensebreaking to induce change reversal can contradict sensegiving residuals (Figure 3). As our case illustrates, such contradictions undermine the legitimacy of the proposed

FIGURE 3
Historical Contingency of Planned Change Management
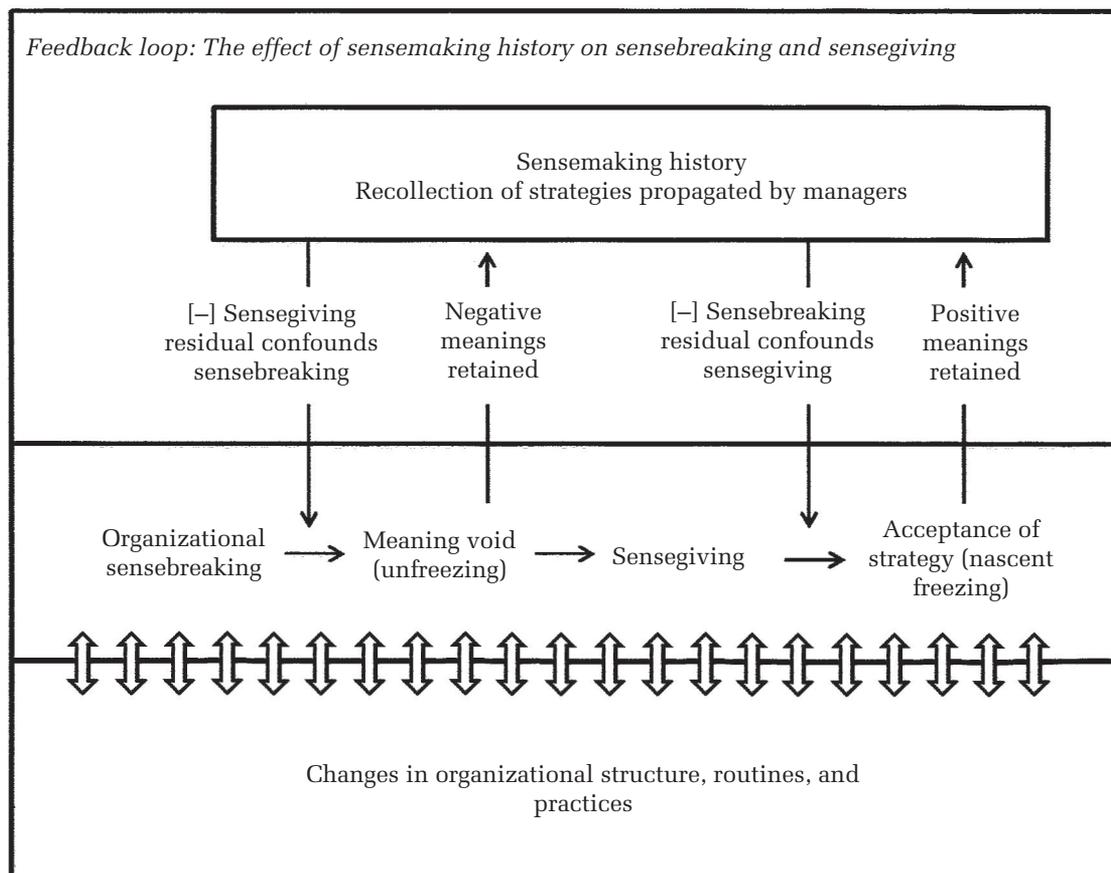
strategy. Importantly, managers also risk their credibility when discrediting strategies they previously urged staff to accept.

Extent of realized structural change. In the case studied here, the lack of any significant structural change was also a likely factor in the salience of the sensegiving residuals. Although cognitive change exists in interaction with changes in organizational structures and practices, the reversal took place before any significant changes in organizational practices had taken hold. No "warts and all" everyday life in the merged organization had been realized; instead, the merger strategy mainly existed in an anticipated, idealized form. Sensebreaking influences recipient sensemaking rather than simply imposing negative attitudes, for example by drawing attention to "comparisons between ideal and actual" (Pratt, 200: 467).

This argument underscores the importance of Labianca and colleagues' (2000) realization that change preparations involve the construction of expected schemata. At first glance, one might be tempted to think that change recipients will have an easier time letting go of expected schemata than realized ones, as the former have not yet been built into routines and practices. Yet we have shown how an expected schema carries the weight of positive emotions such as hope and anticipation. Hope is a driver for internal motivation (Carlsen & Pitsis, 2009); having to give up hope may well partially explain "demotivation" to reendorse a previously accepted strategy in a reversal situation. Had the merger been structurally realized, Office employees would most likely have engaged in an evaluation process that would have revealed the implications and imperfections of the strategy (Labianca et al., 2000). Consequently, managers would have had more negative experiences to emphasize, leading to a higher likelihood successful sensebreaking in the second episode.

Success of previous cognitive change episode. Finally, the visibility of the change endeavor and the success of managers in shaping employee cognitions prior to the merger may be a further explanation for the significance of the residuals here. We observed an uncommon level of collective buy-in in the merger preparations as the realization date was drawing near. The fact that the collective disappointment was the greatest in the IT unit, where the enthusiasm and buy-in were the greatest, supports the view that residuals have greater influence the stronger the employee commitment to preceding change efforts. It has been suggested that success in sensegiving may lead to change recipients becoming "inoculated" against contradictory views of their organization's interpretive scheme (Ford et al., 2008; Tormala & Petty, 2004). The prior sensegiving related to prospects of a merger created strong, positive expectations that made employees reject the subsequent contradictory sensebreaking.

Managerial Implications: Avoiding and Coping with Residuals

Our findings related to change reversal have implications for management of strategic change, particularly in contexts in which the risk that intended changes might fail is high. There are two particular ways for managers to avoid the kind of problems we document. First, recent research suggests that managers can avoid creating sensebreaking residuals by avoiding sensebreaking altogether. External events make way for new meaning even without managerial sensebreaking. Many empirical studies have described sensegiving efforts in the context of externally induced unfreezing (e.g., Corley & Gioia, 2004; Ravasi & Schultz, 2006). Other studies have documented processes whereby organizations undertake significant changes in the absence of top-down destruction of central organizational meanings (Balogun & Johnson, 2004; Bartunek, 1984; Chreim, 2005; Sonenshein, 2010; Ulrich, Wieseke, & Van Dick, 2005). Previous research has shown how competing beliefs and assumptions can coexist (Cooper et al., 1996), and gradual shifts in interpretive schemes have been documented (Chreim, 2005; Ford & Ford, 1994: 779; Reger, Gustafson, & DeMarie, 1994: 571; Sonenshein, 2010). There is even evidence that managers intentionally create ambiguity through rhetorical strategies (Sillince, Jarzabkowski, & Shaw, 2012), or through narratives (Sonenshein, 2010; Vaara & Tienari, 2011), to portray change to a wide range of staff members.

In our case organization, sensebreaking was used as a catalyst for a process of unfreezing already taking place. To facilitate change in the absence of outright sensebreaking, managers could have created "ambiguity by design" (Gioia & Chittipeddi, 1991): inducing the staff to discover for themselves the advantages of the new scheme over the old one in a sensemaking process (Balogun & Johnson, 2004, 2005; Maitlis, 2005). Such an approach essentially triggers what has been characterized as an emergent change process (Tsoukas & Chia, 2002; Weick & Quinn, 1999). Although the resulting ambiguity increases tension around the change episode (Mantere, Sillince, & Hämäläinen, 2007), it also gives rise to equivocality regarding the interpretive scheme, thereby allowing "a sense of continuity for some employees and a sense of change for others" (Sonenshein, 2010: 34). This allows

managers to hedge their bets and to "balance the need to promote change with minimizing uncertainty" (Sonenshein, 2010: 40).

Organizational sensebreaking thus represents a choice for the management of strategic change, rather than a necessity. Without it, employees may remain attached to an existing strategy for a longer time. Moreover, without the related motivational drive created by organizational sensebreaking, they may be less committed to the new elements of the scheme and thereby to the change process (Fiol, 2001, 2002; Pratt, 2000). By choosing to forego sensebreaking, managers may have to sacrifice some of their staff's immediate commitment to retain more flexibility in strategic direction and improve resilience to external shocks that disrupt strategic initiatives.

Second, if managers expect interference from sensemaking history, they may seek to formulate strategies that are less likely to be interpreted through the residuals of past sensebreaking and sensegiving. Specifically, if a reversal is likely to be resisted, managers may seek to avoid reversal as an outcome of aborted change. At the Office, the response to the merger cancellation could have been a completely new strategy rather than a restatement of the previous strategy. Although the cancellation of the change effort was evidently not in the hands of Office managers (it was instead imposed by the Ministry), they still had greater leeway in choosing how to reframe their strategy after the cancellation than reverting to their previous strategy. Indeed, the IT unit director challenged the executive team and argued for instituting radical strategic change that questioned the viability of the whole Office organization. Such an alternative is aptly illustrated by the response of Carly Fiorina (the CEO of Hewlett-Packard) when the planned acquisition of the consulting services arm of PricewaterhouseCoopers failed in November 2000. Less than a year later, in September 2001, she announced merger preparations were under way with Compaq (a computer equipment manufacturer). In the eyes of many commentators the decision to replace the acquisition of an $18 billion consultancy business with a merger with a $20 billion hardware manufacturer in less than a year seemed rushed and illogical. Yet the potential problems of change reversal that we observed provide an explanation for her decision to respond to failure with a novel plan; pursuing change reversal may have resulted in more significant problems. It can be argued that Fiorina was exploiting "change momentum" (Dutton & Duncan, 1987; Jansen, 2004; Miller & Friesen, 1980) by quickly formulating a plan that exploited much of the employee enthusiasm and motiva-

tional drive that merger preparations had created. The phenomenon of thus redirecting strategic change processes appears to be a highly relevant yet largely overlooked area of study.

Conclusions

We set out to explore the process of change reversal and to explain the negative outcomes of canceled change that we witnessed in our case organization. Our answer to this question was to elaborate how sensebreaking and sensegiving residuals, created during the preceding strategic change episode, confounded the employees' acceptance of symbolic management efforts. Change reversal is a largely understudied empirical phenomenon that scholars have only begun to address, leaving numerous questions for future research.

Our theorizing has been founded on a single-case research design, which imposes certain limitations. Our findings enrich theoretical understanding of change reversal, yet their transferability needs to be determined by future research in contexts beyond ours. As a government organization, the Office was not dependent on competitiveness for its survival. It seems likely that in business firms, perceived competitiveness could greatly influence the acceptance and rejection of strategic change efforts. Furthermore, we witnessed a failure in reversing the planned change. Future work is needed to illustrate how managers might successfully cope with reversed change projects. Although it is known that some organizations are better able to experiment with alternative strategies than others, it is not yet known how successful organizations cope with problems related to cognitive discontinuities when they are engaged in planned change endeavors that get canceled. The explanation for successful experimentation and reversal may simply lie in the limited scope of the cognitive shifts that do not disrupt the central interpretive scheme. Some "strategic experiments," however, are relatively significant. For example, the telecommunications giant Nokia has in recent years attempted to reinvent itself as a service portal, a music store, an enterprise solutions provider, and a mobile gaming platform—all of which clearly represent radical "second-order" shifts (Bartunek, 1984; Gioia & Chittipeddi, 1991).

Going beyond reversal contexts, our findings invite further research on the influence of sensemaking history on the acceptance and rejection of symbolic management. Sensegiving residuals may provide a cognitive explanation for the outcomes of sequential strategic changes, such as the poor performance of firms that conduct multiple acquisitions in a short

time span (Laamanen & Keil, 2008). Relatedly, future research could study rhetorical tactics for mitigating sensegiving residuals; could the Office managers have used rhetoric to mitigate the contradictions between their current and past change efforts and retained the trust of their subordinates? The literature on organizational memory (Walsh & Ungson, 1991) is predominantly concerned with acquisition and retention of useful knowledge that influences organizations' effectiveness, but our identification of sensegiving and sensebreaking residuals as important determinants in employee sensemaking suggests the need to account for shared memory beyond instrumental processes.

Finally, the problems of organizational sensebreaking that we have reported call for more attention to the practices that managers use to destabilize the organizational status quo prior to planned changes (Lewin, 1951; Schein, 1980). Organizational sensebreaking resonates with the story of Hernán Cortés, a Spanish conquistador who burned his troop's boats after landing in Mexico to prevent his men from staging a mutiny and escaping. Although his contemporary countrymen celebrated Cortés as a hero, his actions could also be characterized as a reckless gambit. Ethical considerations aside, the practitioner literature uses such stories to suggest that "sometimes we only move forward when there are no other options" (Parkin, 2004: 17). Our study, in contrast, illustrates the risks of irreversible change. A selective sampling of successful organizational change cases would recommend the unfreeze-change-freeze model; stories of conquistadors who burned their boats, became lost in foreign lands, and were vanquished are seldom told.

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APPENDIX A

Interview Protocol Excerpts[a]

Individual Interviews

- Have there been changes in your work lately? What kinds of changes?
- How do you perceive the future of [the office]?
- In which other situations and with whom have you discussed the merger?
- How is the [merger] present in your everyday work?
- What has according to your perception been done to implement the [merger]?
- In your opinion, what is the single most important thing that should be done to implement the [merger]?
- Do you feel that you have been given a sufficient opportunity to influence the [merger preparation]?
- To the top management: what is the most important thing that you have communicated to your organization's personnel concerning the [merger]?
- To the personnel: what has the top management communicated as the most central issue about the [merger]?

Focus Group Interviews

- What has happened during the last two years?
- What did really change?
- How did it affect who you are as an organization?
- What were the key events in the change process? What changes did these events bring about?
- Did you get the information you needed when you needed it? How?
- Was there agreement/disagreement at a certain point? Among whom?
- Were there big surprises at some point?
- How would you characterize the atmosphere of the organization during the process? Did the atmosphere change at some points?
- Who were the key people who participated in key events?

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