Organization redesign and leadership legitimacy in pluralistic organizations:
A communicative framework

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The President:

Prof. Dr. Thomas Bieger
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Alexandra Viet-Huong Lai
Abstract

Traditional studies on organization redesign tend to identify performance enhancement and efficiency increase as motives for organization redesign efforts. This study departs from this view and examines organization redesign as an effort for rebuilding leadership legitimacy in pluralistic organizations. It provides a deeper look into how the process of organization redesign serves the objective of rebuilding leadership legitimacy.

The study is based on in-depth, real-time, and longitudinal research in a Swiss cantonal hospital. It focuses on a redesign project which took place between August 2011 and January 2013 after a major leadership crisis of the organization in May 2011. Drawing on the communication as constitutive of organizations (CCO) perspective, the study treats organization redesign as communicative process. It pays attention to which issues are negotiated (communication content), how these issues are negotiated (communication style), and what role textual artifacts play in the communicative process.

The main contribution of the study lies in the development of a framework which identifies the important communicative patterns for rebuilding leadership legitimacy by organization redesign. The proposed framework illustrates that organization redesign, when targeted at rebuilding leadership legitimacy, is inherently a communicative process, involving a continuous balancing of the duality of openness and closedness.

Besides the theoretical contribution, the proposed framework offers also practical implications for organizational actors interested in organization redesign as effort for rebuilding leadership legitimacy. That is, organizational actors should pay attention in particular to the design of the communicative settings in which the redesign process takes place.
Zusammenfassung


Die sogenannte CCO-Perspektive (‘communication as constitutive of organizations’), welche die konstituierende Wirkung von Kommunikation in den Fokus der Organisationsforschung rückt, wird verwendet, um die Umgestaltung formaler Strukturen als kommunikativen Prozess zu analysieren. Im Rahmen dieses kommunikativen Prozesses werden vor allem die verhandelten Themen, die Art, wie diese Themen behandelt werden sowie die Rolle textueller Artefakte näher betrachtet.


Neben dem theoretischen Beitrag, bietet das entwickelte Rahmenkonzept auch praktische Implikationen für organisationale Akteure, die an der Umgestaltung
formaler Strukturen als Mittel zum Wiederaufbau von Führungslegitimität interessiert sind. Demnach ist vor allem die Gestaltung der kommunikativen Räume, in welchem der Prozess der Umgestaltung formaler Strukturen stattfindet, entscheidend.
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## Abbreviations

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<tr>
<td>AACSP</td>
<td>Association of Alphaville’s chief and senior chief physicians</td>
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<tr>
<td>CEO</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>CH</td>
<td>Clinic head</td>
</tr>
<tr>
<td>CHA</td>
<td>Cantonal hospital of Alphaville</td>
</tr>
<tr>
<td>CHB</td>
<td>Cantonal hospital of Betaville</td>
</tr>
<tr>
<td>COA</td>
<td>Chairman of AACSP</td>
</tr>
<tr>
<td>CP</td>
<td>Chief physician</td>
</tr>
<tr>
<td>CPC</td>
<td>Chairman of the physicians’ conference</td>
</tr>
<tr>
<td>CSB</td>
<td>Chairman of the supervisory board</td>
</tr>
<tr>
<td>EB-DH OR</td>
<td>Executive board-division head OR</td>
</tr>
<tr>
<td>EBM</td>
<td>Executive board member</td>
</tr>
<tr>
<td>ECO</td>
<td>External consultant</td>
</tr>
<tr>
<td>HR</td>
<td>Human resources</td>
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<tr>
<td>IC</td>
<td>Informal conversation</td>
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<tr>
<td>ICT</td>
<td>Information and communication technology</td>
</tr>
<tr>
<td>IH</td>
<td>Institute head</td>
</tr>
<tr>
<td>IPM-UB</td>
<td>Institute of Public Management, University of Betaville</td>
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<tr>
<td>MDH</td>
<td>Medical division head</td>
</tr>
<tr>
<td>MSD</td>
<td>Medical service director</td>
</tr>
<tr>
<td>NDH</td>
<td>Nursing division head</td>
</tr>
<tr>
<td>NDI</td>
<td>Nursing director</td>
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OR  Organizational regulations
POP  Private ophthalmic provider
RCP  Representative of chief physicians
ReHo  Regional hospital acquired by CHA
RLS  Revision of Leadership Structures
SB-EB OR  Supervisory board-executive board OR
SBM  Supervisory board member
UB  University of Betaville
UCP  Unknown chief physician
1 Introduction

Re-engineering, delayering, or restructuring – the plethora of labels referring to organization redesign efforts reflects the strong management interest in this topic (Douglas, 1999). This interest has commonly been attributed to the need for performance enhancement (e.g., Huber and Glick, 1993). The dominant view of organization redesign as means for performance enhancement has largely shaped the understanding of organization redesign in strategy management research (see Kimberly, 1984; Whittington, 2002). Yet, performance enhancement is not the sole motive behind the change of formal structures. Several scholars suggest that the search for leadership legitimacy may also drive redesign efforts (see Chakravarthy and Gargiulo, 1998; Selznick, 1948).

Leadership legitimacy\(^1\) as the generalized perception that actions of leadership bodies are desirable or appropriate\(^2\) makes organizational constituencies comply with leadership actions (Barnard, 1938; Pfeffer, 1981; Selznick, 1948). Formal authority alone does not ensure compliance with leadership actions. When leadership bodies experience a loss of legitimacy, one way to restore their legitimacy is to change the formal structures (Chakravarthy and Gargiulo, 1998; Selznick, 1948, [1949] 1966; Suchman, 1995).

\(^{1}\) Following the seminal writings by Barnard (1938), Blau and Scott (1963) and Selznick (1948), I understand leadership legitimacy as the legitimacy of leadership bodies responsible for defining the objectives and policies of an organization.

\(^{2}\) This definition of leadership legitimacy is based on Suchman’s (1995) general definition of legitimacy. While leadership legitimacy is long-discussed in the literature (Barnard, 1938; Blau and Scott, 1963; Chakravarthy and Gargiulo, 1998; Denis et al., 2000, 2001; Pfeffer, 1981; Selznick, 1948, [1949] 1966), explicit definitions of leadership legitimacy do not exist.
Particularly in pluralistic organizations, leadership legitimacy cannot be taken for granted (Denis, Lamothe, and Langley, 2001). Organizational constituencies’ high expectations regarding their decision scope (Bunderson, Lofstrom, and Van de Ven, 2000; Pusic, 1998; Strauss, 1998) and their divergent interests (Jarzabkowski and Fenton, 2006; Kraatz and Block, 2008) make leadership legitimacy a valuable resource. On the other hand, the risk of losing leadership legitimacy is salient in pluralistic organizations for the very same reasons. The divergence of the constituencies’ expectations about appropriate leadership actions (Stryker, 2000) and the constituencies’ high expectations concerning their degree of autonomy (Bunderson et al., 2000; Pusic, 1998; Strauss, 1998) makes leadership legitimacy in pluralistic organizations a fragile matter. Managing leadership legitimacy is therefore a major challenge in pluralistic organizations, crucial to the organizations’ survival.

Organization redesign, targeted towards rebuilding leadership legitimacy (Chakravarthy and Gargiulo, 1998; Selznick, 1948, [1949] 1966), represents an important avenue for managing leadership legitimacy. Yet, only few studies have attended to the relationship between organization redesign and leadership legitimacy to date. Knowledge on how organization redesign serves the purpose of rebuilding leadership legitimacy remains limited, especially when it comes to pluralistic organizations.

This study is about rebuilding leadership legitimacy by organization redesign in pluralistic organizations. It adopts a communicative approach and examines organization redesign as communicative process. The focus of attention is on the communicative process of organization redesign, not on the actual outcome of the redesign efforts per se. As legitimacy management is considered as inherently communicative process (e.g., Massey, 2001; Suchman, 1995), taking a communicative perspective to investigate organization redesign as effort for rebuilding leadership legitimacy appears appropriate. More specifically, the study draws on an emerging body of literature, which conceives communication as constitutive of organizations,
i.e., the so-called CCO perspective. The CCO perspective foregrounds the constitutive role of communication. Correspondingly, research from a CCO perspective is concerned with how communicative processes constitute organizational phenomena (Ashcraft et al., 2009; Cooren et al., 2011).

By focusing on the communicative process, the study highlights the processual aspect of organization redesign, and thus also responds to calls for process research on organization redesign (see Kimberly, 1984; Orton, 2000; Whittington, 2002). While practitioners still find broad interest in organization redesign, theoretical frameworks informed by and informing redesign practice do not exist (Douglas, 1999). Previous research has been primarily concerned with performance advantages of specific organization designs. The vast majority of studies on organization redesign investigates causal relationships between environmental and structural variables. As a consequence, there is a considerable research gap regarding a processual understanding of organization redesign (see Kimberly, 1984; Orton, 2000; Whittington, 2002).

My interest in theorizing organization redesign as means for rebuilding leadership legitimacy in pluralistic organization is inspired by a project about redesigning the leadership structures in a Swiss cantonal hospital. The ambition is to understand in depth the dynamics of the redesign project, eventually resulting in the following research question:

How can organization redesign be conceptualized as communicative process for rebuilding leadership legitimacy in pluralistic organizations?

Based on the empirical material gained from extensive participant observation of the redesign project, the study develops a framework which details the communicative patterns enhancing the potential for rebuilding leadership legitimacy in pluralistic organizations by organization design. The framework represents a processual
conceptualization of the relationship between organization redesign and leadership legitimacy in pluralistic organizations.

1.1 The purpose of the study

With the objective to elucidate a process previously little-understood – namely, organization redesign in pluralistic organizations (see Chakravarthy and Gargiulo, 1998; Kimberly, 1984; Orton, 2000; Whittington, 2002) – the study is of explanatory nature. It seeks to conceptualize organization redesign as communicative process, targeted to rebuild leadership legitimacy in pluralistic organizations.

The conceptualization is based on a rich description of a redesign project in a Swiss cantonal hospital. It discerns the communicative patterns of the redesign process, which are important for rebuilding leadership legitimacy. Based on this analysis, the study develops a communicative framework, relating organization redesign to leadership legitimacy in pluralistic organizations.

The study’s significance lies primarily in its contributions to scholarly understanding of organization redesign in pluralistic organizations from a communicative perspective. I highlight rebuilding leadership legitimacy as motive for organization redesign and argue for studying organization redesign as communicative process. Drawing on the CCO perspective, the central argument is that organization redesign, targeted for rebuilding leadership legitimacy, must entail a continuous balancing of the duality of openness and closedness. More specifically, I argue that the balancing unfolds on different communication levels (i.e., content and style) and involves the heedful usage of textual artifacts. With the proposed framework, the study contributes to the literature of organization redesign, CCO, leadership legitimacy, and pluralistic organizations.
Moreover, practitioners are to benefit from the theoretical framework sensitizing to the challenges of redesigning for leadership legitimacy in pluralistic organizations and an illustrative example of a redesign process. They may gain valuable insights from the rich description of a redesign project. The empirical material the study draws on pointedly demonstrates that organization redesign, when targeted for rebuilding leadership legitimacy in pluralistic organizations, is far from being an unambiguous and linear process. Rather, it is a time-consuming and intricate endeavor requiring the presence of temporal flexibility, heterogeneous circles of participation, and respect for plurality.

1.2 The structure of the study

The study is organized as follows (for an overview, see Figure 1). It is divided into four parts: (A) the establishment of the research problem, (B) the construction of the conceptual framework, (C) the presentation of the research process and the empirical analysis, and (D) the development of the communicative framework of organization redesign for rebuilding leadership in pluralistic organizations.

- In Part A I seek to establish the research problem. First, I offer an overview of the management challenges in pluralistic organizations. Second, I argue that managing leadership legitimacy represents a major challenge in pluralistic organizations. Third, I highlight organization redesign as means for rebuilding leadership legitimacy. Fourth, combining the previous deliberations, I present the research problem – namely, understanding how organization redesign as communicative process contributes to leadership legitimacy in pluralistic organizations.

- In Part B I aim at constructing the conceptual framework guiding the empirical analysis. First, I explicate the specific requisitions to the theoretical lens. Second, I provide a brief overview of the CCO perspective as well as reasons
for its appositeness as theoretical lens for the investigating the outlined research problem. Third, I describe the conceptual framework and, thereby, articulate the postulated relationships between the objects of concern (i.e., the communicative process of organization redesign and leadership legitimacy, and the sub-questions guiding the empirical analysis). Following the conceptual framework, I analyze the communicative process of organization redesign along the categories of content, style, text, and contingency.

- In Part C I outline the research process and present the empirical analysis. First, I depict the research process leading to the study at hand. Second, I provide a detailed case description of the investigated redesign project in a Swiss cantonal hospital as well as a first-order analysis, which remains close to the empirical material. Third, I present the result of the second-order analysis – that is, abstract and conceptual categories based on the first-order analysis.

- In Part D I present the communicative framework based on the first- and second-order analysis of the empirical case. Subsequent to the presentation of the framework, I offer a critical discussion of the central argument, the contributions, and the limitations of the study. Finally, to conclude the study, I delineate the implications for research and practice.
Figure 1: The structure of the study

**Part A: The establishment of the research problem**

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**Part B: The development of the conceptual framework**

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Part A: The establishment of the research problem
2 On managing pluralistic organizations

Pluralistic organizations have been a long-standing research focus in organization studies (e.g., Denis et al., 2001; Denis, Langley, and Rouleau, 2007; Kraatz and Block, 2008; Jarzabkowski and Fenton, 2006). Scholars examining pluralistic organizations contend that three features characterize this organization type: divergent goals, multiple powerful stakeholders, and knowledge-based processes (Denis et al., 2001; Denis et al., 2007; Jarzabkowski, 2008). A classic example for a pluralistic organization is a hospital. Hospitals entail disparate goals (i.e., cost efficiency, individual patient care, and population health), and multiple powerful stakeholders (i.e., physicians, politicians, and administrators), and knowledge-intensive processes (Denis et al., 2001).

While to a certain extent all organizations are pluralistic, “some organizations appear to be ‘more pluralistic’ than others” (Denis et al., 2007, p. 180). Typical pluralistic organizations are public sector organizations or non-profit organizations (Jarzabkowski and Fenton, 2006), such as arts organizations, professional partnerships, or universities (Denis et al., 2007). Typically, pluralistic organizations need to meet the interests of autonomous knowledge-workers and comply with administrative pressures (Jarzabkowski and Fenton, 2006).

As knowledge-based processes gain importance in many areas of the economy and as organizations increasingly form various types of collaborative arrangements, the conditions of pluralism become more and more widespread (Denis et al., 2001; Denis et al., 2007). Research on pluralistic organizations therefore provides insights into the workings of future organizational arrangements. Prior empirical research on pluralistic organizations focused on hospitals (D’Aunno, Succi and Alexander, 2000; Denis et al., 1996, 2000, 2001), universities (Cohen and March, 1986; Gioia and Chittipeddi, 1991; Jarzabkowski, 2008; Jarzabkowski, Silince, and Shaw, 2010), public schools (Rowan,
1982), rape crisis centers (Zilber, 2002), and cultural organizations (Glynn, 2000; Oakes, Townley, and Cooper, 1998).

The defining features of pluralistic organizations are intertwined and pose particular challenges to the leadership of pluralistic organizations. The potential for incoherence, goal-ambiguity, conflict, fragmentation, and organizational instability is high (Kraatz and Block, 2008; Stryker, 2000). Thus, conventional assumptions on management and strategizing do not simply apply in pluralistic organizations and ordinary management theories become problematic (Denis et al., 2007). The following sections elaborate on the defining characteristics of pluralistic organizations and describe their specific effects on managing pluralistic organizations (for a summary, see Table 1). The chapter closes with a summary of the defining features of pluralistic organizations and their effects on managing pluralistic organizations.

2.1 Defining feature 1: Multiple powerful stakeholders

In pluralistic organizations different constituencies – such as politicians, community groups, and professionals – come together (Glynn, 2000; Kraatz and Block, 2008). Their sufficient power bases and their divergent interests produce diffuse power structures, in which various constituencies can exert influence on organizational goals and strategies (Jarzabkowski and Fenton, 2006). To ascertain that all constituencies are involved and committed, participative decision-making becomes necessary (Denis et al., 2007). In particular, requests of knowledge-workers to participate in decision-making become more salient and convincing as the prevalence of knowledge-intensive processes increases (Pusic, 1998).

Participation in pluralistic organizations is inevitable (Denis et al., 2007). Yet, participative decision-making tends to lead to diluted decisions that are acceptable but not realistic (Denis et al., 2007; Denis et al., 2011). In organizations with multiple constituencies, no group will likely be satisfied (Suchman, 1995), and the existing
tensions may be irresolvable (Kraatz and Block, 2008). Participation may therefore lead to forced consensus, which masks the divergence of the different constituencies’ interests. Yet, the consensus’ unrealistic character tends to inhibit the actual realization of the decision (Denis et al., 2011).

Powerful constituencies and the resulting diffuse power structures also create dilution in the enactment of change initiatives. Diffuse power relations often lead to situations in which the very people who have induced the need for change are in charge of negotiating the change. As a consequence, change initiatives often become diluted during implementation and generate a layering of rather superficially altered strategic orientations and structures (Denis et al., 2007).

### 2.2 Defining feature 2: Divergent goals

Pluralistic organizations are typically marked by the existence of divergent and sometimes contradictory goals and objectives (Jarzabkowski and Fenton, 2006). Different powerful groups advocate different sets of objectives. For instance, in cultural organizations artistic motives tend to collide with utilitarian interests (Glynn, 2000). The disparate goals are likely to produce deep-rooted and persisting tensions within the organization (Kraatz and Block, 2008).

The legitimate competing interests of the different constituencies produce goal ambiguity. The multiplicity of objectives can generate confusion among organizational members so that they do not know which of the multiple objectives is most relevant. Extensive communicative exchange among the different constituencies about the multiple objectives becomes necessary (Jarzabkowski and Fenton, 2006).

Tensions among powerful constituencies can erupt if one goal obtains priority over another (Kraatz and Block, 2008). If the fulfillment of one goal is only possible at the expense of another, a goal conflict is unavoidable. Many public organizations, such as
universities or cultural organizations, experience numerous goal conflicts. Many of those conflicts emerge from tensions between the demand for more economic, the adherence to professional roles, and the maintaining of public service quality. Many hospitals, for instance, have to ensure quality in patient treatment, advance medical research and training, exhibit resource efficiency, and adhere to professional codes of conducts. Efforts to maximize resource efficiency may tarnish efforts to improve patient care. As both demands are legitimate to powerful constituencies, the hospital cannot pursue clinical objectives and risk overspending simultaneously. Neither can it focus solely on economic efficiency as patient well-being would suffer sooner or later (Jarzabkowski and Fenton, 2006).

2.3 Defining feature 3: Knowledge-based work

Work is increasingly knowledge-intensive and marked by professional practice (Lowendahl and Revang, 1998; Pusic, 1998). Professional work is typically opaque to non-professionals (Finkelstein, 2000, cited by Levay and Waks, 2009). In fact, an essential premise of professional work is that only members of the professions possess the knowledge, skills, and orientation required to conduct the professional work. Professionals therefore strive for organizational arrangements that preserve their autonomy to determine and control the conditions of their work (Bunderson et al., 2000). The non-transparency of knowledge-intensive processes, in turn, is a means for safeguarding a degree of autonomy and power (Levay and Waks, 2009).

When subordinates cannot assume congruency between their interests and the goals of their superiors, safeguarding autonomy becomes important (Pondy, 1967). In particular, professionals will tend to question hierarchy and emphasize participation in decision-making. In managing professionals, a reliance on formal authority is therefore difficult. Yet, if hierarchy no longer acts as means to exclude interests that appear
negligible to the organization as a whole, the diverse interests that then enter the decision processes create the impression of ambiguity (Pusic, 1998).

The autonomy, which professionals tend to possess, provides a broad scope for flexible, local decisions. On the other hand, the same autonomy increases the likelihood of collective paralysis because people can disassociate themselves from overriding organizational goals. Thus, the individual autonomy of professionals can represent a barrier to the implementation of organization-wide initiatives (Denis et al., 2007).

Traditionally, a clash between professional and managerial culture shapes pluralistic organizations. Reflecting the tension between individual autonomy and organization-wide goals, there is often a conflict between professionals emphasizing their adherence to professional communities and managers who are responsible for the overall competitiveness of the organization (Jarzabkowski and Fenton, 2006).

### 2.4 Defining features of pluralistic organizations and effects on management

Scholars studying pluralistic organizations suggest that three features characterize pluralistic organizations (Denis et al., 2001; Denis et al., 2007; Fenton and Jarzabkowski, 2006): multiple powerful stakeholders, divergent goals, and knowledge-based work.

These three features are intertwined. The heterogeneity of multiple stakeholders and the knowledge-based work, for instance, contribute to the divergence of organizational goals and reinforce the impression of ambiguity.

The three features of pluralistic organizations entail peculiar consequences for their management. The consequences can be categorized into first-order and second-order effects. First-order effects – that is, direct effects – of the characteristics of pluralistic
organizations include diffuse power structures, participative decision-making, persisting tensions between divergent goals, high individual autonomy, or inefficacy of formal authority. These first-order effects can again cause indirect effects including unrealistic compromises, the dilution in enacting change initiatives, the necessity of extensive communicative exchange, ambiguity in decision-making processes, or paralysis on the organizational level (see Table 1).

<table>
<thead>
<tr>
<th>Feature of pluralistic organizations</th>
<th>First-order effects</th>
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<tr>
<td>Multiple powerful stakeholders</td>
<td>- Diffuse power structure</td>
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<td></td>
<td>- Participative decision-making</td>
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<td>- Unrealistic compromises</td>
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<td>- Dilution in enacting change initiatives</td>
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<tr>
<td>Divergent goals</td>
<td>- Persisting tensions between divergent goals</td>
<td></td>
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<tr>
<td></td>
<td>- Necessity of extensive communicative exchange to alleviate confusion</td>
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</tr>
<tr>
<td></td>
<td>- Conflict between contradictory goals</td>
<td></td>
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<tr>
<td>Knowledge-based work</td>
<td>- High individual autonomy</td>
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<tr>
<td></td>
<td>- Inefficacy of formal authority</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Ambiguity in decision-making processes</td>
<td></td>
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<tr>
<td></td>
<td>- Paralysis on organizational level</td>
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In summary, the *multiple powerful stakeholders* and their legitimate, yet heterogeneous expectations, the explicit *divergent goals*, and organizational members’ high individual autonomy create ambiguities and goal conflicts, which make the implementation of organizational-wide decisions difficult and leadership legitimacy a valuable resource. In the following chapter, I will elaborate on the leadership legitimacy.
3 Managing leadership legitimacy as major challenge in pluralistic organizations

In this chapter I argue that managing leadership legitimacy represents the major challenge in pluralistic organizations. First, I highlight the importance of leadership legitimacy in pluralistic organizations. Second, I briefly outline the modes of managing leadership legitimacy. Third, I point to the difficulties of managing leadership legitimacy in pluralistic organizations.

3.1 The importance of leadership legitimacy in pluralistic organizations

Usually, the authority of leadership bodies is not questioned and internal stakeholders comply with organizational decisions (Bell, Walker and Willer, 2000). Barnard (1938), Selznick (1948) and Pfeffer (1981) submit that it is legitimacy that generates compliance. Subordinates comply with the decision of their superiors not because the superiors have the power to force them to. Rather, they follow appropriate and reasonable decisions because they expect such decisions.

Suchman (1995) defines legitimacy as the “generalized perception or assumption that the actors or an entity are desirable, proper, or appropriate” (p. 574). Pettigrew (1977) notes that “legitimacy is a highly diffuse and movable resource” (p. 85). Legitimacy is something that cannot be claimed but is attributed by the stakeholders (Neilsen and
3 Managing leadership legitimacy as major challenge in pluralistic organizations

Rao, 1987; Suchman, 1995). Legitimacy arises when actions “are perceived as being consistent with stakeholder expectations” (Massey, 2001, p. 156).³

In general, formal authority does not guarantee support for decisions (Barnard, 1938; Chakravarthy and Gargiulo, 1998; Pfeffer, 1981; Selznick, 1948). Particularly in pluralistic organizations, formal authority does not ensure compliance with leadership actions because authority relations are diffuse and ambiguous. Constituencies of pluralistic organizations tend to have high expectations regarding their room for maneuver (Pusic, 1998). Their engagement in organization-wide initiatives cannot be taken for granted (Neilsen and Rao, 1987; Denis et al., 2007). For the implementation of organization-wide decisions the support of local leaders is therefore essential (Neilsen and Rao, 1987; Kim and Mauborgne, 1993). Thus, the presence of leadership legitimacy makes the realization of organization-wide decisions more likely.

3.2 The modes of managing leadership legitimacy

Legitimacy arises when actions are congruent with the expectations of the different constituencies (Dowling and Pfeffer, 1975, cited by Suchman, 1995). In case of leadership legitimacy, it results from an interaction between leadership actions and stakeholders’ expectations. Leadership legitimacy represents a social construction and reflects the shared belief that the actions of the organizational leadership are

³ Research on legitimacy has been concerned with the legitimacy of organizations (e.g., Elsbach and Sutton, 1992; Massey, 2001, Suchman, 1995) and of individual leaders (Ford and Johnson, 1998; Johnson et al. 2006; Read, 1974; Ridgeway, Johnson, Diekema, 1994), less with the legitimacy of leadership groups or bodies within organizations. Exceptions are the empirical studies by Chakravarthy and Gargiulo (1998) and Selznick ([1949] 1966). Cursory theoretical propositions on the issue of leadership legitimacy have been made by Barnard (1938), Selznick (1948), Pfeffer (1982) and Neilsen and Rao (1987). If not specified otherwise, the study in hand therefore relies on definitions of the organizational legitimacy literature (Suchman, 1995).
appropriate. Leadership legitimacy is therefore not a static concept but subject to multiple dynamics. Neilsen and Rao (1987) characterize the legitimation process as iterative and to be socially accomplished. Massey (2001) suggests understanding legitimacy management as an ongoing communicative process. Suchman (1995) emphasizes that the social constructedness of legitimacy creates considerable space for managing legitimacy. The management of legitimacy entails an ongoing process of gaining, maintaining, and sometimes rebuilding legitimacy (Suchman, 1995). New or altered leadership constellations must create legitimacy (Denis et al., 2001). As powerful constituencies constantly re-evaluate leadership legitimacy, the maintenance of leadership legitimacy represents an enduring task (Chakravarthy and Gargiulo, 1998; Denis et al., 2001), and the loss of legitimacy requires efforts of rebuilding legitimacy (Massey, 2001; Suchman, 1995).

### 3.3 The difficulty of managing leadership legitimacy in pluralistic organizations

In pluralistic organizations leadership legitimacy cannot be taken for granted (Denis et al., 2001). Powerful constituencies constantly re-evaluate the leadership legitimacy. If the constituencies’ expectations are not satisfied, leadership actions might encounter overt resistance (Chakravarthy and Gargiulo, 1998; Denis et al., 2001). Legitimacy problems arise when “authority structures are incongruent with members’ belief about who should be able to decide and why” (Stryker, 2000, p. 181). As different constituencies hold different expectations about appropriate leadership actions, the search for leadership legitimacy will likely create some “unintended delegitimation” (Stryker, 2000, p. 204). Maintaining legitimacy in pluralistic organizations is difficult (1) because knowledge workers tend to have high expectations with regard to their scope of influence on decision-making processes (Pusic, 1998) and (2) because the
different constituencies hold heterogeneous expectations about appropriate authority structures (Chakravarthy and Gargiulo, 1998; Kraatz and Block, 2008; Massey, 2001). While the demanding and heterogeneous expectations of the different constituencies make the maintenance of leadership legitimacy an intricate endeavor, the very heterogeneity of the different constituencies and their high expectations make leadership legitimacy a valuable resource. That is, the conditions necessitating leadership legitimacy are congruent with the conditions, which make the maintenance of leadership legitimacy difficult.

Managing leadership legitimacy entails another paradoxical aspect. Leadership legitimacy hinges upon the ability to act in the interest of organizational constituencies (Chakravarthy and Gargiulo, 1998). Yet, implementing organizational initiatives requires leadership legitimacy (Denis et al., 2001). In a sense, the desired result – leadership legitimacy – presupposes its previous existence.

Managing leadership legitimacy represents an intricate task (1) because the very conditions, which make leadership legitimacy necessary, undermine its existence and (2) because the desired result presupposes its outcome. Thus, the heterogeneity of the different constituencies and the high expectations of organizational members in pluralistic organizations make the maintenance of leadership legitimacy a sort of achievement. Due to decreasing levels of slack resources and rising stakeholder expectations, the risk of alienating stakeholders and losing leadership legitimacy becomes significant (Chakravarthy and Gargiulo, 1998). The most important, yet intricate challenge in pluralistic organizations therefore is the management of leadership legitimacy.
4 Organization redesign for rebuilding leadership legitimacy

In the previous chapter I have pointed to the importance and the difficulty of managing leadership legitimacy in pluralistic organizations. The goal of this chapter is to highlight organizational redesign as viable means for rebuilding leadership legitimacy. First, to appreciate the importance of organization redesign, I delineate the affordances of formal structures. Second, I provide an overview of the typical motives for redesigning formal structures (for a summary, see Table 2). Third, I discuss organizational redesign as viable means to rebuild leadership legitimacy.

4.1 The affordances of formal structures

Organizational scholars have long been fascinated with formal structures (McPhee, 1985). McPhee (1985) notes that scholars regard formal structures of organizations “almost like the skeletons of biological individuals” (p. 151). Formal structures distinguish organizations from other groups, such as a mob, a community, or a society (Blau and Scott, 1963; McPhee, 1985).

McPhee (1985) discerns four defining characteristics of formal structures (p. 150). First, they are explicitly recorded and available to any authorized organizational member. Second, they exhibit a prescriptive character, defining how the organization should be commonly recognized and legitimated. Third, they generally entail statements, which apply to all organizational members and concern their activities, tasks, relationships, and roles. And fourth, formal structures are typically treated as analytically separate from the actual work processes – that is, the same work processes could be executed under different formal structures.

While some scholars characterize formal structures as constructs abstracting from organizational reality (e.g., Meyer and Rowan, 1977; Selznick, 1948; Weick, 1993) or as origin of stagnation (Kanter, 1983, cited by McPhee, 1985), the literature body on
formal structures generally emphasizes the enabling character of formal structures (Huber and McDaniel, 1986; McPhee, 1985; Rüegg-Stürm, 2002; Smircich and Morgan, 1982). Following this view, Child (1972) suggests that the definition of a specific formal arrangement even represents a strategic decision. In the following, I briefly outline the affordances scholars attribute to formal structures:

(1) Formal structures define *authority relations* (e.g., Abernethy and Vagnoni, 2004; Astley and Van de Ven, 1983; McPhee and Poole, 2001; Smircich and Morgan, 1982). Formal structures define “the set of behavioral expectations, duties, and responsibilities associated with a given position” (Astley and Van de Ven, 1983, p. 248). Traditionally, formal structures have been associated with “the hierarchical embedding of managers and subunits” (McPhee and Poole, 2001, p. 505). Formal structures capture “the official system of accountability, control and influence” (Abernethy and Vagnoni, 2004, p. 210). They represent an institutionalization of a desired “hierarchical pattern of interaction” (Smircich and Morgan, 1982, p. 259).

(2) Formal structures enable *coordination* (e.g., McPhee, 1985; Ouchi, 1979; Rüegg-Stürm, 2002). Formal structures are important for the coordination of organizational activities (Rüegg-Stürm, 2002). They represent “a means of organizing the efforts of vast numbers of individuals” (McPhee, 1985, p. 152). By confining the individual room for maneuver and the flow of communication, formal structures enable coordination (Blau and Scott, 1963). Formal structures provide for “a balance of socialization and measurement which most efficiently permits a particular organization to achieve cooperation among its members” (Ouchi, 1979, p. 846).

(3) Formal structures facilitate *decision-making* (e.g., Huber and McDaniel, 1986; March and Simon, 1958, cited by McPhee, 1985). March and Simon (1958, cited by McPhee, 1985) suggest that formal structures facilitate the decision-
making processes. Formal structures prescribe what organizational members should do, whose directions they should follow, and whom they should inform about their activities. Formal structures ensure that individuals are equipped with the required decision rights and the informational environment to make adequate decisions (Huber and McDaniel, 1986; McPhee, 1985).

4.2 The typical motives for redesigning formal structures

Organizational design refers to the process of altering “structures and processes that organizational members use to achieve desired outcomes” (Huber and McDaniel, 1986, p. 576). It entails explicit and intended attempts to change organizations (Nystrom and Starbuck, 1981 p. xii, cited by Vaast and Levina, 2006). In the broadest sense, it encompasses changing the communication flows, the incentive structures, the tasks and processes, the formal rules and procedures, the levels of responsibility, authority, and control (Kimberly, 1984, p. 121). Kimberly (1984) points out that most of the decisions regarding formal structures, however, only involve the modification of already existing arrangements. He therefore suggests employing the term redesign (Kimberly, 1984, p. 118-119).

Redesign efforts have commonly been associated with performance gains (e.g., Bowman, Singh, Useem and Bhadury, 1999; Huber and Glick, 1993; Robins, 1993). But the motives for organizational redesign are manifold. They range from generating an alignment between strategy and structure (Chandler, 1962, cited by Gulati and Puranam, 2009) to creating “organizational pastures” for senior management personnel (Kimberly, 1984, p. 122). The most cited motives for organizational redesign can be categorized into (1) economic deliberations or (2) political issues. In the following, I briefly outline the diverse motives for redesigning formal structures.

The most cited motive for organizational redesign is the enhancement of organizational performance (see Kimberly, 1984; Whittington, 2002). Improved
organizational performance results either from an alignment between organization and strategy (Chandler, 1962, cited by Gulati and Puranam, 2009) or an alignment between environment and organization (Child, 1962, cited by Ranson, Hinings and Greenwood, 1980). Chandler (1962, cited by Gulati and Puranam, 2009; Whittington, 2002) identifies structure as the decisive variable. With his classic formula “[u]nless structure follows strategy, inefficiency results” (Chandler, 1962, p. 314, cited by Whittington, 2002) he coined the notion that organizational performance can be improved by aligning formal structures with strategy (Whittington, 2002). Building on the work by Chandler (1962, cited by Whittington, 2002), contingency theory suggests that organizational redesign must inevitably cope with the “contingencies” arising from environmental circumstances (Child 1973, cited by Ranson, Hinings and Greenwood, 1980). Following this line of research, the purpose of organizational redesign efforts is to enhance organizational effectiveness, to improve the ability to adapt to environmental changes, and to increase interaction, flexibility, and information flows (Douglas, 1999) (for an overview of the different redesign rationales, see Table 2).

Besides the performance motives for organizational redesign, there are also other agendas for altering the formal structures. These agendas might act beneath proclaimed efficiency gains as reason for redesign efforts (Kimberly, 1984). Kimberly (1984) enumerates three of these essentially political motives. First, the creation of “organizational pastures” may represent a solution to deal with senior management personnel whose earlier contributions are recognized but whose levels of motivations have peaked. In this case, redesign efforts aim at creating new responsibilities, which in fact remove those individuals from the core decision-making processes but keep them honorably employed (Kimberly, 1984, p. 122). Second, redesign can be employed “to punish individuals who have crossed one or more of the often invisible lines defining legitimate and less legitimate behavior which permeate organizational life” (Kimberly, 1984, p. 123). For these individuals, sidings with heavily limited influence become necessary. Third, redesign might serve to signal status changes. The
associated redesign efforts do not necessarily entail the actual change of responsibilities, but involve the alteration of people’s job titles, their participation in prestigious committees or task forces, or the proximity of their offices to key managers (Kimberly, 1984, p. 123).

<table>
<thead>
<tr>
<th>Rationale of redesign efforts</th>
<th>Goal of redesign efforts</th>
</tr>
</thead>
</table>
| Performance-related | - Improving ability to adapt to environmental changes (Child, 1973)  
- Enhancing organizational effectiveness (Bowman et al., 1999; Chandler, 1962)  
- Increasing interaction, flexibility, and information flows (Douglas, 1999) |
| Political | - Creating “organizational pastures” (Kimberly, 1984)  
- Creating sidings (Kimberly, 1984)  
- Signaling status changes (Kimberly, 1984) |
| Legitimacy-related | - Conforming with institutional demands (Meyer and Rowan, 1977)  

### 4.3 Organizational redesign as means for rebuilding leadership legitimacy

leadership legitimacy. In the following, I briefly summarize the arguments of the latter authors (for an overview, see Table 3).

Selznick (1948) suggests that, if the “legitimacy of the formal authority is called into question” one way to restore legitimacy is to change the formal structures and to incorporate those who question the legitimacy. The underlying assumption is that the new members of the leadership bodies will lend legitimacy to the leadership bodies, and thus contribute to rebuilding leadership legitimacy. Selznick denotes this measure as “co-optation” (p. 34).

Suchman (1995) argues that, besides offering a normalizing account, organizational redesign represents an important means to reestablish leadership legitimacy after legitimacy crises. More specifically, Suchman (1995) discerns two options to repair damaged legitimacy. The first option entails the installation of monitors or watchdogs, who are supposed to prevent recidivism and signal compliance with constituents’ demands – for example, through involving ombudspersons or inviting government regulation (Suchman, 1995, p. 598). The second option entails the symbolic disassociation from “bad influences”. The most common form of establishing symbolic distance from previous leadership actions is executive replacement. The latter option “evokes the symbolism of charismatic authority to signify a desire for change” (Suchman, 1995, p. 598).

According to Chakravarthy and Gargiulo (1998), legitimacy crises induce the need for altering the formal leadership structures. When management repeatedly fails to meet stakeholder expectations and consequently loses stakeholder support, a legitimacy crisis is the likely outcome. In particular, the authors examine the relationship between management and employees. They distinguish between three options to cope with the loss of leadership legitimacy: (1) centralization, (2) increasing opportunities for participation, and (3) pseudo-participation.
Centralization represents “the road most often taken” (p. 443). Following this option, managers undertake “extraordinary measures to assert their authority” (p. 443). This option, however, is costly. It can result in poor identification with the management goals. The greater the divergence between interests of the management and of employees is, the more monitoring activities are necessary. As monitoring of employees is imperfect, management relies on (monetary) incentive schemes to align employees’ behavior with organizational objectives. The danger of opposition persists and turns into active resistance when employees perceive management actions as unfair and adverse (Chakravarthy and Gargiulo, 1998).

Increasing opportunities for participation represents the second option to rebuild leadership legitimacy. This option entails the development of structures that facilitate more participation in decision-making processes and a participative process in which the formal leadership structures are redefined. Thus, the restoration of leadership legitimacy occurs on two different levels: At the content-related level, the redesigned organizational structures define a greater degree of participation. At the process-related level, leadership legitimacy arises from a regulated and moderated conflict resolution process, in which different organizational groups have a voice. Following this option, regaining legitimacy requires the careful redesign of both the formal structures and the process in which the formal structures are redefined (Chakravarthy and Gargiulo, 1998).

Pseudo-participation is the third option to rebuild leadership legitimacy. While employees obtain some opportunities to voice their view, no mechanisms exist that ensure the actual influence on decisions. In a slight variation of this option, stakeholders obtain formal decision rights but the actual “locus of significant decision” remains with the initiating group (Selznick, [1949] 1966, p. 14). The actual power of the leadership body is not called into question. Instead, formal power is circumstantially released to acquiesce opposing organizational members (Chakravarthy and Gargiulo, 1998, p. 445). Stakeholders attain token participation but
no real influence. Pseudo-participation can therefore be employed to de-activate opposition. Selznick ([1949] 1966, p. 14) notes pointedly: “[W]hat is shared is the responsibility for power rather than power itself”. Opposition against this option to rebuild leadership legitimacy, however, remains a persistent danger (Chakravarthy and Gargiulo, 1998).

Table 3: Redesign measures to rebuild leadership legitimacy

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Redesign measures to rebuild leadership legitimacy</th>
<th>Intended effects</th>
</tr>
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<tbody>
<tr>
<td>Selznick (1948)</td>
<td>Co-optation</td>
<td>- Restoring leadership legitimacy by integrating opposing constituencies into the leadership bodies</td>
</tr>
<tr>
<td>Suchman (1995)</td>
<td>Installation of watchdogs or monitors</td>
<td>- Preventing recidivism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Signaling compliance with constituents</td>
</tr>
<tr>
<td></td>
<td>Executive replacement</td>
<td>- Symbolic disassociation from “bad influences”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Installing charismatic individual to signify change ambitions</td>
</tr>
<tr>
<td></td>
<td>Increasing opportunities for participation</td>
<td>- Generating procedural justice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Sharing authority</td>
</tr>
<tr>
<td></td>
<td>Pseudo-participation</td>
<td>- Acquiescing opposing organizational members</td>
</tr>
</tbody>
</table>
5 Problem statement: Examining organizational redesign as communicative process for rebuilding leadership legitimacy

In the previous chapters I have highlighted that managing leadership legitimacy is a major challenge in pluralistic organizations and that organization redesign represents a viable means for rebuilding leadership legitimacy. The goal of this chapter is to establish the research problem. First, I briefly delineate the current state of knowledge on leadership legitimacy and formal structures in order to then carve out unresolved research questions. Second, I outline the research problem. That is, I argue for the necessity of examining organizational redesign as communicative process, targeted to rebuild leadership legitimacy.

5.1 Research needs: The only cursory knowledge on rebuilding leadership legitimacy and redesign processes

The goal of this section is to identify the research needs in the literature on leadership legitimacy and formal structures. The section comprises four sub-sections. Each sub-section discusses an important assumption and the associated research need (for a summary, see Table 4). First, previous research on pluralistic organizations implies that the management of leadership legitimacy is crucial for the viability of pluralistic organizations (Denis et al., 2000, 2001). Second, studies examining leadership legitimacy suggest that organizational redesign represents a viable means for rebuilding lost or damaged leadership legitimacy (Chakravarthy and Gargiulo, 1998; Selznick 1948, [1949] 1966; Suchman, 1995). Third, the literature on legitimacy management considers the management of legitimacy as communicative process (Massey, 2001; Suchman, 1995). Fourth, several scholars have suggested researching organization redesign as process (Kimberly, 1984; Orton, 2000; Whittington, 2002).
5.1.1 Leadership legitimacy as vital for pluralistic organizations

Managing leadership legitimacy is a challenge for all organizations (Suchman, 1995; Chakravarthy and Gargiulo, 1998). The challenge is even greater in pluralistic organizations because management fiat cannot be presumed (Denis et al., 2001; Jarzabkowski, 2008). As power structures are diffuse and organizational members enjoy a high degree of individual autonomy (Denis et al., 2001; Jarzabkowski and Fenton, 2006), cooperation among organizational units and actors cannot be secured through hierarchy. Effective implementation of organizational initiatives therefore strongly depends on leadership legitimacy. Although studies on pluralistic organizations identify leadership legitimacy as vital (Denis et al., 2000, 2001), accounts explicitly addressing the management of leadership legitimacy in pluralistic organizations do not exist.¹ For instance, while Denis and colleagues (2001) note that establishing leadership legitimacy is essential to conduct strategic change (p. 825), they do not provide a detailed account of how that legitimacy can be established.

5.1.2 Rebuilding leadership legitimacy by organization redesign

Meyer and Rowan (1977) argue that the search for conformity to prevailing myths helps explain specific structural features of organizations. Suchman (1995) highlights organizational redesign as effective measure to cope with legitimacy crises. For instance, organizations can disassociate themselves from “bad influences” by discarding specific departments or processes. Chakravarthy and Gargiulo (1998) and

¹ In fact, Neilsen and Rao (1987) identify a general need for research on leadership legitimization processes.
Selznick (1948) outline how altering formal leadership structures can contribute to re-establishing leadership legitimacy. In particular, Chakravarthy and Gargiulo (1998) point to the importance of the process of changing formal structures. There is, however, little discussion on how this process may be practically realized. Similarly, there is little elaboration of the conceptual tools and methodologies, which might help organizational actors in this endeavor. While the literature offers sound theoretical examinations of the relationship between leadership legitimacy and formal structures, empirical accounts of rebuilding leadership legitimacy through organizational redesign are virtually inexistent. The study by Chakravarthy and Gargiulo (1998) represents a notable exception. Cursory findings on how organizations change their formal structures to attain leadership legitimacy can be found in Selznick’s ([1949] 1966) seminal study of the TVA organization.

5.1.3 Rebuilding legitimacy as communicative process

As legitimacy is socially constructed and entails “the perception or assumption that the actions of an entity are desirable” (Suchman, 1995, p. 574), establishing and maintaining legitimacy involves the conformity – at least symbolically – to constituents’ expectations. Suchman (1995) argues that legitimacy management therefore hinges on communication. Actors employ evocative symbols to gain legitimacy. Along these lines, theorists suggest using rhetorical tactics to manage organizational legitimacy (Elsbach and Sutton, 1992; Staw, McKechnie and Puffer, 1983). From this viewpoint, legitimacy management appears to be rather a one-way transmission from organization to stakeholders. By contrast, Massey (2001) argues for conceptualizing legitimacy management as communicative process between organization and stakeholders. He highlights the necessity of a dialogue (p. 155). Similarly, Neilsen and Rao (1987) urge to move away from characterizing legitimization processes as “unilateral manipulation” (p. 532). Beyond one-sided impression
management tactics, less transitory leadership legitimacy can arise from a process in which different organizational groups have a voice (Chakravarthy and Gargiulo, 1998). Research on legitimacy management therefore has to move away from the prevalent “monologic/transmission view of communication […] that treats receivers as means to an end” (Massey, 2001, p. 156).

5.1.4 Organizational redesign as process

The dominating, traditional school of organizational design entails a “design-implement” mindset (Kimberly, 1984; Orton, 2000). It implies “intentionality, mastery of cause and effect” (Kimberly, 1984, p. 118). Following this research tradition, studies test causal relationships between environmental variables and structural variables (Orton, 2000). This type of research tends to demonstrate comparative performance advantages of specific structural arrangements (Whittington, 2002). The processes by which formal structures are defined are largely ignored. In practice, there exist “multiple, often contradictory intentions; emergent processes; and ambiguously defined relationships” (Kimberly, 1984, p. 118). Researchers tend to be biased towards contingency-based models of design, whereas managers often adopt a process-oriented understanding of organizational design (Kimberly, 1984). To reconcile redesign theory and redesign practice, scholars suggest adopting a process approach to study organizational design. They advocate more studies on redesign processes over a longer period of time (Kimberly, 1984; Orton, 2000; Ranson et al., 1980; Whittington, 2002). Studies in organizational design should be concerned with capturing the dynamics of the redesign processes (Orton, 2000) and “uncover the messy, effortful achievements behind the stark and static lines of an organizational chart” (Whittington, 2002, p. 130).
Table 4: Assumptions on leadership legitimacy and associated research needs

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Associated research need</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Leadership legitimacy as vital for pluralistic organizations</td>
<td>Studying the management of leadership legitimacy in pluralistic organizations</td>
<td>Denis et al. (2000, 2001)</td>
</tr>
<tr>
<td>(2) Rebuilding leadership legitimacy through redesign processes</td>
<td>Examining redesign as means for rebuilding leadership legitimacy</td>
<td>Chakravarthy and Gargiulo (1998), Selznick (1966), Suchman (1995),</td>
</tr>
<tr>
<td>(3) Rebuilding legitimacy as communicative process</td>
<td>Moving away from simplistic transmission view of communication</td>
<td>Suchman (1995), Massey (2001)</td>
</tr>
</tbody>
</table>

5.2 Research goal: Towards an improved understanding of redesign as communicative process for rebuilding leadership legitimacy

The previous section has demonstrated the different research needs as implied by different streams of literature. The goal of this section is to present the research problem which is based on a synthesis of the previous research on formal structures, redesign processes, and leadership legitimacy. First, I present a synthesis of the identified research needs. Second, I outline the research problem.

5.2.1 A synthesis of previous research

Based on the previous research on formal structures, redesign processes, pluralistic organizations, and leadership legitimacy, I suggest the following:
Organizational redesign should be examined as a communicative process for rebuilding leadership legitimacy in pluralistic organizations.

Central to this proposition is the idea that communicative processes generate leadership legitimacy and that organizational redesign represents such a communicative process. The proposition is based on the insights derived from the respective literature. First, studies on pluralistic organizations imply that the management of leadership legitimacy is vital for pluralistic organizations (Denis et al., 2000, 2001). Second, previous research suggests that the alteration of formal structures – that is, organizational redesign – leads to gains in leadership legitimacy (Suchman, 1995; Chakravarthy and Gargiulo, 1998). Third, legitimacy scholars view legitimacy management as communicative process (Suchman, 1995; Massey, 2001). Fourth, theorists studying organizational structure advocate a processual approach to researching organizational redesign. Synthesizing these insights leads to the proposition above. Figure 2 illustrates these deliberations.

Figure 2: A synthesis of the different streams of literature
5.2.2 The research goal

Although leadership legitimacy is vital for pluralistic organization (Denis et al., 2000, 2001), there are no studies that explicitly address the issues of rebuilding leadership legitimacy in pluralistic organizations. Rebuilding leadership legitimacy represents a complex task (Neilsen and Rao, 1987), often involving organizational redesign (Chakravarthy and Gargiulo, 1998; Selznick, 1948; Suchman, 1995). The synthesis of previous research suggests examining the process of rebuilding leadership legitimacy through organizational redesign from a communicative perspective. In order to examine how effective leadership legitimacy rebuilding can be achieved through organizational design, I therefore focus on the communicative process.

Adopting a communicative perspective to the issue of rebuilding leadership legitimacy provides two important advantages. First, it directs attention to the communicative patterns among participants, which are critical to rebuilding leadership legitimacy. Thus, a communicative perspective provides a basis for practical insights into how a communicative process may be managed to increase the likelihood of rebuilding leadership legitimacy. In this way, I build on other scientific work on the role of communication in constituting organizational life (e.g., Ashcraft et al., 2009; Ford and Ford, 1995; Cooren et al., 2009; Taylor et al., 1996; Taylor and Van Every, 2000). Another advantage of focusing on the communicative process is that such an approach sheds light on the processual and temporal aspects of redesign efforts to rebuild leadership legitimacy. It facilitates viewing leadership legitimacy as a social achievement (Neilsen and Rao, 1987), which occurs in an iterative manner over time.

The goal of the study in hand is to develop a conceptualization of organization redesign as communicative process for rebuilding leadership legitimacy. That is, the study seeks to provide an answer to the following question:
How can organization redesign be conceptualized as communicative process for rebuilding leadership legitimacy in pluralistic organizations?

To answer this research question, I proceed in three stages. In the first stage, I determine an appropriate theoretical lens to empirically study organization redesign (Part B). In the second stage, I seek to discern the communicative patterns critical to rebuilding leadership legitimacy through empirical analysis (Part C). In the third stage (Part D), I develop a communicative framework of organization redesign as process for rebuilding leadership legitimacy in pluralistic organizations, based on the insights of the empirical analysis.
Part B: The development of a conceptual framework
6 The CCO perspective as theoretical lens

In the previous chapters I have suggested that organization redesign should be understood as communicative process for rebuilding leadership legitimacy. The goal of this chapter is to demonstrate that the CCO perspective represents an appropriate theoretical starting point to study organizational redesign as communicative process for rebuilding leadership legitimacy. First, I seek to establish the requisitions to the theoretical lens. Second, I argue that the CCO perspective represents an appropriate theoretical starting point to develop a conceptual framework for organization redesign as communicative process for rebuilding leadership legitimacy.

6.1 The requisitions to the theoretical lens

A theoretical lens should be congruent with the guiding assumptions of the object under study (Whetten, 2009). Studying organization redesign as communicative process for rebuilding leadership legitimacy entails two requisitions to the theoretical lens. First, the theoretical lens should facilitate capturing the process, and it should be compatible with the concern of process research, namely to understand “how things evolve over time and why they evolve this way” (Langley, 1999, p. 692). Second, the theoretical lens should facilitate an understanding of the communicative processes. In the following, I briefly elaborate on each aspect.

6.1.1 Process: Detecting generative patterns

Understanding organizational redesign as process implies a process orientation in researching the phenomena of redesign. Process research is interested in the dynamics of temporally evolving phenomena (Langley, 2009). It stresses the significance of context in investigating unfolding processes (Dawson, 1997). The goal of process
research is to detect generative mechanisms and patterns driving the sequence of events (Langley, 1999). Therefore, the theoretical perspective employed to study the organizational redesign as process should allow for analyzing the temporal evolution of events, for detecting patterns, and for considering the context of the process.

6.1.2 Communication: Moving away from a transmission view

Legitimacy scholars argue for conceptualizing legitimacy management as communicative process (Massey, 2001; Suchman, 1995). Massey (2001) highlights the need to move away from the traditional “monologic/transmission view of communication […] that treats receivers as means to an end” (p. 156). Instead, legitimacy management is to be understood as dialogic process between various participants. Legitimacy does not arise from an information transfer but from a dialogic process. Similarly, researchers focusing on leadership legitimacy emphasize the complex nature of legitimation processes. Neilsen and Rao (1987) submit that researchers should pay attention to the constituencies’ power. Chakravarthy and Gargiulo (1998) point to the necessity of opportunities for participation in the process of redesign for rebuilding leadership legitimacy. Leadership legitimacy is less transitory when participants have a voice in the process. Therefore, a theoretical perspective to study organizational redesign for rebuilding leadership should allow for moving away from the transmission view of communication, which has sparked severe criticism on its individualistic assumptions, its linearity, and its neglect of context (Craig, 1999).
6.2 The CCO perspective as appropriate theoretical starting point

The CCO perspective is an appropriate theoretical starting point to study organization redesign as communicative process for rebuilding leadership legitimacy for four reasons.

First, the CCO perspective proposes focusing on communicative processes to understand and explain organizational phenomena (e.g. Craig, 1999; Putnam and Nicotera, 2010). Thus, the CCO perspective is compatible with studying organization redesign as communicative process for rebuilding leadership legitimacy (Chakravarthy and Gargiulo, 1998).

Second, researching organization redesign as communicative process for rebuilding leadership legitimacy is inherently prone to process orientation. The theoretical lens to study the phenomenon of interest should therefore provide the possibility for process orientation. A basic assumption of the CCO perspective is that situated circumstances shape communication (e.g., Cooren et al., 2011; Taylor et al., 1996). The CCO perspective highlights the processual character of organizational phenomena and the joint co-creation of organizational realities. It argues for considering the context of communication and for studying the whole process, not only individual communicative events (e.g. Ashcraft et al., 2009; McPhee and Zaug, [2000] 2009). Thus, concerning the process orientation, the CCO perspective is compatible with the requirements of the theoretical perspective for studying organization redesign as communicative process for rebuilding leadership legitimacy.

Third, the study seeks to analyze organization redesign in pluralistic organizations because rebuilding leadership legitimacy in pluralistic organization is especially challenging (Denis et al., 2000, 2001). As the CCO perspective assumes that organizations consist of polycentric communities with conflicting interests (Benoit-Barne and Cooren, 2009; Cooren et al., 2011; Taylor and Robichaud, 2004), it is suitable for studying organizational phenomena in pluralistic organizations.
Fourth, the CCO perspective addresses how structures are generated out of situated interactions (Ashcraft et al., 2009; Taylor, 1993). The CCO perspective explicitly addresses the question of emergence and development of hierarchical structures (Ashcraft et al., 2009; Koschmann, 2010; Taylor, 1993). This feature makes it highly compatible with studying organization redesign as organization redesign entails the alteration of formal structures.

7 A brief overview of the CCO perspective

In the previous chapter I have argued for employing the CCO perspective as theoretical starting point for developing a conceptual framework for understanding organization redesign as communicative process for rebuilding leadership legitimacy. The goal of this chapter is to provide an overview of the CCO perspective. First, I delineate the origin of the CCO perspective. Second, I present the key ideas of the CCO perspective. Third, I outline the basic assumptions guiding CCO research. Fourth, I discuss the main CCO models and their limitations. Fifth, I discern further research needs of the CCO perspective.

7.1 Origin of the eclectic CCO perspective

The goal of this section is describe the origin of the eclectic CCO perspective and to briefly outline an overview of the different streams of the CCO perspective. First, I elaborate on the increasing interest in the constitutive role of communication for organizations. Second, I cite the models associated with the CCO perspective. Third, I point out the key concern of the CCO perspective – namely, understanding organization as emerging from an ongoing flow of communication.

Organizational scholars increasingly display an interest in the constitutive role of communication for organizations and use communication as explanatory lens for
organizational phenomena (for a comprehensive overview, see Ashcraft et al., 2009; Cooren et al., 2011). This perspective has only recently become known as the CCO approach. The CCO approach emanates from the field of organizational communication (Putnam and Nicotera, 2009) and represents an umbrella for different theories (Ashcraft et al., 2009; Putnam and Nicotera, 2010), which are based on the claim that communication does not only reflect but also create social realities (Searle, 1995). The CCO perspective has many roots (Bisel, 2010) – from Giddens’ (1984) structuration theory to Luhmann’s social system theory (1996). CCO scholars heavily draw on Weick (1995) who points out that “the communication activity is the organization” (p. 75; italics added) (see Putnam and Nicotera, 2009; Orlikowski and Yates, 1994; Schoeneborn, 2011).

The CCO label is a recent development. Thus, there exist numerous studies that address the question of how communication constitutes organizational realities but do not explicitly employ the CCO label (e.g., Ford, 1999; Orlikowski and Yates, 1994). Ford (1999), for instance, argues that organizational reality is constituted of networks of conversations and suggests conceiving organizational change as alteration in the conversation networks. In a similar vein, Orlikowski and Yates (1994) view communication as central to the organizing process and investigate communicative genres to understand organizations.

Three theoretical models are explicitly associated with the CCO label (Cooren et al., 2011): (1) McPhee’s four flows model (McPhee and Iverson, 2009; McPhee and Zaug, [2000] 2009), (2) the Montreal School’s co-orientation model (Robichaud, Giroux, and Taylor, 2004; Taylor and Robichaud, 2004), and (3) Luhmann’s model of self-organization (Luhmann, 1996; Schoeneborn and Scherer, 2010; Schoeneborn, 2011).

From the CCO perspective, the central concern of organization is process: “It is only in and from the ongoing flow of interaction that organization emerges” (Cooren et al. 2011, p. 1156). Knowledge, rules, processes, markets, and organizations are regarded
as result of ongoing meaning-making processes (Cooren et al., 2011), and
communication is viewed as nexus where organization is continually negotiated
(Taylor, 2000). The fundamental research question of the CCO perspective is how
organizational structures are activated and produced in communicative processes.
Consequently, explanations show how abstract structures are (re-)produced in situated
interactions (Ashcraft et al., 2009; Cooren et al., 2011; Taylor and Cooren, 1997;
Deetz and Putnam, 2001).

7.2 Key idea of the CCO perspective: Communication constitutes
organization

The goal of this section is to explain the key idea of the CCO perspective. For this
purpose, I contrast the transmission model of communication with the constitutive
model of communication.

The common way to conceive organizational communication is the transmission
model (Axley, 1984; Shannon and Weaver, 1949, cited by Ashcraft et al., 2009).
According to this model, communication represents a neutral tool by which social
realities can be expressed. By contrast, the constitutive model (Cooren, 2004; Putnam
and Nicotera, 2009) suggests that social realities are shaped by communication
practices and cannot be formed without communication (Ashcraft et al., 2009). To
illustrate the difference between the transmission model (Axley, 1984; Shannon and
Weaver, 1949, cited by Ashcraft et al., 2009) and the constitutive model, Ashcraft et
al. (2009) draw on the exemplary situation of a performance review (for a summary,
see Table 5). From the view of the transmission model, a manager sends a message –
in this case, a performance review – to an employee via a specific channel (e.g., face-
to-face, e-mail). The employee receives that message and sends a response.
Communication here is a linear process, from sender to receiver and back again.
Communication is neither the social reality itself nor is it involved in the creation of
reality. Its function is to transmit the message and its capacity is limited to sharing, informing, concealing, or confusing. Thus, research on the transmission model has mainly addressed questions of *effectiveness*: How can communication effectively achieve specific goals, e.g., strategic change? The constitutive model leads to a different interpretation of the situation of the performance review. For instance, the constitutive model examines how available vocabulary (such as “manager”, “performance review”) shapes the conditions of the situation even before the interaction starts. It analyzes how the interaction itself activates hierarchy, organizational charts, and policy manuals. It suggests, that through communication, abstract structures become subject to real-time improvisation and negotiation. Hence, according to this view, the realities of the performance review are not created outside of communication, merely awaiting articulation. Rather, they are formed by language. They do not lie within individuals, but they are communicated into being. The interaction between manager and employee reflects their internal states, and it also creates reality by establishing “what is” and coordinates activities correspondingly. In other words, outcomes are not pre-defined but produced in communication. Communication (re-)creates and changes current social realities. Or as Cooren et al. (2011) notes: “It is the means by which organizations are established, composed, designed, and sustained” (p. 1150). Similarly, Putnam et al. (2009) write: “The organization is anchored in the continuous flow of communication” (p. 9). Therefore, the primary question in the constitutive model is one of *possibility*: How does communication constitute the realities of organizational life?

In fact, the notion that communication represents a building block of organization has been around since Barnard (1938, cited by Ashcraft et al., 2009, p. 7) stated: “An organization comes into being when (1) there are persons able to communicate with each other (2) who are willing to contribute to action (3) to accomplish a common purpose” (p. 82). In the same vein, Weick (1987, cited by Orlikowski and Yates, p. 541) noted:
“Interpersonal communication is the essence of organization because it creates structures that then affect what else gets said and done and by whom. The structures themselves create additional resources for communication such as hierarchical levels, common tasks, exchangeable commodities, and negotiable dependencies.” (p. 97-98)

Table 5: Comparison of the transmission and constitutive model of organizational communication

<table>
<thead>
<tr>
<th></th>
<th>Transmission model</th>
<th>Constitutive model</th>
</tr>
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<tbody>
<tr>
<td>Communication as…</td>
<td>instrument to transmit messages</td>
<td>(re-)producing social reality</td>
</tr>
<tr>
<td>Result of a communication episode</td>
<td>Message is transmitted</td>
<td>Condition for later communication episodes</td>
</tr>
<tr>
<td>Organization structure…</td>
<td>exists outside interaction</td>
<td>…is activated and shaped in interaction</td>
</tr>
<tr>
<td>Primary research question</td>
<td>How can communication effectively achieve specific goals?</td>
<td>How does communication constitute the realities of organizational life?</td>
</tr>
</tbody>
</table>

7.3 Basic assumptions and resulting research implications of the CCO perspective

The CCO perspective is an umbrella label for different theoretical concepts from different schools of thought (Putnam and Nicotera, 2010). Yet, these different schools of thought are guided by common basic assumptions. The goal of this section is to outline the basic assumptions common to the CCO literature and discuss their research implications. First, I elaborate on the basic assumptions guiding the CCO perspective. Second, I discuss the research implications resulting from these assumptions.
7.3.1 Basic assumptions of the CCO perspective

Despite the heterogeneity among the various theoretical concepts within the CCO perspective, there are common basic assumptions, which guide the CCO research. First, CCO research relies on a common understanding of communication. Second, all theoretical models and concepts build on the assumption that communication constitutes social reality, and thus organizational reality. Third, all CCO studies share a common research interest in the question of how communication constitutes organizations. Fourth, the CCO perspective views communication as co-constructed. Thus, CCO studies investigate how communication arises from individuals attending and interpreting an interaction, and how communication is shaped by the circumstances of situated interaction. Fifth, the CCO perspective conceives organizations as pluralistic and conflicted. Sixth, communication is conceptualized as interplay of conversation and text. In the following, I briefly elaborate on each assumption (for an overview, see Table 6).

The definition of communication

In a seminal review paper, Ashcraft and colleagues (2009) define communication as "the ongoing, dynamic interactive process of manipulating symbols towards the creation, maintenance, destruction, and/or transformation of meanings" (p. 22). Cooren and colleagues (2011) emphasize the constitutive character of communication by stating that "it is the means by which organizations are established, composed, designed, and sustained" (p. 1150). Both definitions exhibit a highly inclusive understanding of communication as they incorporate different forms of communication (i.e., textual, body language, clothes, architectural, etc.). Although a majority of studies focuses on textual aspects of communication and conversations, CCO scholars tend to adopt a more flexible and adaptive stance towards communication. From the CCO perspective, communicative processes can principally
entail all forms of symbol use. The key feature of Ashcraft and colleagues’ (2009) definition is that communicative processes entail the negotiation of meanings.

**Communication is constitutive of organizations**

One basic assumption underlying CCO research is that communication should not “be considered to be simply one of the many factors involved in organizing” (Cooren et al., 2011, p. 1150). From the CCO perspective, communication is not only involved in organizing but communication is the means for producing realities of organizational life (Ashcraft et al., 2009; Cooren et al., 2011). Communication, however, does not necessarily produces coordinated action, and CCO scholars do not contend that organizations are essentially reducible to social interaction or discourse. Rather, the goal of CCO research is to examine communicative processes that constitute organizing (Putnam and Nicotera, 2010).

**The interest in the constitutive nature of communicative processes**

The defining research interest of the CCO perspective is the question of how communication constitutes organization. Within the CCO perspective, there is consensus that communication constitutes organizations. Still, it remains open to scrutiny how communication constitutes organization (Taylor, 1993). Putnam and Nicotera (2010) note that “communicative constitution of organization is a question” (p. 158) to which CCO scholars make different contributions. They remark that “CCO is an effort to unpack the black box or the idealized abstraction of an organization that is rarely questioned” (p. 162). Thus, the CCO perspective, by definition, does not provide coherent answers. Rather, it represents a research movement focusing on communicative processes and their constitutive effects. In other words, the unifying feature of CCO research is a common interest in the constitutive nature of communicative processes and less the provision of clear-cut answers.
**Communication as co-constructed**

The fundamentally inclusive character of the CCO perspective notwithstanding, the CCO perspective entails assumptions about the nature of communication and organization. A main tenet of the CCO perspective is the co-constructed nature of communication. The co-constructedness refers to the fact that the meaning of any communicative performance does not rest on the performing agent but also on the individuals who interpret and respond to such performance (Cooren et al., 2011, p. 1152). The meaning of any communication arises from “the circumstances of situated interaction” (Cooren et al., 2011, p. 1154). Similarly, Taylor and colleagues (1996) assert that communication is a social process of interpretation in which members gradually come to an understanding.

**Organizations as conflicted site**

Multiple meanings and interpretations are possible (Taylor, 1996) as organizations are conceived as “conflicted sites of human activity” (Cooren et al., 2011, p. 1160). In the same vein, Bencherki and Cooren (2011) posit that organizations should not be seen as coherent entities. Rather, organizations represent “political sites where we might expect opposition, subversion, and struggle” (Fleming and Spicer, 2008, p. 301, cited by Benoît-Barne and Cooren, 2009, p. 9). Similarly, McPhee and Zaug ([2000] 2009) characterize communication episodes as “interactive, involving multiple participants with only partly shared goals and understandings” (p. 29). Taylor and Robichaud (2004) suggest that “organizations are polycentric communities that reflect many different interests and backgrounds” (p. 404). Thus, CCO scholars agree upon the assumption that organizations consist of different communities with different interests and that, consequently, organizations entail the potentiality of multiple meanings.
The two modalities of communication: text and conversation

A basic distinction concerns the modalities of text and conversation (Ashcraft et al., 2009). Communication is understood as consisting of two modalities – text and conversation. The textual dimension represents the “stable and uneventful” part of communication and the conversational dimension represents the “lively” and “co-constructed” side of communication (Ashcraft et al., 2009, p. 20). Conversation refers to “situated message exchange” (Cooren et al., 2011, p. 1155) in which collocutors sequentially move towards a “common understanding of what is at stake in a discussion” (Cooren, 2004, p. 528). Conversations serve as device to display understanding (Cooren, 2004). And the goal of conversation is to create a basis for collective action (Taylor and Robichaud, 2004). Conversations become materialized in texts (Taylor and Van Every, 2000). Texts represent both medium and outcome of communicative process. They gain authority through conversations (Taylor and Van Every, 2000) or through multiple iterations, which inscribe an organization’s legitimate course (McPhee and Poole, 2000; Kuhn, 2008). According to Taylor (1993, cited by McPhee and Poole, 2000, p. 534), texts incorporate “the official organization” and serve to fixate an organization’s “macrostructure”, which specifies “the organizational agents and their duties, […] describes the activities and the expected outcomes” (p. 126). Texts transcend the transitory character of conversation and define patterns of interactions (McPhee and Poole, 2000). Thus, communication can be understood as interplay between text and conversation and organizing is conceived as occurring in the “dialectic of text and conversation”. The two modalities are intertwined: “The conversation is mediated by the text, the text by conversation” (Taylor, Cooren, Giroux, and Robichaud, 1996, p. 4). The interplay between text and conversation forms coordinated activity, practices, and authority relationships (Cooren et al., 2011).
7.3.2 Research implications of the CCO perspective

The six basic assumptions (as outlined in sub-section 7.3.1) have distinct implications for research. The goal of this sub-section is to delineate six different research implications resulting from the basic assumptions of the CCO perspective (for a summary, see Table 6).

First, understanding communication as negotiation of meaning (Ashcraft et al., 2009) implies viewing communication as contingent and dynamic process. Therefore, CCO research needs to capture the aspects of contingency and processuality.

Second, CCO scholars claim that communicative processes constitute organization. Consequently, CCO research needs to focus on the communicative process and discern their constitutive nature (Putnam and Nicotera, 2010). Research focus is on the interactional events representing the building blocks of organizational reality, and not on individuals (Cooren et al., 2011; Ford, 1999).

Third, CCO research is united by the common interest to investigate how communication constitutes organization. Correspondingly, CCO research is to examine “what happens in and through communication to constitute, (re-)produce, or alter organizational forms and practices, whether these are policies, strategies, operations, values, (formal or informal) relations, or structures” (Cooren et al., 2011, p. 1151).

Fourth, there is consensus within the CCO perspective that situated circumstances shape communication. Accordingly, it is important for CCO research to study the context of communication. As each communicative episode represents the basis for following episodes, streams of communicative episodes – and not a single episodes – deserves research attention (McPhee and Zaug, [2000] 2009).

Fifth, as organizations are understood as consisting of polycentric communities (Benoit-Barne, 2009; Taylor et al., 1996; Taylor and Robichaud, 2004), CCO research
should study how different meanings are negotiated and capture the polyphonic nature of organizations.

Sixth, communication is conceptualized as interplay between text and conversation. This assumption suggests the need for examining the intertwined relationship between text and conversation.

Table 6: Basic assumptions of the CCO perspective and associated research implications

<table>
<thead>
<tr>
<th>Basic assumption</th>
<th>Associated research implication</th>
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<tbody>
<tr>
<td>(1) Communication is a negotiation of meaning.</td>
<td>Research needs to capture contingency and processuality.</td>
</tr>
<tr>
<td>(2) Communicative processes constitute organization.</td>
<td>Research must focus on the interactional events, not on individuals.</td>
</tr>
<tr>
<td>(3) CCO theorizing is interested in how communication constitutes organization.</td>
<td>Research must examine what happens through communication to produce organizational forms and practices (e.g., formal structures).</td>
</tr>
<tr>
<td>(4) Situated circumstances shape communication.</td>
<td>Research must study the context of communication and study stream of communicative events, not a single event.</td>
</tr>
<tr>
<td>(5) Organizations consist of polycentric communities.</td>
<td>Research should study how different meanings are negotiated.</td>
</tr>
<tr>
<td>(6) Communication is an interplay between text and conversation.</td>
<td>Research must study the intertwined relationship between text and conversation.</td>
</tr>
</tbody>
</table>

In summary, the CCO perspective suggests studying organizational phenomena as communicative processes. The research focus is on communicative processes because diverse organizational phenomena (e.g., practices, structures, and forms) are constituted of communicative processes (Cooren et al., 2011; Putnam and Nicotera, 2010). The assumptions of the CCO perspective imply seeking communicative explanations for organizational phenomena because communicative processes are
considered as means by which organizational realities are constituted (Cooren et al., 2001; McPhee and Zaug, [2000] 2009). Conducting CCO research, therefore, requires focusing on communicative processes and seeking communicative explanations. In other words, the CCO perspective implies viewing communication both as research focus and as distinct mode of explanation. CCO scholars ought to generate “distinctively communicative understandings of social phenomena” (Koschmann, 2010, p. 432).

### 7.4 Theoretical models of the CCO perspective

The CCO perspective considers communication as “the underlying constitutive force behind all organizational activities, structures, and processes” (Koschmann 2010, p. 433). Correspondingly, CCO scholars seek to generate communicative understandings for organizational phenomena (Koschmann, 2010). Taylor (1993) suggests that organizational communication theory should uncover the processes that realize organizational structure (p. 261). Similarly, McPhee and Zaug ([2000] 2009) argue that CCO concepts should provide communicative explanations for organizational structures and processes. Three concepts are explicitly connected to the CCO perspective (Cooren et al., 2011): first, McPhee’s four flows model (McPhee and Iverson, 2009; McPhee and Zaug, [2000] 2009); second, the Montreal’s school’s model of co-orientation (Robichaud et al., 2004; Taylor and Robichaud, 2004); third, Niklas Luhmann’s model of self-organization (Luhmann, 1996; Schoeneborn and Scherer, 2010; Schoeneborn, 2011). The third model represents an *ex post* connection of Luhmann’s (1996) social systems theory to the CCO perspective. In fact, it is not a genuine theoretical development of the CCO perspective and, thus, only the first two concepts are briefly outlined and discussed in the following.
7.4.1 McPhee’s four flows model

The main idea underlying McPhee and Zaug’s ([2000] 2009) framework is that there exist four distinct processes operating in organizations. The authors suggest that organization may be understood as arising from these processes. The term they employ to characterize these processes is “flows”. They posit that “[i]n each flow, a sort of social structure is generated through interaction” (p. 33). They identify four different communication flows, i.e., (1) activity-coordination, (2) self-structuring, (3) membership negotiation, and (4) institutional positioning. Although the flows are analytically distinct any message or episode can be constituted of multiple flows.

Membership negotiation refers to the relationship of the organizational members. This relationship can take many forms (i.e., partial inclusion, commitment, identification, leadership). According to McPhee and Zaug ([2000] 2009), membership negotiation takes place in designated forums with specific scripts. They emphasize that the label “membership negotiation” is not confined to recruitment and socialization processes. Rather, it refers to the relationship of the organizational members to the organization in general. This kind of communication flow points to the role of human agency in constituting organizations through the activities of organizational members and stakeholders.

Organizational self-structuring focuses on the “enduring quality of reflexive design and control” (Putnam et al., 2009, p. 10). It differentiates organizations from mobs and neighborhoods. Organizational self-structuring occurs when members maintain action patterns, form trust relationships, or legitimate authority. Self-structuring encompasses the formation of boundaries and the constitution of organizational identity. It, thus, refers to communication processes that define an organization’s direction and includes formal organizational charts, policies and procedure manuals. It pre-fixes work arrangement and norms before letting them emerge during collaboration.
Activity coordination refers directly to linking and structuring work processes. It is entwined with self-structuring flow as it is a result of the organization’s self-structuring. The formal division of labor, however, cannot be ever complete, and it needs informal adjustments during the work process itself. When members face novel and challenging tasks, they need to coordinate their joint work through communication. In this communication flow, actors can organize how they can refrain from work, or develop new practices and solutions for work.

Institutional positioning refers to the way organizations interact with customers, suppliers, competitors, government regulators, and partners. It encompasses communication outside the organization and represents a type of identity negotiation. As an organization interacts with other organizations, it positions itself in larger social system. Ideally, the organization manages to convey an image as viable partner and to occupy an advantageous niche in the organizational environment.

Altogether, the four kinds of communication flow produce organizing and constitute organization by linking organizational members together, setting boundaries, shaping organizational activities, and positioning the organization in a larger field. As the different flows are intertwined and become resources for one another, they create and recreate the social structures of an organization. In several studies, McPhee and colleagues convincingly illustrate how these particular categories of communicative flows are central to the workings of an organization (McPhee, 2004; McPhee and Iverson, 2009; McPhee and Zaug, [2000] 2009; Putnam et al., 2009). The four flows allow for viewing organization from different perspectives. That is, the first flow addresses the struggle of individuals to influence their member position and status within the organization. The second flow refers to how organizational leaders design, implement, and struggle with issues of decision and control. The third flow describes how members engage in interdependent work. The fourth flow characterizes the organization as (often anthromorphized) partner in interaction with other organizations (McPhee and Zaug, [2000] 2009).
Drawing on works of the Montreal School of organizational communication, Cooren and Fairhurst (2009) criticize that the framework of the four flows implies a too reductionist and macro-oriented view of organizations:

“For example, a group of individuals can organize themselves to accomplish a common objective (for example, moving) and develop some patterns of interaction, but this does not necessarily mean that this group constitutes a formal organization (for example, a moving company). They could be a bunch of friends trying to help one of them to move” (p. 121).

Putnam and Nicotera (2010), however, emphasize that communication does not necessarily create any of McPhee and Zaug’s four flow types. Putnam und Nicotera (2010) note on McPhee and Zaug’s ([2000] 2009) understanding of organization:

“For McPhee and Zaug, an organization exists in time and space as texture of practice in which the four flows are interwoven, like hues of yarn that become inextricably entwined and in combination constitute a new form” (p. 161).

The four flows, thus, represent neither a necessary nor a sufficient condition for organization. Rather, they constitute inherent and prototypical parts of the texture of practice that organization is made of (Putnam and Nicotera, 2010). In the same vein, Schoeneborn (2011) suggests understanding the four flows as a “soft set of criteria” rather than a “clear-cut definition” of organizational communication (p. 667).

In fact, despite the plausibility and comprehensibility the concept of the four flows conveys, McPhee and Zaug ([2000] 2009) do not provide an explanation of how organizational activities and structures are constituted through communication. Rather, the four flows bear resemblance to a classification system for different types of organizational tasks. Membership negotiation, activity coordination, organizational self-structuring, and institutional positioning resemble a mere grouping of organizational activities. Omitting the explicit reference to communication does not
reduce the comprehensibility of this concept of the four flows. The processuality and contingency of these four flows are not obvious.

For instance, the four flows are similar to Benson’s (1977) categorization of morphological analysis. Morphological analysis refers to the conventional view of organizations and encompasses four aspects: first, the paradigm commitments as an organization’s objectives, its commitments to a domain or technology, and the set of arguments by which an organization legitimates its activities; second, the official, recognized, and legitimate structural arrangements of an organization such as the degree of differentiation, centralization etc.; third, the constitution of the organization as the degree and the terms of participation and involvement of individuals; fourth, the organization-environment linkages as the structuring of relationships with external organizations and individuals. Benson (1977) conceived the conventional morphological analysis as too “abstracted from [...] concrete [...] aspects of social life” (p. 10). This might also hold true for McPhee and Zaug’s ([2000] 2009) model.

McPhee and Zaug’s ([2000] 2009) model also bears resemblance to Parsons’ (1960) schema of social systems. According to Parsons (1960), all social systems have to resolve four basic problems:

“(1) adaptation: the accommodation of the reality demands of the environment coupled with the active transformation of the external situation; (2) goal achievement: the defining objectives and the mobilization of resources to attain them; (3) integration: establishing and organizing a set of relations among the member units of the system that serve to coordinate and unify them into a single entity; and (4) latency: the maintenance over time of the system’s motivational and cultural patterns” (Parsons 1960, cited by Blau and Scott, 1963, p. 38)

Blau and Scott (1963) criticize the high abstraction level of Parsons’ (1960) categories. They regard the categories as too abstract to yield substantive theoretical insights into organizational phenomena. The same critique may also apply to McPhee and Zaug’s ([2000] 2009) model of organizational communication.
With their four flows model, McPhee and Zaug ([2000] 2009) provide a valuable and intuitively comprehensible categorization scheme to analyze different communicative processes. Their model calls attention to the different functions of communicative processes. However, they do not offer a distinct communicative explanation of organizational phenomena. Their model exhibits resemblance to functionalistic conceptions of organizations.

### 7.4.2 Montreal School’s model of co-orientation

The Montreal School of organizational communication was primarily constituted by the works of James R. Taylor, François Cooren, and their colleagues (e.g. Cooren, 2004; Robichaud et al., 2004; Taylor and Cooren, 1997; Taylor et al., 1996). They analyze how organization is enacted through members’ communication (e.g., Benoit-Barné and Cooren, 2009; Cooren, 2004; Robichaud, Giroux, and Taylor, 2004; Taylor, 1999, 2000). The starting point of their approach is that communicative processes represent the location and manifestation of organization (see e.g., Taylor and Robichaud, 2004). Within communicative processes, organizing takes places through co-orientation. Co-orientation occurs when individuals relate to one another as they engage in interdependent activities. It refers to situations in which individuals focus on a common object. The common project that evolves from their ongoing interaction represents the aligning element of the content of their communicative episode (Kuhn, 2008; Taylor and Robichaud, 2004) (for an illustration, see Figure 3).
Organizations are conceived as polycentric communities, reflecting different backgrounds, and interests. Co-orientation does not necessarily create an alignment of interests. To co-orient, individuals need to share a common fate and a collective source of identification. These two parameters, however, leave substantial space for negotiating controversial viewpoints. In fact, individuals can co-orient even when they disagree. Different opinions do not vanish in the course of conversations. By contrast, contradictions are revealed and differences may become even more elaborated. Although co-orientation is not a process that dissolves differences and creates consensus, Taylor and Robichaud (2004) conceive it as the “glue of organization” (p. 404). They assert that it is not the outcome but the process that counts:

“[A]ll the divisive issues […] could not be made vanish through dialogue. But members can aspire to fair play in having their case heard. Their peers can then judge their views within the context of an open dialogue. A commitment to the process is what is crucial” (p. 404).

Taylor and colleagues (e.g., Taylor, 2000; Taylor and Robichaud, 2004) posit that co-orientation represents the finality of communication. They suggest that the practical goal of a conversation is the achievement of co-orientation and that co-orientation is accomplished when individuals orient themselves to a shared object of concern. The
common object is inherently negotiable and needs to be established jointly through interaction (Taylor and Robichaud, 2004). In an attempt to develop the model of co-orientation further, Kuhn (2008) suggests that texts can represent the common object of co-orientation and link different co-orientation interactions within an organization (for an illustration, see Figure 4).

Figure 4: Co-orientation interaction with text as common object

Co-orientation is an intriguing concept as it incorporates the dynamic playing out of divergent interests. According to the concept of co-orientation, consensus is not required for collective action. Rather, an orientation towards a common object of concern is sufficient. This line of argumentation is intuitively comprehensible and its application is particularly interesting in pluralistic contexts. The work of the Montreal school offers a novel vocabulary to shed light on the communicative dynamics within organizations and to highlight the role of text within these dynamics. Yet, the application of the model to specific organizational issues is still due.
7.5 Research needs of the CCO perspective

There are three areas in which more research from a CCO perspective is needed (for an overview, see Table 7). In the following, I elaborate on the different research needs.

First, Ashcraft and colleagues (2009) highlight the need for more research examining the intertwined relationship between human and non-human agency that constitutes organizational reality. A main tenet of the CCO perspective is that communication consists of the interplay of text and conversation. Cooren’s (2004) concept of textual agency points to the performative effects of texts. Yet, to date, only few studies examine the role of texts in organizational contexts (see e.g., Anderson, 2004; Smith, 2001; Sorsa, 2012; Spee and Jarzabkowski, 2011).

Second, although the nature of CCO literature is not exclusively theoretical (e.g., Benoit-Barne and Cooren, 2009; McPhee and Iverson, 2009), most CCO studies are concerned with the general constitution of organizations. Very few studies address specific management problems or communicative processes in practice. A notable exception is the study by Spee and Jarzabkowski (2011) which investigates strategic planning as communicative process. The small number of management studies that adopt a CCO perspective might be due to the fact that the CCO perspective originates in communication studies. Predominantly communication scholars, and not management scholars, conduct CCO studies. To stimulate scholarly exchange, Ashcraft et al. (2009) attempt to connect the CCO literature to the management literature in a comprehensive review article.

Third, longitudinal studies are rare in the CCO literature (Spee and Jarzabkowski, 2011). CCO studies tend to analyze conversation excerpts of single communicative events only (e.g., Cooren and Fairhurst, 2004; Taylor and Robichaud, 2004), rather than organizational phenomena such as strategic planning.
Table 7: Research needs of the CCO perspective

<table>
<thead>
<tr>
<th>Research need</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interplay between human and non-human agency</td>
<td>Ashcraft et al. (2009); Cooren (2004)</td>
</tr>
<tr>
<td>Application to specific management problems</td>
<td>Ashcraft et al. (2009)</td>
</tr>
<tr>
<td>Longitudinal studies</td>
<td>Spee and Jarzabkowski (2011)</td>
</tr>
</tbody>
</table>

Overall, the CCO perspective resembles an emerging research agenda and less a clearly marked theoretical framework. The CCO perspective still provides considerable room for contribution by clarifying the constitutive force of communication.

8 Objects of concern and postulated relationships: The conceptual framework

The goal of this chapter is to present the conceptual framework informing the empirical research of organization redesign as communicative process for rebuilding leadership legitimacy. First, I delineate the conceptual framework. Second, I present the sub-questions guiding the empirical research.

8.1 The conceptual framework informing empirical analysis

The goal of this section is to present the conceptual framework underlying the empirical research. The conceptual framework is rooted in the CCO perspective. First, I briefly delineate the key functions of a conceptual framework. Second, I summarize the key tenets that provide the foundation of the conceptual framework. Third, I present the conceptual framework guiding the development of the research questions.
and the empirical research. Emphasis is put on a graphical visualization of the postulated relationships.

Alvesson and Kärreman (2011) highlight the need of reflexivity in research endeavors: “We must recognize our pre-understanding as researchers […] and our active involvement in construction processes” (p. 18). The interpretive repertoire supporting the research can be explicated in the conceptual framework. According to Miles and Huberman (1994, cited by Maxwell, 2012), the conceptual framework articulates – graphically or narratively – the objects of concern and their postulated relationships. The conceptual framework, thus, encompasses “the system of concepts, assumptions, expectations, beliefs, and theories” sustaining and informing the research (Maxwell, 2012, p. 222). It is a construction consisting of already existing elements. The overall coherence, however, results from specific research work (Maxwell, 2012), and the meaning of the concepts depends on their context of use (Knights and Willmott, 1992).

The conceptual framework in hand relies on the basic assumptions of the CCO perspective and on insights of the literature on leadership legitimacy and organization redesign. In the following, I therefore recap the basic assumptions and insights central to the research.

From the leadership legitimacy literature, the study has derived the following insights: (1) leadership legitimacy is vital for pluralistic organizations; (2) leadership legitimacy can be rebuilt through redesign processes; (3) rebuilding leadership legitimacy is a communicative process; and (4) organization redesign is a process (see Figure 2). Figure 5 visualizes the postulated relationships.
The study employs the basic assumptions of the CCO perspective: (1) communication is a negotiation of meaning; (2) communicative processes constitute organization; (3) CCO research is interested in how communication constitutes organization; (4) situated circumstances shape communication; (5) organizations comprise polycentric communities; and (6) communication consist of an interplay between text and conversation. Figure 6 illustrates the basic assumptions.
integrates the basic assumptions of the CCO perspective with the insights derived from the literature on leadership legitimacy and formal structures. Figure 7 illustrates the combination of the CCO perspective with the insights derived from the literature on leadership legitimacy and formal structures.

Figure 7: The conceptual framework as combination of the CCO perspective and insights from the literature on leadership legitimacy and formal structures

Following the conceptual framework, which consists of a combination of the CCO perspective and literature on leadership legitimacy, organization redesign for rebuilding leadership legitimacy should be examined as negotiation of meaning, series of interactional events, and interplay between text and conversation. Research should also examine how the communicative patterns shape the outcome of organization redesign – that is, the altered formal structures and leadership legitimacy. Moreover, the study should include contextual factors leading to leadership legitimacy because leadership legitimacy arises from a communicative process, which is shaped by situated circumstances.

More precisely, the conceptual framework implies (1) examining the content of interactional events which make up the process of organization redesign, (2) addressing the way the meaning is negotiated, (3) analyzing the role of text in the
communicative process of organization redesign, and (4) discerning the contextual factors contributing to leadership legitimacy. Thus, the conceptual framework translates into four sensitizing categories: content, style, text, and contingency.

8.2 Research questions guiding empirical analysis

The previous section has outlined the conceptual framework informing the empirical research. The goal of this section is to present the research questions guiding the empirical analysis. First, I delineate the difference between “first-order analysis” and “second-order analysis” (Gioia and Chittipeddi, 1991; Stigliani and Ravasi, 2012). Second, I present the research questions guiding the different steps of the empirical analysis.

Following past research adopting a similar analytical approach (Gioia and Chittipeddi, 1991; Stigliani and Ravasi, 2012), the study in hand presents the empirical analysis in two distinct “first-order” and “second-order” steps. The first-order analysis remains close to the case narrative and uses selected quotations from the case narrative to illustrate the dynamics. The second-order analysis entails a more abstract analysis and offers a conceptual interpretation of the case. Due to the different natures of the first-order and second-order analysis, the study relies on different sets of sub-questions for each analysis (see Table 8). In the following sub-sections I briefly elaborate on the first- and the second-order analysis.
Table 8: Sub-questions guiding the empirical analysis

<table>
<thead>
<tr>
<th></th>
<th>(a) Sub-questions guiding the first-order analysis</th>
<th>(b) Sub-questions guiding the second-order analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Content</td>
<td>What are the focal discussion points?</td>
<td>Which patterns of communication content are discernible?</td>
</tr>
<tr>
<td>(2) Style</td>
<td>Which communication style and formats are discernible?</td>
<td>Which patterns of communication style are discernible?</td>
</tr>
<tr>
<td>(3) Text</td>
<td>What role do textual artifacts(^5) play in the redesign process?</td>
<td>Which patterns concerning the textual artifacts’ roles are discernible?</td>
</tr>
<tr>
<td>(4) Contingency</td>
<td>How do the communicative formats and styles shape the outcome of the redesign?</td>
<td>Which contextual factors are important in the process of organization redesign?</td>
</tr>
</tbody>
</table>

8.2.1 First-order analysis: Gaining an understanding of the case

The first-order analysis attends to the richness of events presented in the case narrative. Seeking direct insights on the redesign process, it remains close to the participants’ perspective on the events (Gioia & Chittipeddi, 1991). Following the conceptual framework (see section 8.1), the first-order analysis is structured along the categories of content, style, text, and contingency. The first sub-question focuses on the issues addressed in the communicative process organization redesign (1a). The second sub-question aims at attending to the communication styles and formats employed during the communicative process (2a). The third sub-question addresses

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\(^5\) Following Smith (2001), I understand text as material presence. That is, texts are “definite forms of words, numbers or images that exist in a materially replicable form” (p. 164-165). This understanding, however, departs from the prevalent concept of text, which encompasses both oral and written discourse (see Kuhn, 2008; Robichaud et al., 2004; Taylor & Robichaud, 2004; Taylor et al., 1996). To highlight the materiality of text I therefore employ the term ‘textual artifact’.
the role of textual artifacts within the communicative process (3a). The fourth sub-question treats the relationship between the communication styles and formats and the outcome of redesign (4a). Seeking to remain close to the participants’ perspective, the first-order analysis examines how the different communication styles and formats shape the formal structures. From the perspective of most participants, the specific outcome of the organization redesign was namely the altered formal structures and not leadership legitimacy per se.

### 8.2.2 Second-order analysis: Developing theoretically relevant patterns

The second-order analysis seeks to detect patterns in the first-order analysis and to reveal the underlying structure of the events (Gioia & Chittipeddi, 1991). To achieve this goal, the results of the first-order analysis become subject to the second set of sub-questions. The fifth sub-question aims at discerning the pattern underlying the focal discussion points (1b). The sixth sub-question is directed towards detecting the pattern underlying the different communication styles and formats (2b). The seventh sub-question is geared towards a better understanding of the roles of textual artifacts in organization redesign process (3b). Finally, the eighth sub-question attends to the influence of context on the communicative process and seeks to determine contextual factors supporting the relationship between organization redesign as communicative process and the redesign outcome (4b).
Part C: The presentation of the research process and the results of the empirical analysis
9 An account of the iterative research process

In this chapter I elaborate on how the study was actually conducted. I aim to disclose the epistemological and the methodological choices shaping the research process. In addition, as “there is no template regarding how to conduct and write qualitative studies” (Bluhm et al., 2011, p. 2), it is important to explicate the research process – from the research approach to the analytical activities transforming the observations into insights (Gephart, 2004). The chapter is subdivided into five sections. First, I explicate the research approach, which shaped how the empirical research was conducted and how the empirical material was analyzed. Second, I elaborate on the research setting. Third, I describe the research design. Fourth, I depict the empirical material used in the research. Fifth, I describe the analytical activities leading to the communicative framework. Sixth, I discuss the applicable quality criteria of the study.

9.1 The research approach: Research from the inside

This section outlines the research approach. A research approach entails specific “values, assumptions, and beliefs about the nature of reality, and what constitutes valid knowledge” (Evered and Louis, 1981, p. 385). The articulation of the research approach, i.e., the epistemological choice, is essential for legitimating the methodological choices (ibid). Moreover, it indicates how the quality of the research should be evaluated, given that different types of research require different types of evaluation (ibid).

Guided by a broad interest in leadership of pluralistic organizations, I have adopted an open and inductive mode of research, which allows for gaining context-dependent experience. Too rigorous pre-structuring of the research might “blind the researcher to important features in the case or cause misreading of local informants’ perceptions”
Studies with an emergent and open character are, thus, more likely to generate interesting findings (Alvesson and Kärreman, 2007).

Fortunate circumstances – that is, my opportunity to attend a redesign project and combine the roles of organizational actor and participant observer – and the open research mode facilitated a research approach that can be best characterized as what Evered and Louis (1981) have labeled ‘research from the inside’. They discern ‘research from the inside’ and ‘research from the outside’ as the two dominant research approaches in organization science. While these approaches represent polar extremes on a continuum, most organizational studies are oriented either towards one or the other approach.

‘Research from the outside’ is shaped by the researcher’s belief “in an external reality constituted of facts that are structured in a law-like manner” (Evered and Louis, 1981, p. 388). Accordingly, researchers following this approach tend to be detached from the organizational phenomenon under study. By contrast, ‘research from the inside’ is characterized by the notion that grasping reality is best achieved by “being there” – that is, “by becoming immersed in the stream of events and activities, by becoming part of the phenomena under study” (ibid, p. 388-389, italics in the original). While an outside researcher is an “onlooker”, an inside researcher “becomes an actor in real situations” (for an overview of the two research approaches, see Table 9).

Similar dichotomies are qualitative and quantitative research (Flick, 2007), thick and thin description (Geertz, 1973), high and low context (Hall, 1976), and ethnographic and positivistic research (LeCompte and Goetz, 1982). In fact, the ‘research from the inside’ approach falls into the category of ethnographic research as, according to Atkinson and Hammersley (1994), ethnographic research entails the following features: (1) a strong interest “in exploring the nature of particular social phenomena”, (2) “a tendency to work primarily with “unstructured” data”, (3) an “investigation of a small number of cases, perhaps just one case, in detail”, and (4) an “analysis of data
that involves [...] interpretations of [...] human actions” (p. 248). With the notion ‘from the inside’ Evered and Louis (1981), however, emphasize the researchers’ physical immersion into the organizational setting.

Table 9: Differences between ‘research from the outside’ and ‘research from the inside’ (adapted from Evered and Louis, 1981, p. 389)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Research from the outside</th>
<th>Research from the inside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researcher’s relationship to setting</td>
<td>Detachment, neutrality</td>
<td>“Being there”, immersion</td>
</tr>
<tr>
<td>Validation basis</td>
<td>Measurement and logic</td>
<td>Experiential</td>
</tr>
<tr>
<td>Researcher’s role</td>
<td>Onlooker</td>
<td>Actor</td>
</tr>
<tr>
<td>Source of categories</td>
<td>A priori</td>
<td>Interactively emergent</td>
</tr>
<tr>
<td>Aim of inquiry</td>
<td>Universality and generalizability</td>
<td>Situational relevance</td>
</tr>
<tr>
<td>Type of knowledge acquired</td>
<td>Universal, nomothetic: theoria</td>
<td>Particular, idiographic: praxis</td>
</tr>
<tr>
<td>Nature of data and meaning</td>
<td>Factual, context free</td>
<td>Interpreted, contextually embedded</td>
</tr>
</tbody>
</table>

The ‘research from the inside’ approach is particularly suitable if the objective of doing research is to understand and learn about specific phenomena. The physical immersion of the researcher within the organizational setting, the key feature of ‘research from the inside’, facilitates such a learning experience (Evered and Louis, 1981). As in any other learning process, context-dependent experience is crucial in conducting research (Flyvbjerg, 2006). The researcher’s continued proximity to the organizational phenomenon under study allows for a rich appreciation of the overall context (ibid). Therefore, the proximity which ‘research from the inside’ offers is ideal if research is understood as a learning process.

Different research approaches are associated with different roles of the researcher (for an illustration of this relationship, see Table 10). Following Evered and Louis (1981),
adopting a ‘research from the inside’ approach the researcher needs to (1) function within the researched organization for a period of time, (2) “attend to the total situation”, and (3) have “no intentionally prescribed categories” constraining research (p. 389-390).

The possibility to enter an organization and to do research ‘from the inside’ represented an auspicious situation. Following the ‘research from the inside’ approach (Evered and Louis, 1981), the research process was marked by an iterative attempt to make sense of the observed events in the organization under study.
9.2 The research setting: The organization under study and the role of the researcher

In this section I describe the research setting. The defining elements of the research setting are the organization under study and the researcher’s role within the organization (for an illustration of this relationship see, Figure 8). These elements, together with the research approach, shape the research design (see section 9.3) and the type of empirical material generated (see section 9.4) (for an illustration of this relationship, see Figure 9). First, I briefly describe the organizational context of the study and argue why the organization is appropriate for studying the workings of pluralistic organizations. Second, I depict my role as researcher in the organization.

Figure 8: The research setting as interplay between the organization under study and the role of the researcher
9.2.1 On the organization under study

The organization in which the empirical research took place is a Swiss cantonal hospital, the cantonal hospital of Alphaville⁶ (CHA). In June 2011, CHA experienced

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⁶ Alphaville is a pseudonym. To preserve confidentiality for all respondents and to respect the sensitive nature of the issues examined, all identities – both of the organizations and of the respondents – are disguised. Equally, specific identifying details are intentionally left vague or omitted altogether.
a leadership crisis, which was even covered by the regional newspapers. In the course of this crisis, the then CEO had to resign and the supervisory board decided to initiate a project of redesigning CHA’s leadership structures. This redesign project became the focus of the empirical research.

As other hospitals CHA exhibits the features of pluralistic organizations in sharp form (Denis et al., 1996), making it an insightful research site for studying the workings of pluralistic organizations (for an overview of the defining features of pluralistic organizations and the prevailing issues at CHA, see Table 11). The primary purpose of CHA is the provision of health care. Cost-saving pressures, however, increased, making CHA a conflict-laden site. Professional intra-organizational subcultures – i.e., medicine, nursing, and administration – are distinct and pronounced. In particular, CHA’s physicians were sufficiently powerful to force the management boards (i.e., the supervisory board and the executive board) to stronger incorporate the physicians into the organizational decision-making processes. Like in other hospitals, the preservation of professional autonomy in conducting the knowledge-intensive processes of patient treatment and care represents a major issue among the different constituencies at CHA (see Scott, 1982).

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7 In pluralistic organizations, tensions tend to increase when one goal obtains priority over another (Kraatz and Block, 2008).
Table 11: Defining features of pluralistic organization and prevailing issues at the organization under study

<table>
<thead>
<tr>
<th>Defining features of pluralistic organizations</th>
<th>Prevailing issues at the organization under study</th>
</tr>
</thead>
</table>
| Multiple powerful stakeholders                | - Distinct and powerful professional groups: medicine, nursing, and administration  
|                                               | - Physicians putting the management boards under pressure |
| Divergent goals                                | - Conflict between primary purpose of health-care provision and cost-saving pressures |
| Knowledge-intensive processes                  | - Patient treatment and care                      |

9.2.2 On the role of the researcher

I became the project assistant of the redesign project at CHA. From November 2011 to January 2013, I worked part-time (50 percent) at the organization under study. That is, during the time period specified, I spent 21 hours per week at CHA and assumed an official function within CHA. Following the principles of conducting ethical research (Angrosino, 2010; Silverman, 2010), all organization members were fully informed about the purpose of my research and my double role as researcher and as project assistant (i.e., staff of the CEO).

My particular role at CHA facilitated the ‘research from the inside’ approach. More specifically, the particular affordances of my role at CHA corresponded to the requirements of inside research (for an overview of the requirements of ‘research from the inside’ and the affordances of my role at CHA, see Table 12). First, as project assistant I was an organizational actor for a period of time. I assumed regular work, comprising the preparation of the project documents and the creation of organization charts. I closely worked together with the CEO of CHA and became familiar with his...
considerations. My long-time presence at CHA also allowed me to develop trustful relationships with organizational members from multiple professions and hierarchical levels. Possibly different from a usual participant observer, I therefore gained substantial inside knowledge of CHA. Second, CHA granted me access to all official meetings. Merely my access to bilateral deliberations was constrained. Thus, I could become participant observer of a wide range of different meetings at CHA. I did not only study all meetings of the redesign project but I also observed related meetings, enabling me to “attend to the total situation” (Evered and Louis, 1981, p. 389), yet without ever actively participating. Third, no particular research question guided the empirical research, except for a wish to understand pluralistic organizations from an interpretive point of view (see Alvesson and Sveningsson, 2003). The research focus and the analytical categories emerged with increasing experience during the research.

Table 12: Requirements to ‘research from the inside’ (Evered and Louis, 1981) and affordances of my role at CHA

<table>
<thead>
<tr>
<th>Requirements to ‘research from the inside’</th>
<th>Affordances of my role at CHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The researcher should function within the researched organization for a period of time.</td>
<td>As project assistant, I became a part-time organizational actor.</td>
</tr>
<tr>
<td>(2) The researcher should attend to the total situation.</td>
<td>Virtually unlimited access to the organization enabled me being a participant observer to a variety of events.</td>
</tr>
<tr>
<td>(3) The researcher should have not preselected categories constraining research.</td>
<td>No fixed research question guided the research, except for a broad interest in pluralistic organizations.</td>
</tr>
</tbody>
</table>

While the particular role at CHA was essential to the research approach, I do not explicitly elaborate on my role in the redesign project in presenting the detailed case
narrative and the first-order analysis. In the case narrative, I have subsumed my function under ‘the CEO’s staff’. If not specified otherwise, I was responsible for the creation of all textual artifacts related to the redesign project.

9.3 The research design: A longitudinal real-time single case study

According to Flick (2007), the research design entails choices about the temporal perspective (i.e., retrospective or real-time; longitudinal or snapshot) and the number of cases. These choices need to be coherent with the research approach. The open mode of research and fortunate circumstances leading to the particular research setting made ‘research from the inside’ possible. Following this research approach, the design was guided by the search for making sense of the meanings and influences prevailing in the organizational setting and of their entanglement with the observed events and activities – thus, inherently involving a processual orientation (Evered and Louis, 1981; Maxwell, 2012). Corresponding to the research approach, the empirical research was designed as a *longitudinal case study* within one *single* organization. Retrospective research took place from May 2011 to October 2011. Real-time research took place from November 2011 to January 2013. The research focused on a redesign project of a single organization, the CHA. In the following, I argue why a longitudinal single case study suits ‘research from the inside’.

First, to gain an in-depth understanding of evolving processes, a longitudinal study is inevitable (Langley, 2009; Maxwell, 2012). More specifically, the best possible way to understand processes is to “follow them in the making” (Langley et al., 1995) – that is,
real-time research. A longitudinal study enables to “catch reality in flight” (Pettigrew, 1990, p. 268). It provides a fuller picture of what is going on and allows for capturing the subtleties. Only with a longitudinal orientation, the time aspect can be taken into account, which is crucial to detect generative patterns over time (Langley, 2009). Moreover, a long-time presence at the organizational setting reduces the necessity to make inferences and prevents premature closure of theorizing (Maxwell, 2012). In the empirical research I combined real-time with retrospective study. The retrospective study helped me to understand what I had observed real-time and sharpened my analysis.

Second, single case studies are particularly suitable to examine generative mechanisms and evolving patterns shaping the phenomenon in question (Tsoukas, 1989). Increasing the number of cases is not useful if the objective is to gain in-depth knowledge because more cases do not generate more in-depth knowledge. Instead, researchers should prefer “going deeper into one case” (Dubois and Gadde, 2002, p. 558). The high-quality access to the organization under study facilitated ‘going deeper into the case’ whenever necessary. The organization was actually “special in the sense of allowing one to gain insights that other organizations would not be able to provide” (Siggelow, 2007, p. 20). The case study can be considered as “revelatory” (Yin, 1994, p. 50) as I had the opportunity to analyze in detail a phenomenon – a redesign project in pluralistic organization – which has previously been rarely subject to process-oriented investigation.

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8 The benefits of real-time research have been discussed by Ettlie (1977), Langley (1999) and Pettigrew (1990).
9.4 The empirical material: Observation notes, interview transcripts, and organizational documents

The usual term of ‘data collection’ implies understanding data as object awaiting collection. But data is rather generated through interaction between the researcher and the object under study (Denzin and Lincoln, 2000). Following Stenbacka (2001) as well as Alvesson and Kärreman (2007), I therefore use the term empirical material to highlight the constructedness of data. In this section I describe why and how I generated the empirical material. The empirical material used for this study comprises (1) observation notes, (2) interview transcripts, and (3) textual artifacts of the researched organization as well as relevant press articles. In the following, I elaborate on each of the three types.

9.4.1 Observation notes

Beveridge (1957, p. 95, cited by Flyvbjerg, 2006) notes: “More discoveries have arisen from intense observation than from statistics applied to large groups”. Participant observation is a method central to all social scientific investigations (Vidich, 1955). It offers two important advantages, crucial for this study: (1) it allows for an open mode of research and (2) it facilitates studying social processes closely. In the following I elaborate on both advantages.

The first advantage of participant observation is that it is emergent. Participant observers do not require preset categories. At any point of the research process, the research focus may shift. Thus, it entails the possibility to adjust the research focus according to experiences in the organizational setting (Angrosino, 2010).

The second advantage is that participant observation allows for studying social change more closely than any other method (Vidich, 1955). While interviewing, for example, is often used to investigate change processes, it entails a major shortcoming.
Interviewees are often unable to talk about change because events or activities often occur unnoticed or because the change is so unfamiliar that they have difficulties to orally express their perceptions. Longitudinal observations counteract this shortcoming. Participant observers, due to their long-time presence in the field, can observe the actual changes and follow them (Becker and Geer, 1957).

Given the chosen research approach (i.e., ‘research from the inside’), participant observations represent the key source for generating the empirical material. During my time as organizational actor/participant observer, I observed numerous meetings and events. In particular, I attended the meetings of the redesign project at CHA (n=26; for an overview, see Table 33). Besides, I attended regular meetings of the executive board and three advisory boards as well as two meetings of a strategic initiative (n=19; for an overview, see Table 34). In addition, I followed various formal and informal events (such as the anniversary celebration and dinners after executive board meetings and strategy workshops) and spend two weeks shadowing the CEO.

The observations made, of course, were shaped by the position I had within the organization (see Vidich, 1955). Due to my task of preparing the project documents, I had detailed knowledge about the topics and their priority considerably before their treatment in the project meetings. Moreover, as I worked closely together with the CEO, I was better acquainted with his viewpoints than with those of other organizational members. I tried to maintain neutrality throughout the research process (see Blau and Scott, 1963; Ettlie, 1977) because the purpose was not to make any value judgments about the organizational members’ individual action but to understand and analyze the redesign project in its entirety. Following Denis et al. (2011), I conceive all patterns observed “as emerging from a complex interactive process” (p. 230).

I took detailed observations notes in promptly manner, including as many verbatim quotes as possible. While my access to the researched organization CHA was
privileged, it was conditional on not tape-recording any meetings. The empirical observations therefore entail only detail verbatim notes, not full transcripts. Facing a trade-off between research that gives priority to relevance and accepts a lower detail level and research that prefers “the scrupulous documentation of situations, with the attendant risk of triviality” (Alvesson, 1996, p. 55-56), I prefer to gain ‘relevant’ knowledge, and I consider the access to a phenomenon rarely researched – the process of organization redesign in pluralistic organizations – as highly valuable.

### 9.4.2 Interview transcripts

Interviews enable researchers to access the respondents’ experience, viewpoints, knowledge, and ideas. In the course of interviews, open inquiry of situational meanings or motives of actions are possible (Hopf, 2007). Still, several scholars (e.g., Alvesson, 2003; Becker and Geer, 1957) urge caution when using interview transcripts as empirical material because the interviewees’ responses tend to be rather superficial and reserved. An interview situation is hardly neutral but might be shaped by political considerations, cultural scripts, or identity work (Alvesson, 2003). As a consequence, researchers should rely more on observational work (Alvesson, 2003; Becker and Geer, 1957). In this study, I therefore use interviews primarily to complement the real-time observations and enrich the retrospective study.

In total, I conducted 49 interviews (for an overview, see Table 35) – the majority between February 2011 and May 2011 (n=41). The selection of the interviewees ensured that different professional groups, divisions, and hierarchy levels were represented. The duration of the interviews ranged from 45 to 90 minutes. The interviews were tape-recorded with the approval of the interviewees, and – except for three informal interviews – transcribed verbatim.
The interviews were semi-structured by an interview guide which remained largely consistent over the first wave of interviews from February 2011 to May 2011. Reflecting the fact that at the beginning of the research a clear focus was still to be developed, the interview guide encompassed a series of broad themes. These themes helped directing the conversation towards specific issues and ensured a consistent structural approach across the interviews conducted (Qu and Dumay, 2011). The structure of the employed interview guide followed the structure of interview guides employed in similar contexts (see Denis et al., 2000; Tuckermann, 2007). To reveal the respondents’ frame of reference and not to predetermine their answers, the questions were formulated highly open (see Dubois and Gadde, 2002). At the beginning of the research, I was interested in exploring the influence of the interviewees’ professional identity on their conceptual understanding of leadership. I therefore asked them to describe their most imprinting experiences within organizational contexts. The interviewees then identified defining events in the past few years and described their own viewpoint and the reactions of other organizational members to these events. Next, I asked the interviewees to review the recent development of their current organizational unit within CHA. They also described their own impact on the observed changes within their organizational unit. The third theme referred to the typical workday of the respondents. I asked the interviewees how much time they devoted to managerial activities and how this affected their work satisfaction. The fourth theme concerned the conflict instigating the redesign project. The interviewees expressed their view on the causes of the conflict. Fifth, I asked them to assess the progress of the ongoing redesign project, and to comment on whether or not (and why) they felt that the redesign project would be successful. Finally, I asked them to describe the current and future challenges for the organization. In a second wave of interviews from April 2013 to May 2013 I asked selected participants (n=5) of the redesign project to assess the process and the outcome of the redesign project.
The selection of the interviewees accounted for inclusion of different hierarchy levels and professional groups. Additionally, I conducted an interview with the former CEO who was involved in the leadership crisis and had to resign thereafter. He frankly shared his retrospective insights on the events leading to his dismissal and the subsequent redesign project. Another key interviewee was his successor who also took the lead of the redesign project. I conducted one informal and two formal interviews with the new CEO. In these interviews he shared his perspective on managing hospitals in general and on the redesign project in particular.

9.4.3 Organizational documents

Ewenstein and Whyte (2009) claim that a focus on material artifacts can reveal the social relationships in which the artifacts are produced, especially if researchers wish to understand conflicting interactions (Hodder, 2003). Textual artifacts, in particular, are rarely neutral but commonly reflect political and ideological struggles (Kornberger, Clegg, and Carter, 2011). I therefore conducted an extensive documentary analysis, searching meeting minutes, calendars, annual reports, audit documents. As I was directly involved in the creation of textual artifacts within the redesign project, the use of textual artifacts appeared pervasive and central to me. I increasingly devoted research attention to the role of textual artifacts within organization redesign as I gained experience in the organizational setting. As a consequence, I analyzed different textual artifacts that became influential in the redesign project – namely, meeting minutes of project meetings, PowerPoint slides (which the participants used as discussion base), and drafts of the organizational regulations (a set of rules specifying the hierarchical relationships and tasks of organizational units) (n=57; for an overview, see Table 36) in addition to the general documents of the organization (annual reports, strategy documents, and anniversary publication etc.; n=7; for an overview, Table 37). Finally, I collected press articles that
reported on the leadership crisis at CHA. These articles provided contextual information and indicated the extent of the leadership crisis (n=5; for an overview, see Table 38).

9.5 The empirical analysis: Movements between the empirical material, existing theories, and own conceptual ideas

Several scholars emphasize that it is important to make the whole research process visible, particularly the activities transforming the empirical observations into conceptual insights (Bluhm et al. 2011; Gephart 2004; Stenbacka 2001; Tuckermann 2013). In this section, I therefore give an account of the empirical analysis.

The goal of analyzing the empirical material is the “generation of concepts” (Bryman and Burgess, 1994, p. 6). Yet, the sheer volume of empirical material can overwhelm the researcher (Miles, 1979). Moreover, the material is “unstructured and unwieldy” (Ritchie and Spencer, 1996, p. 176). The challenge is

“to provide some coherence and structure to this cumbersome data set while retaining a hold of the original accounts and observations from it is derived” (ibid).

Bryman and Burgess (1994) suggest the pattern model as a useful strategy for analyzing the empirical material generated by ethnographic research. The pattern model does not distinguish between explanation and description. Accordingly,

“the activity of describing the relation between one action and others in a context is equivalent to interpreting or explaining the meaning of that action.” (Bryman and Burgess, 1994, p. 6)

In the empirical analysis, I adopted this pattern model as guiding analytic strategy. Any the less, the research process remains messy and iterative to a certain extent (see
9 An account of the iterative research process


To provide maximum transparency of the iterative and nonlinear research process, I revisit the research process from three different angles: First, by looking at the usual activities of empirical research (i.e., defining the research question, generating the empirical material etc.), second, by using the ‘conceptual funnel’ metaphor (Marshall and Rossman, 1999) and detailing the analytical activities behind the ‘funneling process’, and third, by commenting on the chosen detail level and unit of analysis.

Different from the conventional model of research, the movement from the research question to conceptual findings was nonlinear (for an illustration of the conventional model of research, see Figure 10).

![Figure 10: The conventional process model of research](image)

Instead, all activities of the research process were interrelated (for an illustration, see Figure 11). During the research processes, I drew on different theoretical lenses and concepts to better grasp what I observed in the field. The research question only emerged from the process of generating the empirical material and engaging in the empirical analysis. At the beginning of the research process, the research focus was far from being clearly defined. My broad research interest lied in the topic ‘leadership of pluralistic organizations’. When in the field, I noted the overly lengthy discussions on
the future leadership models within the redesign project. I wondered why lengthy
discussions were necessary anyway if they obviously did not to stimulate progress on
the actual changes of the formal structures. The puzzle was: “Why does the redesign
project take so much time?” This practical research question in mind shaped the
generation of the empirical material and the conceptual findings. I then noted the
pervasive role of textual artifacts and had the idea to study the role of textual artifacts
in heterarchies. I became interested in heterarchies when I realized the organization
members’ notable reluctance to accept hierarchical relationships. But, as I increasingly
recognized that the redesign was more about the process and less about the actual
outcome of the redesign, I started to focus on the communicative process and began to
study the respective literature. I decided to employ the CCO perspective as theoretical
cell to study the communicative process because the CCO perspective explicitly
emphasizes the role of text in communication. But whereas the empirical research
focus was on the redesign project at CHA, I was still interested in the broader topic of
‘leadership of pluralistic organizations’. I revisited the literature on leadership of
pluralistic organizations, and I came across the notion of leadership constellations. I
tried to conceptualize the empirical material in terms of ‘reorganizing strategic
leadership constellations’. Additionally, when reading the literature on leadership of
pluralistic organizations, I became sensitized to the issues of trust and legitimacy. With
these issues in mind, I continued observing the ongoing project. The observations
eventually led to the idea of conceiving organization redesign as means for rebuilding
leadership legitimacy. The analysis of the empirical material then stabilized the idea of
connecting organization redesign, communicative process, and leadership legitimacy.
With ongoing empirical analysis, I continued to re-formulate and refine the research
question. Thus, each element of the research process influenced the other elements.
The activities occurred simultaneously, each shaping the others.
The development of the research question and the conceptual findings can be also described in terms of a “funnel metaphor” (Marshall and Rossman, 1999, p. 28). The large end of the funnel stands for the broad research interest, i.e., the issue of leadership of pluralistic organizations. Halfway through the conceptual funnel, with increasing experience in the research setting, the focus narrows to a concern for the communicative process of the observed redesign project. At the small end of the funnel, a narrowed-down research question and the communicative framework of organization redesign as process for rebuilding leadership legitimacy emerge (for an illustration of the conceptual funnel, see Figure 12).

The funnel metaphor may be illustrative, but it is slightly flawed. The broad research interest at the beginning of the research endeavor ‘does not just simply flow through the funnel’ just to turn into a narrowly defined research question with a corresponding theoretical framework at the small end. The ‘funneling process’ entails continuous movements between (1) existing theories, (2) empirical observations, and (3) my own concepts (for an illustration, see Figure 13). Each analytical activity can be categorized.
along this scheme, i.e., as movement between theory and empirics, between existing theory and own conceptual ideas etc. For instance, the empirical material inspired tentative conceptualizations which, in turn, influenced the choice of literature I subsequently drew on. Numerous analytical steps were necessary to develop the communicative framework. Table 13 depicts the different analytical activities leading to the communicative framework and orders them along the proposed scheme. A similar movement has been described by Langley (1999). She notes that the analysis of material generated from longitudinal process-oriented studies represents “a continuous movement between an empirical and a model world” (p. 691).

Figure 12: ‘Conceptual funnel’ of the study (based on Marshall and Rossman, 1999, p. 28)
Figure 13: The research process as continuous movement between the empirical material, own conceptual ideas, and existing theories

Table 13: Overview of the analytical activities⁹

<table>
<thead>
<tr>
<th>Time period</th>
<th>Analytical activity</th>
<th>Function</th>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/11-02/12</td>
<td>Discerning the topics of interests: Leadership, decision-making, pluralistic organizations, professional identity</td>
<td>Determining the research focus</td>
<td>E ⇔ T</td>
</tr>
<tr>
<td>12/11-01/12</td>
<td>Focusing on the RLS project</td>
<td>Deciding the unit of analysis</td>
<td>E ⇔ C</td>
</tr>
<tr>
<td>02/12</td>
<td>Determining the practical puzzle: Why does the process of redesign take so much time?</td>
<td>Refining the research focus</td>
<td>E ⇔ C</td>
</tr>
<tr>
<td>03/12-06/12</td>
<td>Refining the topics of interest: Heterarchies, textual artifacts</td>
<td>Refining the research focus</td>
<td>E ⇔ T</td>
</tr>
</tbody>
</table>

⁹ This overview is a slightly stylized. The actual research process entailed more iterations.
<table>
<thead>
<tr>
<th>Time period</th>
<th>Analytical activity</th>
<th>Function</th>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/12-01/12</td>
<td>Free coding of the empirical material</td>
<td>Familiarization with the empirical material</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>06/12-09/12</td>
<td>Shifting the main themes: communication, leadership constellation</td>
<td>Refining the research focus</td>
<td>T (\rightarrow) E</td>
</tr>
<tr>
<td>09/12</td>
<td>Temporal table with general categories: meeting, participants, main discussion theme, discussion base</td>
<td>Understanding the temporal evolution of the case</td>
<td>C (\rightarrow) E</td>
</tr>
<tr>
<td>09/12</td>
<td>Creating a short case narrative</td>
<td>Getting an idea of the leitmotif</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>10/12-12/12</td>
<td>Refining the main themes: CCO, co-orientation, textual artifacts, leadership constellation, reorganization</td>
<td>Determining the theoretical lens</td>
<td>E (\rightarrow) T</td>
</tr>
<tr>
<td>12/12</td>
<td>Creating tables about relationships within the case, e.g. use of textual artifacts over time/ fixation of topics/co-orientation over time</td>
<td>Developing a tentative understanding of the case</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>12/12</td>
<td>Analyzing the free codes, creating visual maps and discerning the major topic: tension between autonomy and integration</td>
<td>Developing a tentative understanding of the case</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>01/13</td>
<td>Conceiving organization redesign as movement from openness and closedness</td>
<td>Getting an idea of the leitmotif</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>01/13</td>
<td>Developing the sensitizing categories: content, process, text, and outcome</td>
<td>Preparing the analysis</td>
<td>T (\rightarrow) C</td>
</tr>
<tr>
<td>01/13</td>
<td>Reading the relevant literature: tensions, dialectics</td>
<td>Refining the conceptual understanding</td>
<td>T (\rightarrow) C</td>
</tr>
<tr>
<td>02/13-04/13</td>
<td>Creating a detailed case narrative</td>
<td>Developing the basis for the analysis</td>
<td>E (\rightarrow) C</td>
</tr>
<tr>
<td>03/13</td>
<td>Reading literature on tensions, paradox, duality</td>
<td>Refining the conceptual understanding</td>
<td>T (\rightarrow) C</td>
</tr>
</tbody>
</table>
### Time period | Analytical activity                                                                 | Function                                      | Direction |
---|---|---|---|
04/13 | Reading literature on reorganization, redesign | Reframing the conceptual understanding | T ⇒ C |
04/13 | Conceiving leadership legitimacy as goal of the redesign effort | Refining the idea of the leitmotif | E ⇒ C |
04/13 | Reading the leadership legitimacy literature | Refining the conceptual understanding | T ⇒ C |
04/13 | Refining the sensitizing categories: content, process/form/style, text, contingency | Preparing the analysis | T ⇒ C |
04/13 | Applying the new sensitizing categories to the empirical material | Conducting the first-order analysis | E ⇒ C |
05/13 | Studying the results of the first-order analysis | Developing the second-order themes | C ⇒ C |
05/13 | Analyzing the results of the first-order analysis along the second-order themes | Conducting the second-order analysis | C ⇒ C |
06/13 | Integrating theoretical literature and second-order analysis | Creating a theoretical framework | T/C ⇒ C/T |

Miles and Huberman (1994) define a case as “a phenomenon of some sort occurring in a bounded context”. They state that the case is, “in effect, your unit of analysis” (p. 25). Following Miles and Huberman (1994), throughout the research process the unit of analysis has been the redesign project at CHA.

I experienced a major part of the analytical process as ‘categorizing’ the empirical material and ‘connecting’ it again (see Maxwell, 2012). I used a coding program (i.e., atlas.ti) to become familiar with the material and to systematically ‘categorize’ the material. The coding program also represented a useful tool for retrieving the material. Coding programs, however, put emphasis on ‘categorizing’ practices while research projects directed at understanding how events are connected in a specific context...
require ‘connecting’ practices as well (ibid, p. 238-239). I therefore used supplementary tables, visual maps, and narratives for ‘connecting’ the empirical material. Visual maps and thick narratives represent insightful practices for analyzing material gained from a longitudinal research project (Langley, 1999).

Following Alvesson’s (1996, p. 56) suggestion that management researchers should “prefer […] ‘important’ and ‘interesting’ events above detailed documentation, and ‘close’ above ‘myopic’ readings”, I sought to detect broad themes in the analysis of the empirical material. The available empirical material enabled a close reading but impeded a detailed reading where several minutes produce “a vast amount of text” (ibid). While the latter is a concern of conversation and discourse analysts, the focus of management studies on “broader themes is preferable to the study of tiny details” (ibid).

Based on the empirical material available, I constructed a thick description, which I present in the following chapter. According to Denzin (1989, cited by Creswell and Miller, 2000, p. 128), “thick descriptions are deep, dense, and detailed accounts”, whereas “[t]hin description, by contrast, lack detail, and simply report facts” (p. 83). In the description, I attempted to capture the subtleties of the observed situations (see Langley, 1999). To adequately include the participants’ voices, I included long excerpts of interview transcripts and observations notes (see Ponteretto, 2006). This extended case description represents the basis for the subsequent analyses and invites for differing interpretations (see Alvesson, 1996; Flyvbjerg, 2006).\(^{10}\) Notwithstanding the attempt to provide details to create a sense of verisimilitude (Denzin, 1989, cited

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\(^{10}\) Alvesson (1996) notes that, while empirical material is inherently theory-laden, differing interpretations using different theory lenses are always possible.
by Creswell and Miller, 2000, p. 129), the case description and the analyses are highly selective as the empirical material generated was extensive (over 1000 pages of written text) and as it is impossible to show the “enormous mass of text” (Alvesson, 1996, p. 55).

A summary of the extended case description and a first-analysis of the case were submitted to four key respondents for validation. One of the respondents received the full case description and authorized the empirical material for scientific use. Moreover, I discussed my conceptual ideas with all four respondents on a regular basis. Only minor suggestions were suggested by them.

It should be noted that all empirical material (i.e., interview transcripts, observations, and textual artifacts) was in Swiss German, but for the extended case transcription the specific parts used were translated in English. Albeit nuances were inevitably lost in such translations, I have attempted to keep the spirit of the original language.

### 9.6 The quality of the research: Alternative quality criteria for qualitative research and procedures for establishing the quality

Discussions on quality criteria for qualitative research were stimulated by a raising awareness of the limited applicability of the conventional quality criteria of the quantitative tradition (i.e., validity and reliability) (Seale, 1999). The literature has witnessed a proliferation of criteria sets for good qualitative research, including criteria such as catalytic validity (Lather, 1986, cited by Tracy, 2010), empathetic validity (Dadds, 2008, cited by Tracy 2010), ironic reliability, or voluptuous reliability (Altheide and Johnson, 1994). The bewildering cornucopia of quality criteria sets illustrates that a consensual answer to the question “how to ascertain quality of qualitative research” does not exist yet (Flick, 2007, p. 11). In fact, there are two opposing positions. That is, scholars who advocate an alternative set of criteria and
scholars who reject the notion of the applicability of predetermined criteria altogether (Mays and Pope, 2000).

Proponents of the latter position argue that striving for the rigor of ‘hard’ science is a futile effort. For instance, Rolfe (2006) criticizes judgment of research along quality criteria for two reasons. First, judgment on the quality of research can only be made based on the representation of the research – that is, the way the researcher presents the research to the reader – and not directly on the research itself. Second, appraisal of the research is

“subject to individual judgment based on insight and experience rather than on explicit predetermined criteria” (ibid, p. 308).

Consequently, he suggests that researchers should “devote their energy to challenging the notion of a universal set of quality criteria” (ibid).

Those who advocate an alternative set of criteria highlight the affordances of criteria. For instance, Tracy (2010, p. 839) notes that

“criteria, quite simply, are useful. Rules and guidelines help us learn, practice, and perfect.”

Proponents of this stream have developed a wide range of different sets of criteria (see e.g. LeCompte and Goetz 1982, Lincoln and Guba, 1985, cited by Seale, 1995; Tracy, 2010). Seale (1999), however, points out that these sets often appear contradictory to the associated philosophical position. For instance, he notes that Lincoln and Guba’s (1985, p. 295, cited by Seale 1999, p. 468) belief in “multiple constructed realities” rather than a “single tangible reality” is not compatible with the idea of judging research by trustworthiness. He criticizes that

“[r]elativism does not sit well with attempts to establish ‘truth’, even if the term is place in inverted commas” (p. 468).
Obviously, an easy answer to the question of adequate quality criteria in qualitative research does not exist. To demonstrate appreciation of the opposing views, I assume an intermediate position. In the following, I discuss the classical criteria of (1) reliability and (2) validity (see Flick, 2007; Seale, 1999) as well as alternatives which are reasonably applicable to the study (for an overview of the conventional and alternative quality criteria, see Table 14). At the same time, I also urge caution of applying such criteria because

“it must be recognized that there are no procedures that will regularly (or always) yield either sound data or true conclusions” (Philips, 1987, p. 13, cited by Maxwell, 1992, p. 280)

and

“[a]s observers and interpreters of the world, we are inextricably part of it; we cannot step outside our own experience to obtain some observer-independent account of what we experience. Thus, it is always possible for there to be different, equally valid accounts from different perspectives” (Maxwell, 1992, p. 283).

Table 14: Traditional and alternative quality criteria for research

<table>
<thead>
<tr>
<th>Traditional quality criteria for research (quantitative studies)</th>
<th>Alternative quality criteria for research (qualitative studies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Transparency</td>
</tr>
<tr>
<td>Validity</td>
<td>Credibility</td>
</tr>
</tbody>
</table>

Reliability is commonly understood as “the stability of data”, which is achieved by its “repeated collection” (Flick, 2007, p. 15). Flick (2007, p. 15) brings forward that reliability is “rather useless” when conducting qualitative studies. He pointedly illustrates his argument with an example:
“Identical repetition of a narrative in repeated narrative interviews is rather a sign of a ‘constructed’ version than of the reliability of what has been told”.

In a similar vein, Stenbacka (2001, p. 552) points out that reliability is not applicable to qualitative research because “it is impossible to differentiate between researcher and method”. The possibility to repeatedly reproduce the same findings is therefore limited (ibid). To reformulate the concept of reliability, several scholars suggest going “in the direction of a more procedural conception” (Flick, 2007, p. 16). They propose to provide transparency to the process that transforms empirical observations into conceptual findings (Bluhm et al., 2011; Flick, 2007; Gephart, 2004; Stenbacka, 2001). Researchers should “make the whole process visible” (Stenbacka, 2001, p. 552). To ensure reliability, I therefore attempted to provide as much transparency about the research process as possible (see section 9.5).

Validity refers to the question of “whether the researchers see what they think they see” (Flick, 2007, p. 15). Validity in qualitative research, however, is a delicate topic as well. The conventional concept of validity is not useful for qualitative studies because it implies “comprehensive control over context conditions in the study” and therefore necessitates standardized processes of generating and analyzing empirical material (ibid). Yet, this standardization is “not compatible to qualitative methods” and compromises their strengths (ibid). Attempts of providing alternatives to validity have been “fuzzy” (Flick, 2007, p. 18) and “confusing” (Creswell and Miller, 2000, p. 124). Creswell and Miller (2000) posit that the diverse typologies of validity eventually boil down to the question of credibility. Credibility can be demonstrated by a wide array of different methods – ranging from member checking, triangulation, and thick description to peer reviews (ibid). Qualitative researchers tend to apply one or more of these procedures. While the credibility procedures can be employed independently from underlying paradigms, the choice of specific procedures tends to be associated with certain paradigm assumptions (ibid). Creswell and Miller (2000) offer a classification of credibility procedures along the postpositivist, constructivist, and
critical paradigm (for an overview, see Table 15).\textsuperscript{11} To ensure credibility, I primarily orient myself to the recommended procedures for constructivist studies. This decision seems appropriate as the ‘research from the inside approach’ is best compatible with Creswell and Miller’s (2000) description of the constructivist paradigm. According to Creswell and Miller (2000), the constructivist paradigm is shaped by a belief “in pluralistic, interpretive, open-ended, and contextualized perspectives” (ibid, p. 125).

Table 15: Credibility procedures within different paradigms (adapted from Creswell and Miller 2000, p. 126)

<table>
<thead>
<tr>
<th>Perspective of the researcher</th>
<th>Postpositivist paradigm</th>
<th>Constructivist paradigm</th>
<th>Critical paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disconfirming evidence</td>
<td>Triangulation</td>
<td>Member checking</td>
<td>Researcher reflexivity</td>
</tr>
<tr>
<td>Prolonged engagement in the field</td>
<td>The audit trail</td>
<td>Thick, rich description</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Peer debriefing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 16 shows the credibility procedures employed. ‘Disconfirming evidence’ (which is recommended for research within the constructivist paradigm) is very difficult to provide because “researchers have the proclivity to find confirming rather than disconfirming evidence” (ibid, p. 127).

\textsuperscript{11}For a detailed description of the specific credibility procedures see Creswell and Miller (2000).
Table 16: Credibility procedures employed in the study

<table>
<thead>
<tr>
<th>Credibility procedure</th>
<th>Short description(^{12})</th>
<th>Specific realization in the study</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Prolonged engagement in the field</em></td>
<td>During repeated observations the researcher can build trust so that people are comfortable disclosing information.</td>
<td>- My long-term presence (15 months) enabled me to build trustful relationships to the participants of the study.</td>
</tr>
</tbody>
</table>
| *Thick, rich description*                | A thick description with many details can produce for the readers the impression that they could (have) experience the events described in the study. | - I recounted the events leading to the researched redesign project to contextualize the study.  
- I included many excerpts of the interview and observation notes in the case description to provide richness. |
| *Member checking*                        | Participants having a chance to react to the material and final account add credibility.    | - I had participants view the interview transcripts.                                           
- I asked the participants if the categories make sense.                                           
- I asked the participants whether the overall account is realistic and accurate.                  |
| *Researcher reflexivity*                 | Self-disclosing the assumptions, beliefs, and biases allow readers to understand the research process. | - I provided transparency about the research process, particularly about the empirical analysis. |

\(^{12}\)The descriptions are based on Creswell and Miller (2000).
To compensate for the absence of disconfirming evidence, I used member checking and tried to maintain my own reflexivity throughout the research process. Discussing conceptual ideas with my supervisor and my co-advisor particularly helped sustaining reflexivity (see Tuckermann, 2013). Framing shifts often occurred after meetings with my supervisor and my co-advisor in which I presented the current state of the study. For instance, the focus on duality, organization redesign, and leadership legitimacy were triggered by critical questions by my supervisor and co-advisor.

10 The case description and the first-order analysis: A redesign project as communicative process

In the subsequent sections, I provide a detailed case description of the project “Revision of Leadership Structures” (RLS\(^{13}\)) at a Swiss cantonal hospital (CHA\(^{14}\)) as well as a first-order analysis of the case. To start with, I provide an overview of the RLS project and present the structure of the case study.

10.1 Overview of the examined redesign project

The goal of this section is to provide an overview of the RLS project. First, I give an account of the background of the project. Second, I describe the leadership structures at project start and project end, respectively. Third, I delineate the project setup – that

\(^{13}\text{In the following, I will use the abbreviation RLS project to refer to the project “Revising Leadership Structures”.}\)

\(^{14}\text{CHA is a pseudonym which stands for cantonal hospital of Alphaville.}\)
is, I provide an overview of the project meetings, project groups, project participants. Fourth, I outline the textual artifacts produced in the RLS project. Fourth, I provide an overview of the issues discussed during the RLS project.

10.1.1 Background of the RLS project

The organization under study (CHA) is one of the largest cantonal hospitals in Switzerland with more than 25’000 patients per year and revenues of 505 million Swiss Francs in 2011 (CHA-D05). CHA is the largest employer in its Canton with about 3’500 employees (CHA-D05). Its more than 30 clinics, institutes, and departments are bundled under six divisions (i.e. medicine, surgery, women and children, perioperative medicine, central medical services, and emergency medicine) (CHA-D05). In 2012, CHA celebrated its 125-year anniversary (CHA-D06).

In 2004, the cantonal government undertook a major transformation of its health-care system (CHA-D06). At the core of this transformation, the cantonal hospitals gained increased independence from the government with regard to the hospitals’ strategic decisions (CHA-D06). Structurally, CHA was transformed from a public agency under direct control of the cantonal government into a non-profit stock company (CHA-D06). As a consequence, CHA became able to autonomously negotiate with health assurances, undertake building projects, etc. (CHA-D06).

In May 2011, a conflict between the community of physicians and the management boards of CHA – the supervisory and the executive board – arose (P02). The chief and senior physicians vehemently opposed the boards’ strategic decision to collaborate with a private ophthalmic provider (POP) in a joint venture. They even made their discontent with the CHA’s management public in the regional newspapers (P02). Due to substantial public pressure, the supervisory and the executive board cancelled the project with the POP and decided to revise CHA’s leadership structures (P03). In July
2011, the CEO had to resign in the course of the conflict (P05). In August 2011, the succeeding CEO assumed project leadership of the project “Revision of Leadership Structures” (RLS-D01).

10.1.2 Point of departure and outcome of the RLS project

This sub-section attends to the point of departure and the outcome of the RLS project. First, it describes the leadership structures and the state of leadership legitimacy at the beginnings of the RLS project. Second, it outlines the leadership structures and the state of leadership legitimacy at the end of the RLS project.

10.1.2.1 The RLS project’s point of departure: A loss of leadership legitimacy

(1) Leadership structures

In 2011, at the beginning of the RLS project, CHA’s leadership structure consisted of four layers: (1) the supervisory board (“Verwaltungsrat”), (2) the executive board (“Geschäftsleitung”), (3) the division heads (“Bereichsleitungen”) and (4) clinic heads (CH), institute heads (IH), or department heads (DH) (“Klinik-, Instituts- oder Abteilungsleitung”) (CHA-D03). Figure 14 depicts CHA’s leadership structures in 2011.
Figure 14: CHA's leadership structures at the start of the RLS project in August 2011
CHA’s supervisory board was then responsible for CHA’s strategy, full year targets, and annual budget (CHA-D01). Also, the right to define the organizational and legal structure, the composition of the executive board, and the executive board members’ salaries resided with the supervisory board (CHA-D01).

CHA’s executive board was responsible for all aspects of hospital management, such as the definition of hospital-wide standards, the resource planning and allocation, the management accounting and information system, and the process efficiency between the different divisions and subordinate organizational units (CHA-D03). The executive board consisted of the CEO, the CEO of ReHo\textsuperscript{15}, two medical service directors (MSD1 and MSD2), the nursing director, and the directors of the three administrative divisions (i.e. business operations and ICT\textsuperscript{16}, finance, and human resources) (CHA-D03).

In contrast to the other divisions, the medical service division had not only one but two directors. One medical service director (MSD2) worked part-time as chief physician, while he was also chairman of the physicians’ conference (CPC). The second medical service director (MSD1) served in the executive board in a full-time position.

One division was co-led by a medical division head (MDH) and a nursing division head (NDH) (CHA-D03). Both were in charge of the supervision and coordination of the clinical processes, i.e., patient treatment and care (CHA-D03). In addition, they were accountable for the financial outcome of their division – comprising the clinics, institutes, or departments (CHA-D03). They had decision rights with regard to the full year targets and annual budgets of their subordinate organizational units. If the MDH

\textsuperscript{15}ReHo is a small regional hospital CHA acquired in 2011.

\textsuperscript{16}ICT is an abbreviation for Information and Communication Technology.
and the NDH did not reach an agreement on a specific issue, the final decision right resided with the MDH. Professionally (“fachlich”) – that is, with regard to professional standards – the NDHs were subordinated to the nursing director (CHA-D03).

The clinics, departments, or institutes were headed by a chief physician, respectively (RLS-O21). These chief physicians were subordinate to the respective MDH (RLS-O21). Their function and responsibilities were not specified in the then valid organizational regulations (CHA-D03).

The three official advisory bodies were (1) the MDHs’ conference, (2) the physicians’ conference, and (3) the NDHs’ conference (CHA-D03). Members of the MDHs’ conference were the MDHs and the MSDs. The MDHs’ conference attended to strategies and concepts for organizational development of CHA (CHA-D03). Members of the physicians’ conference were the chief and senior physicians of CHA (CHA-D03). The physicians’ conference advised the MSDs. The NDHs’ conference, headed by the nursing director, was concerned with strategies and concepts of the professional development of nursing service (CHA-D03).

(2) State of leadership legitimacy

When the supervisory board and the CEO decided in May 2011 to close down the ophthalmic clinic and to create a joint venture with a POP, the chief and senior physicians strongly opposed this decision. The subordinates did not accept the leadership action. The conflict over the ophthalmic clinic quickly led to a leadership crisis: The chief and senior physicians publicly criticized the leadership style of the CEO and the executive board. Regional newspapers covered the physicians’ dissatisfaction at CHA. The chief physicians characterized their relationship with the executive board as “increasingly tainted” (P04) and perceived the executive board as “disconnected from the physicians” (I08: 525-532). That is, the leadership bodies –
both the supervisory board and the executive board – experienced a loss of legitimacy. In the course of the conflict the physicians demanded more participation rights concerning strategic decisions and influence in the executive board. Acquiescing in the physicians’ demands, the supervisory board decided to dismiss the CEO and to initiate the RLS project. The RLS project’s point of departure was of a publicly visible loss of the supervisory and executive boards’ leadership legitimacy.

10.1.2.2 The RLS project’s outcome: Altered leadership structures and leadership legitimacy rebuilt

(1) Leadership structures

By the end of the RLS project in January 2013, CHA’s leadership structures changed especially with regard to the executive board composition, the chief physicians’ subordination to the MDHs, and the structure of the advisory bodies (for an overview of the leadership structures, see Figure 15). The supervisory and executive boards’ tasks remained largely unchanged. The number of executive board member increased. Four MDHs became additional executive board members. The medical service division, formerly headed two directors, was now led by one head only. The MSD2 remained a member of the executive board, yet now as the democratically elected representative of the physicians. The chief physicians increased their professional autonomy by constraining the degree of subordination to the MDHs. Professionally independent with regard to the annual budget, the employment plan, and the performance mandate, the chief physicians became direct subordinates to the executive board or the CEO. Organizationally, they remained subordinates to the MDHs. Two new advisory boards were established: (1) the CEO-conference and (2) the medical and nursing division heads’ conference (for the composition of these advisory boards, see Table 17). The latter replaced the MDHs’ conference. Unlike in the previous
organizational regulations, the tasks of the NDHs as well as of the clinic, institute, and department heads were explicitly specified in the new organizational regulations. Similar to the chief physicians, the NDHs were granted control over their own annual budget and stronger influence on the employment plan of their organizational unit. The system of the NDHs’ double subordination to MDHs and to the division head of nursing – formerly known as nursing director remained unchanged. Several other positions were renamed: The ‘medical service director 1’ (MSD1) became ‘division head of medical staff’ and the directors of the administrative divisions were called ‘division head of’ the respective division.

Figure 15: CHA’s leadership structures at the end of the RLS project in January 2013

![Diagram showing CHA's leadership structures]
Table 17: Composition of the novel advisory boards

<table>
<thead>
<tr>
<th>Composition of the CEO-conference</th>
<th>Composition of the MDHs’ and NDHs’ conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>- CEO</td>
<td>- Division head of medical staff</td>
</tr>
<tr>
<td>- Chairman of the physicians’ conference (CPC)</td>
<td>- Division head of nursing</td>
</tr>
<tr>
<td>- Division head of medical staff</td>
<td>- All MDHs</td>
</tr>
<tr>
<td>- Division head of nursing</td>
<td>- All NDHs</td>
</tr>
<tr>
<td>- Representative of NDHs</td>
<td>- CEO</td>
</tr>
<tr>
<td>- Division head of finance</td>
<td></td>
</tr>
<tr>
<td>- Division head of business operations and ICT</td>
<td></td>
</tr>
<tr>
<td>- Division head of human resources</td>
<td></td>
</tr>
<tr>
<td>- Head of marketing and communication</td>
<td></td>
</tr>
<tr>
<td>- Head of medical controlling</td>
<td></td>
</tr>
<tr>
<td>- CEO of ReHo</td>
<td></td>
</tr>
</tbody>
</table>

The passage of the second set\(^\text{17}\) of the organizational regulations (EB-DH OR) by the executive board marked the end of the RLS project. The passage of the document specifying the authority relationships between executive board, division heads, and chief physicians (i.e., clinic heads, institute heads, or department heads) occurred without opposition.

\(^{17}\)The organizational regulations consisted of two parts: the SB-EB OR (supervisory board-executive board OR, concerning the relationship between supervisory board and executive board) and the EB-DH OR (executive board-division heads OR, concerning the relationship between executive board, division heads, and clinic/institute/department heads). See also sub-section 10.1.3.
(2) State of leadership legitimacy

A few months after the project, most participants stated that the organization redesign did not entail any major changes. Yet, the majority of participants declared themselves satisfied with the final result. They emphasized that the RLS project had ‘stabilized’ the organization (e.g., I48: 306-307; I49: 36-38). The ORs – the tangible outcome of the RLS project – were no talking point anymore at CHA. The CEO and the executive board began attending to follow-up issues of strategic importance – that is, the wage structure of the chief and senior physicians and the divisional structure of the organization. Turning to these sensitive issues indicated that the CEO and the executive board had regained sufficient legitimacy. Viewed in this light, the RLS project contributed to the restoration of leadership legitimacy at CHA.

10.1.3 The RLS project setup: project objective, meeting structure, and participants

In this section, I provide information about the project objectives, the meeting structure, and the participants.

The objective of the RLS project was to closely review CHA’s leadership structure and, where required, to revise the leadership structure. The associated discussion among all relevant organizational groups (i.e., the supervisory board, the executive board, the MDHs, the NDHs, and the chief physicians) was supposed to be open and unbiased in the sense that its outcome should not be preset (RLS-O02). While a fixed deadline did not exist, the participants unanimously articulated the wish to find a sustainable solution in a timely manner (RLS-O02).

Prior to the first project meeting in November 2012, several preparatory meetings took place to preliminarily discuss the CHA’s leadership structure. First, the executive
board convened a preparatory meeting with representatives of CHA’s chief and leading physicians association in May 2011. Both sides agreed on the intent to conduct a project on revising CHA’s leadership structure (RLS-D01). Second, in August 2011, the newly appointed CEO met with representatives of CHA’s chief and leading physicians association, the division heads, and the supervisory and executive board members to discuss their expectations on the project (RLS-D02). Third, in October 2011, the CEO, the external consultant, MSD1, the nursing director, MSD2, a representative of the MDH and the chairman of AACSP\(^{18}\) (COA) met to specify the objectives of the upcoming strategy workshop in November 2011 (RLS-D03).

The RLS project officially started in November 2011 with a strategy workshop dedicated to an open discussion on CHA’s leadership structure. During the RLS project the participants created two new sets of organizational regulations. The OR comprised two parts: The first set of organizational regulations, the SB-EB OR (“Organisationsreglement VR-GL”) was concerned with the relationship between supervisory board and executive board; the second set of organizational regulations, the EB-DH OR (“Organisationsreglement GL-BL”) specified the allocation of responsibilities of the executive board, the division heads, and the head of the clinics, departments, and institutes. The supervisory board passed the SB-EB OR in July 2012. The project officially ended with the passage of the EB-DH OR on 22th January, 2013. Thus, including the preparatory meetings, the RLS project lasted 18 months in total.

The meeting series was not fixed beforehand, but emerged gradually. At the end of each project meeting the participants typically discerned the need for a follow-up

\(^{18}\)AACSP is an abbreviation for ‘Association of the CHA’s chief and senior physicians’ and is an association promoting the interests of the chief and senior physicians at CHA.
meeting. The official project meeting series (without the preparatory meetings, the separate nursing meetings, and regular board meetings) encompassed 17 formal project meetings and four different project group compositions: (1) the plenary assembly (“Vollversammlung”), (2) the project group, (3) the project group without supervisory board members and external consultant, and (4) the subgroup. The plenary assembly comprised the supervisory board members, the executive board members, the medical and nursing division heads, the COA, a AACSP representative, and the CEO. The project group was composed of three supervisory board members, four executive board members, one MDH, one NDH, the COA, and the CEO. An external consultant (ECO) joined the project group on case-by-case basis. The subgroup consisted of two MDHs, two NDHs, two chief physicians, the COA, and the CEO (for an overview of the different project compositions, see Table 18).

Table 18: Different project group compositions during the RLS project

<table>
<thead>
<tr>
<th>Time</th>
<th>(1) Strategy workshop on leadership structures / plenary assembly</th>
<th>(2) Composition of project group I</th>
<th>(3) Composition of project group II</th>
<th>(4) Composition of subgroup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
<td>all supervisory board members (SBMs)</td>
<td>the CSB</td>
<td>the CEO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>all executive board members (EBMs)</td>
<td>two SBMs</td>
<td>four EBMs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>all MDHs</td>
<td>CEO</td>
<td>a MDH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>all NDHs</td>
<td>four EBMs</td>
<td>a NDH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the COA</td>
<td>a MDH</td>
<td>the COA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a member of AACSP</td>
<td>the COA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the ECO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Besides the project meetings, the NDHs requested two additional meetings with the CEO to re-emphasize their interests (RLS-O04; RLS-O19). Moreover, CHA’s leadership structures were topic in meetings of different leadership bodies, such as the supervisory board, the executive board, and the physicians’ conference (RLS-O24). Prior to the passage of the EB-DH OR, a consultation process (“Vernehmlassung”) in the different advisory bodies took place. Table 19 provides an overview of the RLS project meeting series. It includes the RLS project meetings and the meetings in which the OR documents were officially passed. Figure 16 shows a temporal overview of the project meetings.

**Table 19: Overview of the RLS project meetings**

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
<th>Issues discussed</th>
</tr>
</thead>
<tbody>
<tr>
<td>24-Aug-2011</td>
<td>1st preparatory meeting</td>
<td>Organizational constituencies’ different expectations of the RLS project</td>
</tr>
<tr>
<td>04-Oct-2011</td>
<td>2nd preparatory meeting</td>
<td>Goal and structure of the upcoming workshop on leadership structures</td>
</tr>
<tr>
<td>8-Nov-2011-9-Nov-2011</td>
<td>Workshop on leadership structures</td>
<td>Different leadership models</td>
</tr>
<tr>
<td>14-Dec-2011</td>
<td>1st project group meeting</td>
<td>Different leadership models, Executive board composition</td>
</tr>
<tr>
<td>09-Jan-2012</td>
<td>2nd project group meeting</td>
<td>Different leadership models, Executive board composition</td>
</tr>
<tr>
<td>25-Jan-2012</td>
<td>Meeting of NDHs and CEO</td>
<td>The NDHs’ representation in the executive board, A new advisory board</td>
</tr>
<tr>
<td>30-Jan-2012</td>
<td>3rd project group meeting</td>
<td>Different leadership models, Executive board composition</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Issues discussed</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>15-Feb-2012</td>
<td>Plenary assembly</td>
<td>Preliminary decision on specific leadership model and executive board composition</td>
</tr>
<tr>
<td>21-Apr-2012</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
<td>First draft of the new set of ORs</td>
</tr>
<tr>
<td>23-Apr-2012</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
<td>Division of the new set of ORs into two parts</td>
</tr>
<tr>
<td>07-May-2012</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
<td>The double subordination of the NDHs to the nursing director and a MDH</td>
</tr>
<tr>
<td>30-May-2012</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; subgroup meeting</td>
<td>Hierarchical relationship between MDHs and chief physicians</td>
</tr>
<tr>
<td>27-Jun-2012</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; subgroup meeting</td>
<td>Hierarchical relationship between MDHs and chief physicians (clinic/department heads)</td>
</tr>
<tr>
<td>27-Jun-2012</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; subgroup meeting</td>
<td>Task allocation between division and clinic/department heads</td>
</tr>
<tr>
<td>05-Jul-2012</td>
<td>Supervisory board meeting</td>
<td>Passage of the SB-EB OR</td>
</tr>
<tr>
<td>10-Jul-2012</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; subgroup meeting</td>
<td>Hierarchical relationship between MDHs and chief physicians (clinic/department heads)</td>
</tr>
<tr>
<td>21-Aug-2012</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; subgroup meeting</td>
<td>The formal definition of the difference between clinics and department</td>
</tr>
<tr>
<td>27-Aug-2012</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
<td>Meeting rhythms of advisory bodies</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Issues discussed</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>30-Aug-2012</td>
<td>5th subgroup meeting</td>
<td>- The formal definition of the difference between clinics and department</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hierarchical relationship between MDHs and chief physicians (clinic/department heads)</td>
</tr>
<tr>
<td>05-Sep-2012</td>
<td>Meeting of NDHs, nursing director, and CEO</td>
<td>- The NDHs’ influence on the budget and the employment plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The relationship between NDH and MDH</td>
</tr>
<tr>
<td>05-Sep-2012</td>
<td>8th project group meeting</td>
<td>- The relationship between NDH and MDH</td>
</tr>
<tr>
<td>12-Sep-2012</td>
<td>6th subgroup meeting</td>
<td>- Hierarchical relationship between MDHs and chief physicians (clinic/department heads)</td>
</tr>
<tr>
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<td>- Revision of the EB-DH OR vs21</td>
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<td>22-Jan-2013</td>
<td>Executive board meeting</td>
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10.1.4 Issues discussed in the RLS project

In the course of the RLS project, various issues concerning CHA’s leadership structures were focally discussed. I structure the RLS project chronologically into two periods. Whereas in period 1 the project meeting discussions revolved around the executive board composition, the discussions in period 2 turned primarily on the chief physicians’ subordination to the MDHs. In the following, I briefly outline the issues discussed in period 1 and 2, respectively.

Period 1: The executive board composition

In period 1 from November 2011 to March 2012, the participants of the RLS project meetings focus on four key issues: (1) the number of executive board members, (2) the
physicians’ representation in the executive board, (3) the NDHs’ representation in the executive board, the board of directors, and (4) a platform for communicative exchange between MDHs and NDHs.

Number of executive board members (December 2012-April 2012)

The first key issue in the project meetings was the size of the executive board. The physicians demanded five MDHs to become executive board members. Likewise, the NDHs requested a new seat in the executive board, while the then executive board members wanted to remain in the executive board. Factoring in all requests, the executive board would have consisted of 15 executive board members. Yet, especially the supervisory board members regarded an executive board with 15 members as oversized. The supervisory board members were afraid that the executive board would become cumbersome and inefficient. In turn, the representatives of the organizational groups – the MDH representative, the COA, and the NDH representative – insisted on the importance of their professional groups’ representation. Thus, the challenge was to define an executive board composition that sufficiently considered the professional groups’ demand for representation, while promoting the executive board’s capability to treat organizational matters in a timely and efficient manner.

The information in brackets denotes the time period in which the issue represented a major talking point.

If not specified otherwise the term ‘the physicians’ referred to the group of chief and senior physicians at CHA.
Five different solution approaches to resolve this issue were discussed: (1) reducing the number of physicians to be executive board members, (2) discarding the NDHs’ request, (3) removing current executive board members from their office, (4) combining a large executive board with a smaller leadership or advisory body, and (5) combining the different measures. In April 2012, the supervisory board decided to enlarge the executive board by four MDHs and the executive board installed another advisory body – the CEO-conference. All then executive board members remained in their positions. The NDHs’ request for a seat in the executive board was discarded. The NDHs, however, were granted a seat in the new CEO-conference.

*The physicians’ representation in the executive board (December 2012-April 2012)*

A central issue in the RLS project meetings in period 1 was the physicians’ representation in the executive board. The physicians demanded a stronger representation in the executive board. More specifically, their intent was to achieve parity in the executive board – that is, at least 50 percent of the executive board members to be physicians.

At the start of the project, two of the then eight executive board members were physicians – MSD1 and MSD2. Many physicians, however, did not consider MSD1, a ‘genuine’ physician as he did not work as a physician. Instead, he held a full-time staff function. Among other responsibilities, he assumed leadership of strategic projects and conducted negotiations with health assurances and other hospitals. MSD2, by contrast, was the chairman of the physicians’ conference (CPC) and worked as chief physician. As CPC and chief physician, the physicians tended to consider MSD2 as the democratically elected representative of their likes. Thus, MSD2/CPC enjoyed an even higher legitimacy than the MDHs who were not all elected by the physicians but had been appointed by the supervisory board.
The project participants discussed three options to increase the physicians’ representation in the executive board. In all three alternatives, the composition of the ‘administrative side’ was identical: The nursing director, the finance director, the business operations and ICT director, and the CEO of ReHo remained executive board members. The physicians received five seats in the executive board. The options differed only with regard to the composition of the ‘physicians’ side’: (a) two MSDs and three MDHs, (b) one MSD and four MDHs, or (c) five MDHs. With each of these options the physicians would have achieved parity.\footnote{The physicians considered the CEO as neutral.}

Initially, the physicians – in particular the MDHs – were in favor of option (c) because they questioned whether the MSDs would be loyal to the physicians’ interests. In the course of the discussions, the physicians gradually changed their mind. The physicians preferred the CPC – that is, the MSD2 – to be executive board member because not all chief physicians considered the MDHs as the best possible representatives of their interests. Therefore, the majority of physicians were eventually in favor of the second option, that is, the CPC/MSD2 and four MSDs as executive board members. By contrast, the physicians were unequivocally against option (a) because they did not consider MSD1 to be physician of their likes.

Despite the physicians’ clear preferences, the supervisory board opted for option (a) – that is, an executive board with three MDHs and two MSDs. The supervisory board wanted to keep MSD1 as executive board member because they considered MSD1’s function as indispensable for the executive board. From the supervisory board’s standpoint, MSD2/CPC was also important because he enjoyed the support of the chief
and senior physicians. Thus, the supervisory board wanted to keep both MSD1 and MSD2/CPC in the executive board.

The supervisory board’s choice caused uproar among the physicians. As a compromise solution, the CEO suggested to grant four seats for the MDHs in the executive board (instead of three). The physicians accepted this suggestion. In the end, the executive board consisted of the CEO, the finance director, the business operations and ICT director, the MSD (MSD1), the nursing director, the CPC, and four MDHs.

The NDHs’ representation in the executive board (January 2012-February 2012)

Being the largest professional group, the NDHs demanded a stronger representation of the nursing service in the executive board. The NDHs considered the representative of the nursing service in the executive board – i.e., the nursing director – as too focused on nursing science. The NDHs regarded the function of the nursing director rather as a staff function. By contrast, the NDHs perceived themselves as nursing managers and requested an own seat in the executive board to represent nursing management.

To demonstrate sympathy about the NDH’s request, the CEO ordered his staff to account for the NDH’s interests in creating leadership structure models. Eventually, these models were neither discussed thoroughly in the project group meetings nor selected by the supervisory board.

The board of directors (November 2011-June 2012)

The size of the executive board was an intensely discussed issue among all project participants. The supervisory board members held the view (1) that an enlargement of the executive board would be inefficient and (2) that a physician’s ambition to
represent his profession in the executive board is in conflict with his professional duties towards the patients. As a solution, the supervisory board members suggested establishing a new leadership body, the ‘board of directors’. This new leadership body should comprise all executive board members, except for the MDHs. Whereas the executive board should deal with more strategic issues in monthly meetings, the board of directors should focus rather on the daily operative business in weekly meetings.

In June 2012, the executive board formally decided to establish the so-called CEO-conference. Contrary to the supervisory board’s original proposal, the CEO-conference is not a leadership but an advisory body. In its weekly meetings, the CEO-conference is to prepare business proceedings and submit recommendations for the executive board and the CEO. The CEO conference has no direct decisions rights.

The platform for communicative exchange between medical and nursing service (January 2012-June 2012)

Besides the NDHs’ request for an own seat in the executive board, the NDHs asked for a new platform for the communicative exchange between the medical and the nursing service to improve interdisciplinary collaboration.

Without much discussion, the executive board passed the request for an interdisciplinary communicative platform and established the so-called medical and nursing division heads’ conference in June 2012. This conference replaced the medical division heads’ conference and serves as advisory body for the executive board.
**Period 2: The relationship between division heads and chief physicians**

In period 2, discussions revolved around (1) the NDHs’ subordination, (2) the chief physicians’ subordination, (3) the MDHs’ period of office, and (4) the formal difference between departments and clinics.

*The NDHs’ subordination (May 2012)*

In the RLS project meetings, the NDHs’ subordination was open to debate. Previously, the NDHs were ‘double subordinated’. Professionally they were subordinated to the nursing director, and organizationally they were subordinated to a MDH. As a consequence, the NDHs’ hierarchical relationships with both the respective MDH and with the nursing director were ambiguous.

The nursing director resembled a staff function. Her authority towards the NDHs was limited to questions of nursing science and nursing development. For instance, the nursing director defined the standards of nursing work and the required education level of the nursing employees at CHA. The nursing director, however, could not exert any direct control on the NDHs.

The relationship between NDH and MDH was also ambiguous. A NDH and a MDH shared leadership of a division, respectively. A MDH had no authority on the nursing employees of the respective division. The nurses working in the ambulatories and wards were direct subordinates to the NDH. Yet, in case a MDH and a NDH did not reach an agreement on issues regarding the division management, the MDH had the final say. Three options to reorganize the NDHs’ subordination were at issue in the project meetings: (a) keeping the system of double subordination, (b) full subordination to the MDH, or (c) full subordination to the nursing director.
In the sixth project group meeting at the beginning of May 2012, the NDHs and the nursing director advocated the maintenance of the NDHs’ double subordination. The chain of command in the nursing service organization remained unchanged. The NDHs were not in favor of being direct subordinates to the nursing director because the nursing director was focused on another area of nursing service: nursing science and development. A full subordination to the MDHs was out of question because this would have weakened the position of the nursing service as a whole (for an illustration of the NDHs’ double subordination to a MDH and the nursing director, see Figure 17).
The chief physicians’ subordination (April 2012-December 2012)

The major talking point in period 2 was the chief physicians’ subordination to the MDHs. The chief physicians did not want to be subordinated to the respective MDHs.
They strived for more autonomy in terms of influence over the annual budget and the employment plan of their clinic, institute, or department.

The MDHs, on the contrary, insisted on preserving their decision rights to fulfill their tasks of coordinating processes spanning across clinics or divisions appropriately. From the MDHs’ standpoint, subordination was necessary to make decisions with regard to the allocation of shared resources and the coordination of interfaces – for instance, the allocation of operating rooms or beds.

In December 2012, the chief physicians and the MDHs agreed on the specifics of the chief physicians’ subordination. Professionally the chief physicians were autonomous, while organizationally they were subordinated to the respective MDH. With regard to the budget, the performance mandate\(^{22}\), and the employment plan, the chief physicians were directly subordinated to the CEO or the executive board.

*The MDHs’ period of office (April 2012-May 2012)*

Previously, the MDHs’ period of office was not limited. From the chief physicians’ standpoint, the MDHs were not democratically elected representatives of their likes. In the course of the RLS meetings, the chief physicians demanded a limitation of the MDHs’ period of office and the right to elect the MDHs – that is, the chief physicians wanted a rotation of the MDH’s function.

The issue of the MDH’s period of office was raised several times by the COA in the RLS project meetings, yet not pursued down the line. The issue was eventually

\(^{22}\text{The ‘performance mandate’ ("Leistungsauftrag") specified the physicians’ responsibility for assuring provision of medical care.}\)
resolved in bilateral talks between the COA and the CEO. In fact, the rotation of the MDH’s function might have caused complications as some of the MDHs were employed as MDHs – that is, their position as MDHs was explicitly inscribed in their employment contracts. Introducing a limitation of their period of office and rotating their function would have required substantial adjustments of the MDHs’ employment contract terms.

The formal difference between clinics and departments (August-September 2012)
At the beginning of the RLS project, an official and coherent definition of a clinic and a department did not exist. Both clinics and departments were headed by chief physicians, respectively. Departments, however, were part of a clinic. Each division was subject to different understandings and regulations of the usage of shared resources (e.g., postgraduate training or beds) among departments of a clinic. Some department heads strived for more autonomy and questioned the authority of the clinic head. For instance, the department heads wanted to increase the number of patients to be billed on behalf of their department (instead of the clinic they belonged to). In September 2012, the participants agreed on a vague definition stating that “in the different divisions different regulations can exist” (RLS-D38). Details remained to be defined in the division-specific regulations, which did not exist at that moment in time.

10.1.5 Textual artifacts produced in the RLS project
To a large extent, discussions in the RLS project revolved around textual artifacts: meeting minutes, PowerPoint slides, and organizational regulations. Important outcomes of the RLS projects were the two new sets of organizational regulations, specifying the tasks and responsibilities of the leadership bodies. The project ended when the participants agreed on a version of the EB-DH OR and the executive board
passed this version. Figure 18 provides an overview of the different textual artifacts produced within the RLS project. In Period 1 the participants primarily worked with meeting minutes and PowerPoint slides. In Period 2 the participants attended to the creation of the organizational regulations. At the beginning of period 2 the discussion basis consisted of one document only. The participants then decided to divide the document into two documents. The first specified the relationship between supervisory board and executive board (SB-EB OR) and the second document specified the relationship between executive board, division heads, and chief physicians (EB-DH OR). After the decision on the future executive board composition, the SB-EB OR did not entail any further conflictual issues, rendering the passage of the SB-EB OR possible in July 2012. Subsequent discussions primarily revolved around the EB-DH OR (EB-DH OR draft version 1). The relationship between MDHs and chief physicians turned out to be a delicate topic. Accordingly, the section to specify this relationship was initially left empty. To resolve this issue, another project group – the subgroup – attended to the formal specification of the hierarchical relationship (EB-DH OR draft excerpt). When the subgroup members agreed on a specific formulation in September 2012, the CEO and his staff could create the first complete version of EB-DH OR (EB-DH OR version 15). This version was modified several times. The final passage of the EB-DH OR (EB-DH OR version 21) was scheduled in November 2012. The MDHs – now, as executive board members – however, rejected the passage. After a minor modification and consultation process in the advisory bodies the executive board eventually passed the EB-DH OR (EB-DH OR version 22) in January 2013.
Figure 18: Overview of the textual artifacts produced within the RLS project

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<th>Main talking point</th>
<th>Production of textual artifacts</th>
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OR draft

SB-EB OR draft vs 1

EB-DH OR draft vs 15

EB-DH OR vs 21

EB-DH OR vs 22
10 The case description and the first-order analysis

10.2 Structure of the case description and the first-order analysis

The first-order analysis focuses on the RLS project from August 2011 to January 2013, encompassing all project meetings. Participant observation of the events in the RLS project started in November 2011. To increase contextual understanding, I also recount the events leading to the RLS project as well as the participants’ impressions four months after the end of the RLS project.

Figure 19: Structure of the case description and first-order analysis and temporal overview of important events

The case description and first-order analysis is divided into two periods. Period 1 from August 2011 to April 2012 covers the prolonged negotiation about representation of different organizational constituencies in the executive board. The supervisory board’s decision in mid-April 2011 on the executive board composition marks the end of the first period. Period 2 begins when the main project group of the RLS project took up work on the organizational regulations (OR) (April 2012). In this second period, the
relationship between MDHs and chief physicians is the primary concern. The second period ends in January 2013 with the passage of EB-DH OR in the executive board.

Figure 19 provides an overview of important events to illustrate the chronological structure of the case description and first-order analysis.

Both, period 1 and period 2, are subdivided into distinct episodes, respectively. Each episode comprises a description and a first-order analysis. Following the conceptual framework (see chapter 8), the first-order analysis examines the communicative process of the RLS along the categories of content, style, text, and contingency.

10.3 Prologue: The events leading to the RLS project

This section describes the events leading to the decision to conduct the RLS project. I have, however, not conducted a first-order analysis of these events.

CHA became a non-profit stock company in 2004 and the first non-physician became CEO of CHA in 2007. In May 2011, the CSB and the CEO announced the collaboration with a private ophthalmic provider (POP). The announcement immediately created a large conflict between CHA’s management and CHA’s chief and senior physicians. As a consequence of the conflict, the CEO had to resign and the supervisory board decided to revise the leadership structures of CHA.

“…bringing entrepreneurship to the hospital” – A shift of management style

CHA became a non-profit stock company in 2004. Until then, CHA was a public agency under the governance of the cantonal administration. According to the CSB, the change has “put the organization in considerable flux” and has caused a “culture shock” (I15: 21-27; 33-37):
The organization has been left to stand on its own feet. Suddenly, we have all these cooperation agreements with the assurances and we could negotiate everything autonomously. I mean, before that change it was an administrative department. The canton was an administration and of course, there has been a culture shock. [...] Before, everything was incredibly cumbersome.

The change from a public agency to a non-profit stock company brought “dynamic momentum” to CHA (I15: 40). In 2007, CHA’s supervisory board appointed a non-physician as CEO – contrary to all previous CEOs or hospital directors. The supervisory board assigned him the task of “implementing change” (I44: 65).

In pursuing his mandate the CEO tackled various strategic issues, such as the development of a corporate strategy or the implementation of an electronic patient file system (I44: 321-330). In retrospective, the then CEO summarized his time at CHA as follows (I44: 321 et seqq.):

We have done a lot of projects simultaneously. We have made many organizational changes. We have developed a corporate strategy. We have generated a master plan23. [...] We have introduced an electronic patient file system. We have changed a lot within a short time. It was very dynamic. [...] We have applied the principles of private business in a hospital [...] There is a lot of organization-wide change needed.

A chief physician noted that the then CEO “has given us a boost from the business world – a boost we did not have before” (I16: 199-205):

He introduced a specific way of thinking. And we have learned a lot – I have learned a lot, my colleagues as well: That marketing is important, that we have to network, that the budget and the profit do play a role as well – this dynamism, the management stuff, these things he has introduced!

This chief physician described his work under the then CEO (I16: 134-138):

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23 The so called “master plan” denotes a strategic project of CHA.
We have established many processes – how you make a request for a renewal, how you do the budgeting … We have standardized a lot. I think we have made lot of new things. We have created a lot of jobs; we have approved a lot of projects – really, on a grand scale, unlike other hospitals.

The changes undertaken required changes of the mindset as well (I16: 139-142):

The awareness of the chief physicians that we have a kind of a market dynamic and that we cannot only be physicians … well, that we also have a kind of business. It is not only about patient cure …

Indeed, the CEO’s focus was on “bringing entrepreneurship to the hospital”. He recounted (I44: 65-68):

Implementing change … this was the mandate I have received from the supervisory board. I have understood the mandate as following: it is not about preservation of the status quo but about bringing entrepreneurship to the hospital.

“The last straw that breaks the camel’s back” – The conflict with the ophthalmic clinic

In early 2011, the then CEO started to negotiate with the head of a POP about a potential cooperation. He recounted (I44: 264-273):

The discussion showed that he would enter the cantonal market in any case and that there are two options. Either we compete with them or we collaborate. He said: ‘Hey, let us launch a project together!’ That, of course, suited me fine. The idea was … to relocate our ophthalmic clinic. To our opinion, this was a feasible plan. It would enable us to make room for other departments.  

24The CEO referred to the CEO of the POP.

25Like other hospitals, CHA suffers a shortage of space.
The two scenarios were that either the POP as a strong competitor would have threatened the long-run profitability of CHA’s ophthalmic clinic or CHA and the POP would have collaborated and shared profits. The CEO and the CSB of CHA jointly decided to contract with the POP. The CSB described how they had proceeded (I15: 258-307):

We\textsuperscript{26} formed a very small task force. Initially, we were four or five persons only. And, well… we then informed the rest of the supervisory board as well […] and we made confidentiality agreements … right from the beginning, as it is common in the private sector … a very small task force. And then we said: ‘These strategic considerations … What do we do? How do we organize that? Do we make a joint venture? Do we conclude a cooperation contract? Should we run three or two locations?’ We’ve treated these issues in our small task force. In this task force CHA’s physicians – the ophthalmologists in particular – were not involved. And this decision was not accidental. We have discussed this again and again. And then we have said: ‘Now right at the start it is about deciding about a strategic collaboration’. We have said: ‘Once we have made this strategic decision and when it is about the implementation and about the operative details – how we do that, how we organize ourselves and how these ambulatory operating rooms would look like etc.’ There, we have said: ‘Then, of course, the physicians should arrive on the scene.’

Without informing CHA’s ophthalmologists beforehand, the CEO and the CSB held a press conference in mid-May 2011 to announce the collaboration with the POP. CHA’s ophthalmic clinic was to be closed and, instead, CHA was to operate an ophthalmic clinic at an off-site location jointly with the POP. By means of the collaboration, CHA and the POP aimed to achieve “outstanding exploitation of synergies and an optimal exchange of specialized expertise” (P01). The public announcement and the preceding decision of the CEO and the CSB to treat the issue of the ophthalmic clinic as “highly strategic” and “highly confidential” caused a heavy uproar (I44: 247-284). A large scandal arose (I15: 251-256). Resenting the planned

\textsuperscript{26}The CEO referred to the CSB and himself.
shutdown of their clinic, the ophthalmologists mobilized all chief and senior physicians at CHA. The CSB described the ophthalmologists’ reaction (I15: 461-476):

They did it quite deftly. They caused a conflagration. They went to the urologists and they said: ‘If you don’t help us now, you are next.’ Then, they went to the orthopedists and they said: ‘If you don’t help us now, you are next.’ And then at the end, everybody said: ‘It is not only about them, it is also about me.’

A few days after the official announcement of the contract with the POP, 73 of the 77 chief and senior physicians at CHA founded the association of Alphaville’s chief and senior physicians (AACSP) as an independent organization promoting the physicians’ interests (I25: 6-9). A leading figure of the chief physicians’ movement against the shutdown of the ophthalmic clinic noted (I09: 276-278):

I can tell you, we’ve managed to get two thirds, three quarters, of all chief physicians together. They all came and we have discussed, we have coordinated ourselves – it was spectacular.

A NDH remarked that the unity of the community of physicians was unusual (I23: 524-526):

I was surprised by the physicians’ unity. It is rather unusual that they suddenly stood up and said: Yes, we need more competencies.

What united CHA’s chief and senior physicians was that they felt excluded from strategic decisions (I09: 162-177):

We have felt as those who – despite our great competence regarding the future development of our hospital – were excluded from central decisions, such as the cooperation with a POP and the outsourcing of the ophthalmic clinic. In fact … that this kind of questions were treated to the exclusion, to the deliberate exclusion of important knowledge carriers … that important negotiations were conducted and closed without involving the important people – those responsible for the ophthalmic clinic, for instance.

A MDH stated that the conflict was not about the idea of creating a joint venture with a POP itself, but about the way it was communicated (I06: 247-264):
We were presented with a fait accompli. [...] I did not approve of the way [...] ... that is not acceptable. I really think that this idea of cooperation is really interesting [...] principally, it was interesting. But one cannot treat us like this.

The AACSP did not regard the outsourcing decision as an isolated case (I09: 162-177; I10: 53-57; I15: 526-539). The relationship between the physicians and CHA’s top management has been marked by a prolonged conflict, which the CEO labeled as “frozen” (I44: 370). A MDH stated “there were many little things that come together” (I10: 53-57). Similarly, a representative of AACSP described the relationship between the executive board and the physicians as “increasingly tainted in the last two, three years” (P04). Another MDH remarked (I08: 525-532):

Unfortunately, the leadership was a bit disconnected from the physicians. They made a lot of decisions on the executive floor without discussing the problems on the division head level, not only with regard to the ophthalmic clinic. There were many other examples. And that has always bothered us, we have criticized this, but we have not been heard.

The chairman of AACSP (COA) criticized the executive board’s behavior in this tense situation (I25: 10-28):

The executive board made decisions without even involving the physicians, for example, EPAS\textsuperscript{27} or the acquisition of ReHo\textsuperscript{28}, or the cooperation with a private healthcare provider. That is, we had management levels – the supervisory board, the CEO, and the executive board – which have not included the medical professionals at all. And this has led to great distrust, lack of appreciation, and loss of trust.

Chief physicians, both at the division level and at the clinic level, criticized their lacking involvement in strategic questions (P04) and the “over-determination” (“Überbestimmung”) by the administration (I25: 22). The collaboration decision and

\textsuperscript{27}EPAS denotes a project of implementing an electronic patient administration system.

\textsuperscript{28}ReHo is a smaller regional hospital that CHA acquired in 2011.
The way of its communication represented “the last straw that breaks the camel’s back” (“der letzte Tropfen, der das Fass zum Überlaufen bringt”) (P04). The physicians no longer wanted to accept the management’s “dominant top-down” style (P04). CHA’s ophthalmologists retained a lawyer to contest the shutdown of their clinic (P02). Representatives of AACSP personally contacted the head of the cantonal health care department with a letter (P04). They argued that the staff of CHA’s ophthalmic clinic had been “de facto” dismissed without notice and that the ophthalmologists had been confronted with a “fait accompli” (P02). CHA’s physicians were afraid that the planned collaboration with the POP led to a “one-sided provision of health care” and a monopolization of ophthalmologic services in the canton (CHA-D04). According to CHA’s physicians, the profit-oriented POP was too focused on revenue maximization (P02). The planned collaboration could thus increase avoidable public costs by unnecessary medical treatments (P02). The letter was hand over to the press to raise public awareness for the “massive resistance” of CHA’s chief and senior physicians (P06). The now open conflict between CHA’s physicians and CHA’s leadership raised the concern of the health care department of the canton that a critical number of chief and senior physicians might look for alternative positions in other regions (P06). The CHA’s chief and senior physicians’ collective pressure on CHA’s leadership compelled the head of the cantonal health care department to intervene (P06). The head of the cantonal health care department called a meeting with CHA’s supervisory board and executive board, and the board of AACSP at the end of May 2011 (P06). The meeting revealed irreconcilable differences between the involved interest groups (P03). As a result, the supervisory board decided to cancel the contract with the POP (P03). In the same meeting all parties agreed on a follow-up measure to resolve the conflict (P04). The existing leadership structures were to be revised because the conflict was predominantly regarded as result of the “very dominant top-down leadership structures” (P04). The revision was supposed to strengthen the voice of the medical profession in the executive board, to improve the vertical communication
flow, and to increase the efficiency of decision-making processes at CHA (RLS-D01). Specific solution approaches were to be developed by the end of June 2011 (RLS-D01). Until then, respective suggestions were to be submitted to the executive board (RLS-D01).

“All of us were happy that the CEO has left” – The CEO’s resignation

One week after the meeting with the head of the cantonal health care department, a CHA-internal, regular\(^\text{29}\) two-day workshop took place. The atmosphere between physicians and management boards was characterized by the conflict. One executive member recalled (I03: 214-218):

*At dinner […] the supervisory board members sat dispersedly and everybody looked at their plate only. The physicians sat together and each of them tried to avoid looking at the executive board members. I have never experienced such a situation before – with so much tension. That was horrible and I have thought that everything is really broken now.*

At the workshop, the supervisory board, the executive board, and the division heads decided to develop solution approaches with the assistance of the Institute of Public Management and Governance, University of Betaville (IPM-UB). In early July 2011, IPM-UB submitted a project proposal to the supervisory board.

A few days later, the CEO officially resigned as repeatedly demanded by the AACSP (P05). The AACSP physicians perceived the existing communication platforms as a mere façade (I09: 213-216):

\(^{29}\)The CHA typically stages three two-day strategy workshops per year. These workshops serve as a communicative space to discuss strategic issues. Participants are the supervisory board, the executive board, and the division heads. Depending on the specific topic, additional external experts or other CHA members may be invited.
[...] often there was a feeling of a façade. We can speak up. There are fora, and there are many fora, but actually we only await something – in the extreme case so long … – as, for instance, when we were confronted with the situation of the ophthalmic clinic … and nobody had a clue.

Even executive board members criticized the CEO’s management style as too driven by financial objectives and too top-down. An executive board member noted (I03: 245-248):

I am also an advocate of management-by-objectives. But he\textsuperscript{30} did it in a fashion without any feeling for the organization, for the culture of the organization, for this particular sector – how it all works and how the people are wired.

The supervisory board no longer backed the CEO. Retrospectively, the CSB depicted the CEO’s situation as “highly difficult” (I15: 133; 137-142):

The CEO was the very first director or CEO who was not a physician. Until then, for 120 years the head of the hospital has always been a physician. Then, suddenly a manager came. Indeed, the physicians have lost influence to a certain extent. I see that, of course, the enthusiasm is limited …

The lack of support by the supervisory board severely disappointed the CEO. He stated (I44: 345-348):

The most disappointing fact was that the supervisory board did not show persistence … that the supervisory board left me out in the rain. They did not take responsibility, they abdicated responsibility. This was particularly disappointing.

Eventually, the turbulences around the ophthalmic clinic led to the CEO turnover. Although the official press release referred to a consensual contract dissolution (CHA-D05), the CEO was virtually dismissed by the supervisory board. No official explanation for the CEO turnover decision was offered to the CHA employees. An

\textsuperscript{30}The executive board member referred to the CEO.
The supervisory board was actually invisible. [...] I had expected that the chairman of the supervisory board would call the members of the executive board and the direct subordinates to the CEO together. But the CEO himself had to tell that he basically got dismissed. [...] I think it is also part of the leadership responsibility of the supervisory board to stand behind their decision and to tell the employees: ‘These are the reasons why it did not work out … and that is why we part company … and so and so on.’ [...] I think it was strange that the dismissal was not communicated overtly.

The departure of the CEO left a “power vacuum” (I05: 81-82; I45: 10-17), which impeded the progress of developing solution approaches to improve CHA’s leadership structure. A senior physician comments on the CEO’s resignation as follows (I09: 192-196):

That the CEO eventually left was not the primary goal. But discordancy has existed for a long time and all of us were happy that the CEO has left. But the problem was and still is something that not only the CEO is accountable for.

**10.4 Period 1: The executive board composition**

Period 1 comprises three episodes, from August 2011 to April 2012. Each episode revolves about a specific discussion topic or important event. *Episode 1* encompasses the RLS preparation meetings and the two-day workshop on leadership structures in November 2011. *Episode 2* addresses the first project group meetings and the plenary assembly in which a preliminary decision on the executive board composition was made. *Episode 3* attends to the supervisory board’s decision on the executive board and the subsequent negative reactions to this decision which eventually made an amendment necessary. Figure 20 illustrates the episode structure of period 1.
Figure 20: Episode structure of period 1 and temporal overview of important events

10.4.1 Episode 1: The start of the RLS project

The first episode of the RLS project encompasses the arrival of the new CEO in August 2011, his engagement to start the RLS project by October 2011, and the two-day workshop on leadership structures in November 2011 in which the participants discussed different leadership models (for an temporal overview of episode, see Figure 21).

Figure 21: Temporal overview of episode 1
In August 2011, a new CEO took his position in CHA. He enjoyed a strong reputation due to his past engagement at CHB, another cantonal hospital in Switzerland, which he led successfully for almost three decades. Upon his arrival he assumed leadership of the RLS project – a project, which had originally been assigned to the IMP-UB. To gain insight into the most urgent problems at CHA, he conducted numerous one-on-one conversations with executives at CHA.

Two preparation meetings took place before the actual kick-off project meeting in November 2011. The first preparation meeting in August 2011 served to exchange expectations on the RLS project. In the second preparation meeting in October 2011 the participants – that is, representatives of all professional groups – jointly specified the goal and structure of the two-day workshop for all SBMs, EBMs, MDHs, NDHs, and two representatives of the AACSB in November 2011.

In the workshop the participants discussed different leadership models for the first time. The participants did not agree on a specific leadership model but they decided to form a small project group in which different leadership models could be discussed.
10.4.1.1 Description: Arrival of the new CEO and the two-day workshop on leadership structures

“Would you approve me as sole project leader?” – The CEO as the RLS project leader and expectations on the RLS project

Few weeks after the departure of the CEO, the supervisory board managed to engage the former CEO of a large cantonal hospital, the cantonal hospital of Betaville (CHB) as a successor. By the beginning of August 2011, the new CEO was officially in charge of CHA. The new CEO explained his appointment as follows (I37: 3-12):

It was a big coincidence. I retired in April 2010 from my position as CEO of the cantonal hospital Betaville [...] Then, in July 2011, I was offered the CEO position at CHA on short notice after the supervisory board and the predecessor agreed to dissolve the employment. It is, of course, not a coincidence that they asked me – as someone who has long experience with the leadership of a large center hospital, and who is also available on short notice. These criteria are not met by many in Switzerland. Therefore I should not flatter myself for this all too much.

The new CEO enjoyed a strong reputation and received a lot of advance praise (I03: 250-258). A senior physician noted that the community of physicians knew that the CEO “had a long and good past in Betaville” (I09: 240-241). A MDH said enthusiastically (I06: 359-362):

Finally, we have the one we need und who understands medicine, the hospital and who is a great person.

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31 Betaville is a pseudonym.
32 His engagement lasted 29 years.
Two days after his arrival, the new CEO discussed the IPM-UB’s project proposal at a constitutive supervisory board meeting. He suggested changing the original plan of the supervisory board to assign the task of revising the leadership structures to IPM-UB (I37: 27-32):

The supervisory board, in agreement with the AACSP board, said that they want to revise the leadership structures and they would like to assign this task to the University of Betaville. That was the original decision. And then I have said that I would like to take on this task – but with the support of Mr. Baker only, and not with the University of Betaville.

Following this meeting, the supervisory board suspended its original decision to assign the task of revising the leadership structures to the university. The final decision of the project design was supposed to be made only after consulting the division heads and the AACSP board. The supervisory board fixed a meeting for the end of August 2011 with the executive board, the division heads, and the AACSP board to specify IPM-UB’s degree of inclusion and contribution to the project (RLS-D01).

In the following weeks, the new CEO had one-on-one conversations with different organizational members, in particular with all chief physicians of CHA to learn “where exactly the shoe pinches” (I43: 66-67). He promoted his idea of conducting the leadership restructuring project without the support of IPM-UB. In an interview, he explained his rationale and its acceptance by the chief physicians (I43: 68-75):

I knew about the idea to involve the University of Betaville. I have read the respective project proposal. But then I thought … I am actually the ideal candidate to conduct the process. I felt a bit uncomfortable to work with an

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33-The term ‘constitutive’ refers to the minimum of six mandatory annual meetings of the supervisory board as defined by the organizational regulations.

34-Baker is a pseudonym, referring to a university professor of UB the CEO knew.
external institution. In this phase it would have rocked the boat. I did not want to risk that. I have asked every chief physician: ‘Would you approve me as sole project leader? Then I got 95 percent approval. I said, I know Mr. Baker, I would call him in case-by-case. They accepted this. Of course, I have also said that we would save a lot of money if I did by myself.

In the first preparation meeting of the RLS project at the end of August 2011 – contrary to the original plan – the role of the IPM-UB was not subject of debate. The CEO\textsuperscript{35} had convinced all constituencies of his plan to conduct the project with only limited university support: The project was conducted in-house, the CEO served as project leader and Mr. Baker was involved as external consultant case-by-case (I45: 325-326).

The meeting served to “feel the pulse” and clarify the expectations of the project which was now labeled “Revision of Leadership Structures” (RLS). A formal discussion base for the first preparation meeting did not exist. The introductory remarks by the CSB and the project leader, the CEO, were concise. No PowerPoint presentation slides came into use. The participants orally expressed their expectations. The AACSP demanded more “medical expertise” in the executive board and in the managerial accounting at the clinic level. Additionally, the AACSP asked to be acknowledged as the official body representing the interests of all chief and senior physicians. The CEO, on the contrary, stated his intention to develop leadership structures which render the AACSP redundant. Pointing out that hospitals are fundamentally different from manufacturing companies, a MDH emphasized the need for hospital-specific structures. The CSB stressed the necessity to sensitively deal with conflicts by means of direct communication. Written communication, such as e-mails, bore a larger risk of misunderstandings. Another member of the supervisory board

\textsuperscript{35}In the following I employ the term “CEO” without the addendum “new”.

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suggested acting quickly. In his opinion, the acute impression of organizational crisis had to be counteracted by positive news in a timely manner to avoid reputational damages. At the end of the meeting, the CEO promised to gather all participants’ individual opinions and evaluate them carefully. In the course of the preparation meeting, the participants made no explicit reference to any textual artifact (RLS-D02). Textual outcome of the first preparation meeting were meeting minutes which mapped the statements onto the participants’ names and traced the discussion in a detailed way (for an overview of short excerpts of the meeting minutes in episode 1, see Table 20).

The second preparation meeting at the beginning of October 2011 was dedicated to conceptualize a two-day workshop in November 2011 focusing on CHA’s leadership structures. The preparation group consisted of the CEO, an external consultant from IPM-UB, three executive board members, a MDH, and the chairman of AACSP. Meeting minutes of the first preparation meeting and white papers by the ECO (RLS-D03; RLS-D04; RLS-D05) had been distributed to the preparation group members beforehand. The CEO and the ECO made introductory remarks without usage of any PowerPoint presentation. The participants recapped the outcome of the first preparation meeting and discerned the following requirement for the future leadership structure: “A potential goal conflict between economic efficiency and medical-ethical conduct” must be factored in and “decisions should not be based on economic criteria only” (RLS-D06). Further, the group members defined the objectives of the two-day workshop: the “construction zones” were to be delineated, the priorities were to be set, and the subsequent steps were to be transparent (RLS-D06). Meeting minutes were the textual outcome of the second preparation meeting. Different from the meeting minutes of the first preparation meeting, the minutes of the second preparation meeting did not display the speakers’ names (RLS-D06) (for an overview of short excerpts of the meeting minutes in episode 1, see Table 20).
“Everybody could put their cards on table” – A two-day workshop to discuss leadership structures

The two-day workshop to discuss CHA’s leadership structures took place at the beginning of November 2011. Participants were the supervisory board, the executive board, the division heads, two representatives of the AACSP, and the external consultant from IPM-UB. Specific ideas to reorganize the leadership structures were on the agenda for the first time. The CEO and the external consultant from IPM-UB (ECO\textsuperscript{36}) facilitated the workshop. As preparation material for the workshop, the participants had received white papers by the ECO and the meeting minutes of the second preparation meeting. To illustrate and emphasize their key points, both the CEO and the ECO used PowerPoint slides.

Initially, the CEO addressed the upcoming strategic issues of collective bargaining (“Tarifverhandlungen”) in 2012 and the appointment of the new chief physician of neurosurgery. He then took stock of his first 100 days in office at CHA. Regarding the leadership structures he said (RLS-O01: 28-38):

\begin{quote}
Leadership structures are a relevant topic indeed, but the most important issue is that our core business is going well and many promising projects are well on the way. [...] Principally, trust is important. Trust in the progress of our organization and not in drawing an organizational chart. [...] Trust is the central topic. At the beginning, for instance, I only got e-mails. That is not the way we are supposed to communicate with each other. The first six weeks I have not heard anything. I have asked myself: ‘Do they want to spare me?’ The mutual trust is battered and trust-building measures are necessary.
\end{quote}

The CEO sketched out his ideas about the RLS project. He screened a PowerPoint slide with a definition of CHB’s culture and added (RLS-O01: 51-58):

\[\text{The abbreviation ECO stands for external consultant.}\]
The organizational culture is important … Leadership structures are important but one has to live them. I see appreciation as utterly important. Appreciation is important as appreciated employees perform better … For example, the definition the CHB culture – that is a result of a long process which lasted years.

As the CEO could draw on almost 30 years of experience at CHB, he repeatedly referred to CHB as an example of success. In fact, many CHA physicians expected him to simply implement the CHB organization model at CHA. They believed that CHB model would be sufficiently sensible regarding the inclusion of physicians (IC). The CEO, however, stressed that his CHB experience is only transferable to a limited extent (RLS-O01: 55-58):

Principles of our project work: We want to discuss in an open and unbiased way. The result is not predetermined. The CHB model is not transferable one-to-one. And then something about our pace of action: We want to advance rapidly but the ultimate goal is a collective discussion base.

After the CEO’s introductory talk, the ECO took over. The ECO asked the participants to express their expectations of the workshop. Most participants stressed that new leadership structures had to be implemented without delay. A MDH, for instance, said (RLS-O01: 91-94):

The process has been running for five months already. We want to get tangible results rapidly. The atmosphere of trust, as existing here, is important for the development of a new model. The medical profession should have more power. We want to collaborate respectfully. I expect a clear time plan and a rough model. I think that this is feasible.

A NDH pointed out that not only the power of physicians should be increased (RLS-O01: 86-87):

We want new clear leadership structures and more responsibility for the process owners of the core business and distribution of competencies, and not solely with regard to the power of the physicians.

After having clarified the participants’ expectations, the ECO elucidated the peculiar challenges of strategic leadership in hospitals. According to him (RLS-O01: 123-125):
Leadership is a service function. One needs to focus on the core business. And then why do we need to have an executive board? We need it for decisions that affect not only one department.

The ECO raised several questions for discussion and wrote them down on a flipchart (RLS-O01: 136-142):

What is going well and what should not be changed in any case? Let us suppose that CHA will be among the leading center hospitals in Switzerland in 2016: Which changes are compulsory given the current situation? What will happen with CHA if the necessary changes do not take place? Do we want to conduct these changes and who is willing to get involved?

The CEO divided the participants into five work groups to discuss ECO’s questions and write down the answer suggestions on flipcharts. Each group consisted of members of the supervisory board, the executive board, and the division heads. After 90 minutes of group work, each group had to present their answer suggestions. The outcomes were largely consistent: All agreed on the high quality of CHA’s medical services and its strong position in the canton. The workshop participants identified change needs ranging from the representation of the medical profession in the management boards, the efficiency of decision-making processes, the communication culture, to stronger political networking for positioning the hospital advantageously in the cantonal administration (RLS-D04).

In the next step, the ECO suggested discussing the following questions (RLS-O01: 278-279):

What are the central topics that require decisions? What are the bodies to handle these topics?

The workshop participants were asked to gather topics of cross-departmental relevance, such as patient processes, resource planning, and innovation management, and to define the communicative platforms, i.e., bodies, in which these topics were to be discussed. Many participants, however, were skeptical about this approach. An executive board member noted (RLS-O01: 284-288):
If I understand you correctly, you propose a bottom-up approach. On the other hand, there is also a top-down approach. The question is: Which one is better? A bottom-up approach takes a long time. A top-down approach satisfies more rapidly the need for new leadership structures, on the other hand the leadership structures require legitimacy.

A MDH was also afraid that the approach was too time-consuming (RLS-O01: 295-300):

What we see is that we have a loss of trust and clear deficits. We need a new organizational chart. The catalogue of responsibilities will never be complete. The division heads know their functions. A stocktaking of their tasks would only be theoretical and does not get us anywhere. We are afraid that further time-robbing meetings result from this workshop.

A lively discussion about the further course of the workshop unfolded. Eventually, the CSB made a suggestion (RLS-O01: 324-327):

Well, we do not start from zero. A lot of things at CHA are working. We need to focus on the delta. In this context, we would be happy to hear about examples from Deltaville or Betaville. In any case, we have to consider the tension between broad decisions, which lead to high legitimacy, and fast decisions.

He suggested focusing on the details (RLS-O01: 331-333):

Openness for solutions to the problems exists on the side of the supervisory board and the executive board. We already have a structure, not everything must be made anew, but we have to look at the details.

The CEO, in turn, closed the discussion of the first day by stating (RLS-O01: 335-337):

Now we need to look at the time. There is consensus on the relevant issues. The discussion about the bodies and their competencies is important, but more important is the decision-making culture. The decision-making culture must change.

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37Deltaville is a pseudonym, referring to the location of another large cantonal hospital.
The next day, the ECO opened the discussion again (RLS-O01: 380-386):

At CHA, we have four different leadership groups: the supervisory board, the executive board, the division heads, and the clinic heads. I would like you to define how tasks, competencies, and responsibilities of the four different leadership groups have to change. This shall be done from the viewpoint of each leadership group, respectively. The group of division heads, for instance, describes in which way the tasks, competencies, and responsibilities of supervisory board, executive board, and clinic heads, and also in which way their own tasks, competencies, and responsibilities have to change – this means self-reflection as well.

After 60 minutes, each group presented their results.

The clinic heads focused mainly on their own role. While they admitted their need to develop their “big picture thinking”, they demanded more competencies and freedom for themselves.

The division heads, on the contrary, stated that their set of tasks did not require any revision. Instead, they focused on the composition of the management boards. In their view, the supervisory board should consist of a business owner, a health economist, a representative of the canton, a hospital physician from outside the canton, a lawyer, and a referring physician. The division heads saw the supervisory board’s main task in political networking to improve the hospital’s resource provision. Operative issues should be secondary at best for the supervisory board. The executive board should include representatives of all clinical divisions whereas the representation of all administrative functions (i.e., ICT, finance, HR) should be reduced from three to one person. Increased monitoring of the executive board was an additional suggestion by the division heads. Figure 22 illustrates the division heads’ ideas.
The executive board members – excluding the CEO – suggested a matrix as new organizational structure. In their view, the governing principle should be “empowerment” (RLS-O01: 476-477). Accordingly, important projects should be pushed forward in three or four ‘clinical conferences’ per year, in which all chief physicians and all medical and nursing division heads should participate. Figure 23 illustrates the executive board members’ ideas concerning the future leadership structures.
The supervisory board members proposed a new leadership body – the ‘board of directors’. In a weekly meeting the board of directors should focus on the daily operative business whereas the executive board should deal with more strategic issues. An additional suggestion was to reduce the six medical divisions to only three to five. Figure 24 illustrates the supervisory board members’ suggestion.
After the group work, the workshop participants discussed the composition of the executive board. A MDH noted: “It is mainly about the executive board.” (RLS-O01: 531). The chairman of AACSP stressed the need for a stronger representation of the medical profession in the executive board (RLS-O01: 559-560):

We have a medical organization here. Physicians need to be in the executive board. The smaller the executive board, the greater is the alienation between chief physicians and executive board.

A NDH objected (RLS-O01: 594-596):

Enlarging the executive board … That is not a consensus. What has been a deficit? The communication of the executive board was insufficient. We need to define the communication, not the organizational chart.

The CSB pointed to the high workload of an executive board membership. He illustrated the conflict between a physician’s ambition to represent his profession in the executive board and his professional duties toward the patients. The CSB proposed a compromise (RLS-O01: 613-615):
The dilemma is that an executive board membership is a fulltime-job. Therefore, integrating the physicians into the executive board, but not into the new board of directors, is a realistic compromise.

The MDHs instantly and unanimously agreed with the proposal. A MDH insisted on timely action (RLS-O01: 647-651):

> We started from a pragmatic point of departure. Why can’t we pragmatically implement this now? We must not lose speed. I am concerned that we lose speed if from now on we only meet once a month.

The other workshop participants were more concerned about the supervisory board’s proposal. The to-be-defined number of executive board members, in particular, generated much discussion (RLS-O01: 663-698). To close the discussion, the CEO pointed to the need for more time to reach consensus (RLS-O01: 702-704):

> For a broad consensus we need more time. Essentially, the arguments boil down to the CHB’s model. We need to discuss the advantages and disadvantages in a small group. Then we take half a day to decide about the final model.

All participants quickly agreed on the preliminary composition of the small project group. The workshops ended with the agreement that the decision on the final model was to be made by the mid of January 2012. The participants expressed their general content with the result of the workshop. Textual outcome of the workshop were thematically structured meeting minutes (RLS-D04) (for an overview of short excerpts of the meeting minutes in episode 1, see Table 20).

A MDH noted in retrospect (I08: 755-760) that the workshop was

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38 In the CHB model there exists a ‘board of directors’ besides the executive board. Medical division heads are executive board members but not members of the ‘board of directors’, which consists of the CEO and the directors of the administrative functions and which is concerned with the daily (administrative) business.
... work-intensively organized ... university-style, with the UB. We have expected that the topic cannot be treated within two meetings but then one has ... In fact, it was the idea of the physicians, and then the supervisory board granted it. And I actually liked it: the workshop, the discussions ...

A NDH criticized the missing discussion about the leadership’s tasks (I17: 590-593):

We have a structural problem, namely that everybody thinks what he or she has to do. That needs clarification. The subordinations, the job descriptions ... I mean I do not have any job description!

In hindsight, the CEO considered the workshop as useful (I43: 83-85):

At the workshop in November 2011, I have made an overview of the various interests.\(^{39}\) Everybody could put their cards on the table. The point was to involve as many as possible. In hindsight, I would say it was not unwise.

\(^{39}\)In the original the CEO said “Auslegeordnung”. It is a Swiss German term. A corresponding English term does not exist. In this context it can be roughly translated as “an overview of the various interests”.

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Table 20: Excerpts of meeting minutes in episode 1

<table>
<thead>
<tr>
<th>Excerpt from meeting minutes of …</th>
<th>Representative Quotations</th>
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<tbody>
<tr>
<td>…1st preparation meeting</td>
<td>CEO: Structures are important. First priority, however, is the question of how the structures are applied – the organizational climate. Only on the basis of trust a business company can be efficiently led. […]</td>
</tr>
<tr>
<td>(August 2011)</td>
<td>COA: The structural changes of the last changes and legal regulations have caused an increasing restriction of the chief physicians’ room for maneuver. Dynamic and freedom-oriented physicians feel heteronomous. […]</td>
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<tr>
<td></td>
<td>MDH3: The structure must be sustainable in all weathers. The leadership structure and the processes of a hospital are not comparable to those of manufacturing companies. […]</td>
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<td></td>
<td>CEO: The hospital is a professional organization. Professionals should receive the freedom. […]</td>
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<tr>
<td>…2nd preparation meeting</td>
<td><strong>Insights of the meeting in August 2011</strong></td>
</tr>
<tr>
<td>(October 2011)</td>
<td>[…] Apparently, it lacks</td>
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<td></td>
<td>- the integration of medical know-how in the hospital management</td>
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<td></td>
<td>- transparent communication</td>
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<td></td>
<td>- sufficient room for maneuver in daily routine […]</td>
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<tr>
<td></td>
<td>The following requests were made:</td>
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<td></td>
<td>- The reassessment of integrating the management accounting.</td>
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<td></td>
<td>- The consideration of a potential conflict between economic efficiency and medical-ethical conduct.</td>
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<td></td>
<td>- Decisions should not be based on economic criteria only. […]</td>
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<tr>
<td>…workshop on leadership structures</td>
<td><strong>Basic conditions:</strong> <em>What is going well and what should not be changed in any case?</em></td>
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<tr>
<td>(November 2011)</td>
<td><strong>Core business / Medical quality</strong></td>
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<td></td>
<td>- the core business was always stable and has flourished […]</td>
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<td></td>
<td>- interdisciplinary and interprofessional collaboration between the divisions and clinics</td>
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<td>- the clinical research</td>
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<td>[…]</td>
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<td></td>
<td><strong>Communication culture</strong></td>
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<td></td>
<td>- open feedback culture</td>
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<td></td>
<td>- good relationships with staff employed in lower echelons</td>
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<td></td>
<td>- applied culture</td>
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10.4.1.2 First-order analysis of episode 1

In the following sections I present the results of the first-order analysis of episode 1. Following the conceptual framework, the analysis is structured along the sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The RLS project as internal project. The original plan was a university-led intervention to revise the structures. Instead of this plan, the new CEO gained support for the idea of him leading the project and involving a university professor as external consultant case-by-case only. By so doing, the new CEO could position himself as man of action and, at the same time, signal openness to scientific expertise. As project leader of the RLS project, the new CEO faced the first challenge of his legitimacy. The RLS project represented an opportunity for the CEO to justify that the credit of trust bestowed on him was legitimate.

The distinction between “economic efficiency” and “medical-ethical conduct”. The participants of the second preparation meeting of the RLS project determined a “potential goal conflict between economic efficiency and medical-ethical conduct” (RLS-D03). Further, the participants agreed that “decisions should not be based on economic efficiency only” (RLS-D03). Thus, the tensions between management and physicians were characterized as reflecting tensions between efficiency and ethical considerations. As ethics is generally understood as set of moral principles and economic efficiency is associated with mere utility maximization, the physicians’ position was upgraded by this distinction. In this manner, the physicians’ requests for more autonomy were legitimated and conceived as organizational interest.

The emphasis on the need for speed. In the workshop in November 2011, the physicians, in particular the MDHs, stressed the need for rapid results (e.g., RLS-O01:
When the ECO asked the participants to gather cross-departmental topics requiring the decision-making on the division management level to open the broader discussion on the necessity of organizational integration, a MDH questioned the usefulness of answering this approach (RLS-O01: 296-299). Examining the cross-departmental topics in greater depth would have made the division heads’ work accessible to scrutiny and control. The MDHs’ might have had an interest in keeping their work opaque by dismissing the idea of specifying their responsibilities as overly “time-robbing” (RLS-O01: 300). By not discussing their tasks the division heads could safeguard their freedom of discretion. Instead, the MDHs and the representatives of the chief physicians wanted to focus on the definition of the executive board composition and the increase of medical representation in the executive board (RLS-O01: 531, 559-560). The CEO was, however, against an early closure of the discussion (RLS-O01: 702-704). Instead, he aimed at broad consensus that would require more time. In the same vein, a NDH pointed to the need to talk about the lack of communication instead of executive board composition (RLS-O01: 594-596). Thus, the heterogeneity of the voices in the meetings prevented an early closure of the discussion.

The ideas for leadership models. The facilitators – the CEO and the ECO – asked the participants to sketch ideas for improving the structures. Each leadership group – the supervisory board, the executive board, the division heads, and the clinic heads – had the opportunity to raise ideas for the future structures. Table 21 summarizes the participants’ ideas. The supervisory board was concerned with ensuring that the executive board attended to both strategic and operative issues. The executive board demonstrated their interest in integrating the chief physicians and the division heads into the strategy development process. The division heads were primarily interested in reducing the number of board members representing the administrative divisions and in increasing the number of board members representing the medical divisions. The clinic heads focused on enlarging their general room for maneuver.
Table 21: Ideas for improving the structures

<table>
<thead>
<tr>
<th>Leadership group</th>
<th>Idea(s) for improving the structures</th>
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<tr>
<td>Supervisory board members</td>
<td>- Board of directors as leadership focusing on daily operative business</td>
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<td></td>
<td>- Executive board focusing strategic issues</td>
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<tr>
<td>Executive board members</td>
<td>- Matrix structure: clinical divisions vs. support divisions (finance, business operations/ICT, HR, nursing service, medical service)</td>
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<td></td>
<td>- Clinical conferences (with all chief physicians and division heads) pushing strategic projects</td>
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<tr>
<td>Division heads</td>
<td>- Executive board with members from all clinical divisions</td>
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<td>- One representative for all administrative functions (finance, business operations/ICT, HR) in the executive board</td>
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<tr>
<td>Clinic heads (chief physicians)</td>
<td>- More autonomy for the clinic heads</td>
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Style: Communication styles and formats

In episode 1, communication styles and formats were shaped by openness. Four communication styles and formats were discernible: one-on-one conversations, gathering expectations, open discussions without preset results, and involving as many as possible.

One-on-one conversations. Right after the new CEO’s took office at CHA, he met individually with “all division heads and with all chief physicians, and also with head nurses, with executives from finance and accounting, from business operations and ICT” (I37: 21-24) to find out “where exactly the shoe pinches” (I43: 66-67). He tried to get a better idea of the organizational workings by means of “one-and-one conversations” (I37: 23). Simultaneously, the CEO signaled that he took the organizational members’ concerns seriously. He managed to gain support for his idea
of conducting the RLS project internally with him as project leader and a well-known university professor as external consultant (I43: 68-73).

Gathering expectations. The first official meeting related to the RLS project served to “feel the pulse” (RLS-D02). The CEO asked the participants to express their expectations of the project one after the other and promised to carefully evaluate all participants’ statements. According to the CEO’s approach, the RLS project goals should not be defined top-down but account for the participants’ interests. The meeting minutes captured the participants’ statements without structuring and comments – underlining the meeting’s character of discussing openly without prejudgment.

Open discussion without preset result. During the workshop on the leadership structure, the CEO stressed that he wanted “to discuss in an open and unbiased way” (RLS-O01: 55). The outcome of the discussions should not be “predetermined” (RLS-O01: 56). Rather, the goal of the workshop was to develop a “collective discussion base” (RLS-O01: 58). Consistent with the goal of open discussion, different groups from different management levels had the opportunity to present various ideas about the future leadership structure. A decision on a specific leadership structure was not made.

Involving as many as possible. As the CEO noted in retrospective, the goal of the workshop in November 2011, was to involve as many organizational constituents as possible: “Everybody could put their cards on the table” (I43: 83-85). Invited participants of the workshop and the other preparatory meetings were the members of the leadership bodies and representatives of AACSP. The opportunities to voice one’s opinion were manifold. The organizational constituencies could influence the discussion not only during the workshop itself but also the preparatory meetings offered the possibility to influence the project setup as representatives from the different organizational constituencies were called in.
Text: The role of textual artifacts

In episode 1, textual artifacts played only a marginal role. Meetings were not pre-structured by textual artifacts. Yet, participants regularly referred to the potential textual outcomes of the RLS project – namely, organizational charts.

Reinforcing the open mode of discussion. The preparatory meetings were not pre-structured by textual artifacts. Whilst meeting minutes of previous meetings were distributed to participants, they did not influence the course of discussion. The participants barely made references to the meeting minutes or other textual artifacts (e.g., white papers by the ECO). The meeting minutes captured the intricate course of discussion without judging any statements made by the various participants. In fact, the marginal role of textual artifacts reinforced the impression of discussing openly and without pre-judgment. In the workshop in November 2011, the ECO took notes of the participants’ expectations of the workshop and presented the discussion questions on flipcharts. The participants used flipcharts to present the results of their group work. Flipcharts have a more tentative and interactive character than PowerPoint presentations as text on flipcharts can be generated in real-time without any prior preparation. The usage of flipcharts as discussion base, therefore, created an open discussion atmosphere during the workshop.

Providing tangibility to goals in the future. During the workshop in November 2011, participants made reference to the future textual outcomes. In their utterances, they often referred to the “organizational chart”. Instead of describing the RLS project objective as defining the future leadership bodies and their tasks, the workshop participants subsumed the objective under “drawing an organizational chart” (RLS-O01: 28-38; RLS-O01: 295-300; RLS-O01 594-596). The reference to material objects seemed to be more intuitive than the abstract notion of reorganizing structures. Textual artifacts apparently offered tangibility and concreteness to abstract ideas, which were to be realized in the future – in this case, the redesign of leadership structures.
Contingency: The influence of communicative styles and formats on the outcome of the redesign

The communication styles and formats ‘one-on-one conversations’ and ‘gather expectations’ both signaled the readiness of the CEO to respect the organizational members’ concerns. At the same time, these styles and formats raised the organizational members’ expectation that their concerns would be incorporated in the RLS project. Otherwise, the CEO would risk the organizational members’ disappointment. On the other hand, the communication styles and formats ‘open discussion without preset result’ and ‘involve as many as possible’ prolonged the discussions and prevented premature decisions. The heterogeneity of participants and the CEO’s insistence on a broad consensus additionally impeded a hasty closure. A broad consensus was important as the patterns ‘one-on-one conversations’ and ‘gather expectations’ implied the consideration of the different organizational constituencies’ interests. Thus, the four communication styles and formats observable in the first episode of the RLS project led to the absence of tangible results. Instead, the participants agreed to form a project group to elaborate on different leadership models.

In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to following assumptions:

- Open modes of discussion required time and made decisions difficult
- A broad consensus necessitated heterogeneous circles of participation

10.4.2 Episode 2: The search for a leadership model

The second episode covers the RLS project meetings between December 2011 and February 2011 (for a temporal overview of episode 2, see Figure 25): In the workshop in November 2011, the participants decided to form a smaller project group comprising representatives of different professional groups to discuss specific
leadership structure models. The project group served to prepare the preliminary decision on the future leadership structure to be made in a plenary assembly in mid-February 2012. A separate meeting with the NDHs and the CEO took place between the second and the third project group meeting. The plenary assembly, comprising the same participants as the workshop in November 2011, convened in February 2012 to make a preliminary decision on the future leadership structure.

Figure 25: Temporal overview of episode 2

In three project group meetings, participants discussed different leadership models. Discussions primarily revolved around the executive board representation. As each professional group requested seats in the executive board, agreement on the executive board composition was difficult to achieve. Satisfying all constituencies would have implied the establishment of an executive board with more than 15 members.

As the NDHs saw their interests neglected in the project group meetings, they demanded a separate meeting with the CEO in January 2012. In this meeting, they requested a seat in the executive board. After the meeting, the CEO and his staff created PowerPoint slides which reflected the NDHs’ demand. These slides were
presented in the project group meeting and in the plenary assembly, but not exactly pursued.

In the plenary assembly in February 2012, the participants agreed on leadership model A. This agreement had been pre-defined in bilateral meetings between the CEO and different representatives of the physicians. Leadership model A best reflected the physicians’ interests with five physicians, five non-physicians and the CEO in the executive board. The types of physicians (i.e., MSD1, MSD2, or MDH) in the executive board were left to-be-defined by the supervisory board.

10.4.2.1 Description: Long discussions in the project meetings and a preliminary decision in the plenary assembly

“Are we a hospital or a political organization?“ – The question of representation in the executive board

After the workshop in November 2011, by means of bilateral talks, the affected parties eventually agreed on the definite composition of the small project group which was supposed to develop specific leadership models. The project group consisted of the chairman of AACSP, a MDH, a NDH, four executive board members (the nursing director, the director of finance, the medical service director, the chairman of the physicians’ conference), the CSB, two supervisory board members, and the CEO as project leader. The ECO was to join the project group case-by-case (RLS-O01; RLS-O02).

As discussion base for the first meeting of the project group in mid-December 2011, the CEO issued a PowerPoint presentation comprising over 40 slides. The PowerPoint presentation contained the conclusions of the workshop in November 2011, the
objectives of the first project group meeting, and his specific suggestions about the future leadership organization, such as the composition and tasks of the executive board and the board of directors (RLS-D11).

At the beginning of the meeting in mid-December 2011, the CEO made some introductory remarks and guided the project members through the presentation. He explained his vision of the role of clinics. In his view, the *clinic is core to the value creation* \(^{40}\) (RLS-D11: 3). Next, he elaborated on a slide depicting the *conclusions of the workshop in November 2011* (RLS-D11: 4; RLS-O02: 9; see Figure 26).

**Figure 26: Conclusions of the workshop in November 2011 (RLS-D11: 4)**

<table>
<thead>
<tr>
<th>Conclusions of the workshop in November 2011</th>
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<td>- The representation of the physicians must be strengthened</td>
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<td>- The autonomy of the clinics needs to be enhanced</td>
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<tr>
<td>- The patients must benefit from the chief physicians’ expertise</td>
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<tr>
<td>- The efficiency of the leadership processes must be ensured</td>
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<tr>
<td>- All leadership actions must be transparent on all levels</td>
</tr>
<tr>
<td>- Interdisciplinarity for the benefit of the patients is of greatest importance</td>
</tr>
<tr>
<td>- The workings of the controlling need a review</td>
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Then, he presented the *objectives of the project meeting* (RLS-D11: 6) and the *questions* to be addressed (RLS-D11: 9). Moreover, he stressed the *code* of discussion: “Everything is open to debate and can be brought into question” and “all voices are of

\(^{40}\)The words in italics denote the PowerPoint slides’ title.
equal importance” (RLS-D11: 7). The representative of the NDHs interrupted the CEO’s introduction: “Why are we talking about physicians only?” (RLS-O02: 23). The CEO ignored the interruption and unwaveringly continued to present his take on the questions of CHA’s future leadership organization. He stated that if all six medical heads became executive board members and the current executive board members staid in the executive board, the executive board would comprise 15 executive board members. He remarked that an executive board with 15 members would be too large and opened the discussion (RLS-O02: 32-33).

A supervisory board member noted (RLS-O02: 37-38):

> With so many persons, that is absurd. There are no successful businesses with so many persons. The executive board should comprise not more than seven persons. If everyone talks for five minutes, 75 minutes are over without having discussed anything…! There will be frustrated people only …

The COA replied (RLS-O02: 41-42):

> I understand that you argue from an economical background. But we are traumatized. A hospital is not a private business. A hospital consists of lone fighters who need to feel accepted.

An intense discussion on the required number of executive board members unfolded. The representative of the NDHs suggested focusing on the executive board’s task before discussing the executive board composition. The CEO, however, objected (RLS-O02: 76-82):

> We cannot start from scratch. We cannot change everything. We have stated points of criticism and we want to build upon these points. […] I just want to hear a number. Each of us should say: ‘I fancy three or more …’

The representative of the MDHs replied to the CEO’s request (RLS-O02: 83-86):

> Between 7 and 14. It is difficult to make a cut. But at some point we probably must do it. There will be a huge discussion, when we reduce the number from 14 to 7. We come out of an atmosphere of distrust and there is the danger that this will happen again when we make a cut.
Although the discussion on the number of executive board members continued for a while without any specific agreements, the participants implicitly accepted to proceed with the next item on the agenda. The CEO directed attention to the topic of reorganizing the division structure. The project group members decided to bracket this topic out and to focus on the leadership organization instead. The project group members pointed to the importance of improving CHA’s project management. The CEO, however, suggested focusing on the “essential things” (RLS-O02: 244) and turned to the representative of the MDHs (RLS-O02: 245-247):

Can we reduce the number of medical division heads in the executive board? Can we discuss that? These are delicate questions, which I need to discuss with each of you. My goal is to reduce the number to 11.

As the meeting drew to a close, the project group members raised individual concerns. The NDH suggested establishing a communicative platform for issues concerning the interdisciplinary work of nurses and physicians (RLS-O02: 259-261). The project group members asked the ECO for a list of criteria for potential executive board membership (RLS-O02: 286-287). The CEO, however, rejected the idea of applying objective selection criteria for executive board members (RLS-O02: 290-292):

I think the six from the administrative side are essential. I think we discuss something that leads to nothing. People laugh at me when I have eight physicians but not when I have six from the administration. Excuse me, but I think these criteria offer little or nothing.

He preferred bilateral talks instead (RLS-O02: 308-309):

I have no objections against the criteria Mr. Baker develops. I just prefer bilateral talks in which I can straighten it out with everybody.

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The CEO referred to the six executive board members representing the administrative divisions.
At the end of the meeting, the CEO emphasized the confidentiality of the points discussed and thanked the participants for the open discussion (RLS-O02: 332-335).

Prior to the follow-up meeting (i.e., the second project group meeting) in mid-January 2012, the CEO issued a set of PowerPoint slides which defined the topics to be discussed (RLS-D15). A list of selection criteria for executive board members by the ECO was also part of the PowerPoint presentation. The focus of discussion in the meeting was clearly on the executive board composition (RLS-D15: 2). In addition, the board of directors’ composition of was a matter of debate. Participants, however, did not employ the list of selection criteria make. The following discussion excerpt of the follow-up meeting in mid-January 2012 illustrates the project group members’ concerns (RLS-O03: 90-116):

NDH3: In my opinion, we belong to the board of directors. The nursing division heads should be part of the board of directors. And ostensibly the cooperation among the division heads works – so why can’t we have only three medical division heads in the executive board? The rest could act by proxy.

MDH3: We have said that when we spoke about the representation of the nursing division heads by the medical division heads.

SBM3: I understand that the nursing service strives for a better representation. It is the largest professional group.

CEO: The hospital is a medical organization. Therefore, the physicians must be represented.

NDH3: We see a disparity. Therefore, I must say something.

SBM4: Anyway, must a medical division head always be an executive board member?

CSB: What if the medical division heads rotate and not all medical division heads are in the executive board? Let us say three medical division heads?

MDH3: Let us return to the point of departure. The physicians do not feel sufficiently represented in the executive board.
The discussion went round in circles. The CEO attempted to close the discussion (RLS-O03: 112-114):

Well, I believe it is extremely positive that there is such a large interest in the executive board membership. After several bilateral talks I have found out that nobody voluntarily leaves the executive board. Well, we could start like this …

The ECO intervened (RLS-O02: 125-128):

It is a strategic decision. Are we a hospital or a political organization with 15 executive board members? […] I recommend you to think twice.

The intervention by the ECO triggered a fundamental debate on CHA’s image in the political landscape and the recent “traumatic past” (RLS-O03: 137-141; RLS-O03: 156). A central argument that emerged in the discussion was that an oversized executive board’s might damage CHA’s already beleaguered reputation. On the other hand, the physicians insisted on a stronger representation of their profession in the executive board to avoid strategically important decisions being made ‘behind their back’, as in the POP case. The CEO emphasized the need for a compromise: “We must not make an organizational chart which damages the trust.” (RLS-O03: 188-189). He closed the discussion on the executive board composition by pointing out two alternatives: (1) a small executive board with 11 members or (2) a large executive board combined with a board of directors. His proposal to proceed in a follow-up meeting at the end of January 2012, prior to the plenary assembly in mid-February 2012, was unanimously accepted.

“We are the largest professional group“ – Nursing division heads enter a caveat

At the end January 2011, five days before the third project group meeting, all six NDHs met with the CEO. The NDHs were dissatisfied with the course of discussion so far. More specifically, they had three key issues to discuss: (1) their representation in the leadership bodies, (2) a platform for a communicative exchange between nursing
service (“Pflegedienst”) and medical service (“Arztdienst”), and (3) the current nursing director.

They requested a stronger representation of their professional group in the executive board (RLS-O04: 5-30):

NDH3: There was a large scandal. It was about a stronger representation of the operative domain in the executive board. This issue was of our concern as well, not of the physicians only. We, however, did not establish an association. I hope that this does not break our neck.

NDH5: We are the largest professional group. There is dissatisfaction at the base. Something must happen. We need a signal. We need an additional person representing the operative business of the nursing service.

CEO: To a certain extent, the reason why the operative business is not represented in the executive board is down to the fact that the nursing director is not actively involved in the operative business.

NDH1: We have been appointed as division heads. Admittedly, the physicians have a large weight in the current discussion. We as division heads, however, carry a large responsibility on our shoulders. That the wards are running as they are right now – this is our merit. The physicians have different tasks. The physicians now want to be in the executive board and we fall by the wayside. The physicians do not have any leadership qualifications, but we have them. […] They physicians only care about themselves.

CEO: The medical division heads say that they represent the entire division and that you back them.

NDH3: In their stead, I would claim the same. But it is inherent in their tasks. The physicians are there for the patients and for the representation of their specialist discipline. Their working time is used to the full with these tasks. There is not much time left to steer the division. I do the groundwork.

The CEO admitted that many things needed to be changed (RLS-O04: 43-48):

I have to make it clear: I would like to reorganize the entire organization. But then, we come to nothing. We have to make one step at a time. It is difficult. […] We must steady the organization. We need more trust.

This statement did not appease the NDHs and a NDH complained (RLS-O04: 56-57):
Steady the organization – this happens at our cost. We are not heard.

The NDHs suggested establishing a new communicative platform (RLS-O04: 66-80):

NDH1: We lack a platform between nursing and medical services. There is a conference of physicians and there is a nursing conference. There is communication among us but not among the professional groups. There is lack of interdisciplinary collaboration.

[…]

NDH3: Currently, everything is handled on the quiet.

The CEO relativized the alleged underhand dealings (RLS-O04: 81):

There is only one thing I want to say: in good hospitals everything is handled on the quiet, via informal channels.

As last topic, the NDHs raised their problems with the nursing director. A NDH said (RLS-O04: 95-99):

The nursing conference is very dominated by scientific issues. She\textsuperscript{42} says what we have to do. There is no atmosphere of constructive debate. I have a problem of trust. First, she lacks the knowledge on the operative business. Second, she is not interested in the operative business.

The CEO pointed to the systematic character of the problem: “It is not her fault. It is due to the system.” (RLS-O04: 107).\textsuperscript{43} Another NDH explained their precarious subordination (RLS-O04: 119-120):

\textsuperscript{42}The NDH referred to the nursing director.

\textsuperscript{43}The nursing director has a nursing science background. Her main task is to ensure the professional development of the nursing service employees on the organization-wide level. The NDHs are subordinates to the nursing director with regard to professional matters, but neither administratively and nor organizationally.
We have skeletons in the organizational regulations. Who is actually my boss? We are in a strange space in between: on the one hand, the medical division head, and on the other hand, the nursing director.

The CEO showed understanding for the problems of the nursing heads and said (RLS-O04: 128):

Please stop. I will take it up. It is a great pity you come only now.

The NDHs explained their considerations (RLS-O04: 129-135):

NDH5: We did wait and see. We have thought the RLS project would turn out differently.

NDH3: It took a bit of time. It is precarious. I needed some time to understand the developments and to find out: “Where is the nursing service?”

NDH1: We did not expect that the nursing service would be ignored.

NDH3: We did agree with the medical division heads on having a nursing division head in the executive board. This issue, however, was not pursued in the discussion.

At the end of the meeting, the CEO reemphasized that the nursing division heads should have come earlier (RLS-O04: 136-137):

What a pity! We could have established the issues earlier and considered them in development of the leadership models.

No official meeting minutes were taken because the meeting was not an official RLS project meeting but a bilateral talk between NDHs and the CEO. The meeting with the NDHs, however, inspired the development of two leadership models, model 1 and 2, which include a NDH in the executive board (see Figure 27 and Figure 28).

The NDHs were satisfied with the meeting. In an interview, a NDH recounted (I23: 473-477):

We have realized that we have been heard. The CEO has signaled his readiness. And that is good. […] we came out with a good feeling that we have been taken seriously in this exchange.
“We want to have a lean executive board but I want to be in” – An endless discussion

Prior to the third project group meeting at the end of January 2012, the CEO sent a set of PowerPoint slides containing four different leadership models to the project group members.

Both, model 1 and 2, suggested a lean executive board combined with an extended executive board (“erweiterte Geschäftsleitung”). Both included – as inspired by the meeting with the NDHs at the end of January, 2012 – a NDH in the executive board. Model 1 suggested an executive board with representatives of the operative core business. The executive board, including the CEO, consisted of eight members. Staff functions, the nursing director and the medical service director, were not represented in the executive board but in the extended executive board only (see Figure 27). Model 2 suggested an executive board including the staff functions (see Figure 28).

Model 3 and 4 were similar. They implied establishing parity between the number of medical and non-medical members. Model 3 suggested an executive board with 11 members, i.e., 5 medical, 5 non-medical members, and the CEO. Model 3 allowed for three sub-variants (a), (b), and (c). The sub-variants differed with regard to the number of medical service directors and medical division heads (see Figure 29). Model 4 suggested an executive board with nine members: 4 medical, 4 non-medical members, and the CEO. Like model 3, model 4 has also sub-variants (see Figure 30).
Figure 27: Leadership model 1 (based on RLS-D17: 31)

[Diagram showing the structure of Leadership model 1 with CEO at the top, Staff departments including Medical service, Nursing, Human resources, and Operative core business with 3 MDH, 1 NDH, 1 finance director, 1 business operations and ICT director, and 1 CEO of ReHo.]

Figure 28: Leadership model 2 (based on RLS-D17: 33)

[Diagram showing the structure of Leadership model 2 with CEO at the top, Clinical domain with 3 MDH, 1 chairman of the physicians’ conference, 1 medical service director (staff), 1 nursing director (staff), 1 NDH, 1 finance director, 1 business operations and ICT director, and 1 CEO of ReHo.]
The four leadership models represented the discussion base for the project group meeting at the end of January 2012. The goal of the meeting was to decide which two models should be discussed in the plenary assembly in mid-February 2012. At the
beginning of the project group meeting, the CEO suggested starting with the model 3(a) because it was “the central option” (RLS-O05: 28). A discussion between the MDH representative, the chairman of AACSP, the CSB, and the CEO unfolded (RLS-O05: 37-113):

MDH3: We have talked with each other and we can live with 11 executive board members. We prefer model (c). Medical division heads can assume the responsibilities of the directors of medical service. We, however, need a staff that does the groundwork … typical tasks for staff. The model also means that one medical division is out. We could do that in rotation. Each year another medical division head comes in. […]"

COA: I hear also voices of AACSP that the preferred model is (b).

MDH3: If the medical service director is in because there is dissatisfaction in the base … then, this is not the right solution. If the representation of interests does not work, the medical service director is not right for blowing off steam.

[...]

CSB: […] I think it is important that the core business of the executive board runs. The project “Railway Station”, for instance, that takes days. It is a lot of work which a medical division head would have to do. How can we ensure this with that kind of model?

[...]

MDH3: That is why we want to have five medical division heads in the executive board. The tasks will be divided among the five medical division heads. In addition, not all issues need to be discussed on the executive board level. We would need a staff function.

CEO: There are tasks that a medical division head cannot take over. The question is: is the chief of staff only chief of staff or executive member as well? I have to say that the function of the chairman of the physicians’ conference can be taken over by a medical division head but not the function of the medical service director. The tasks of the medical service director are very important and relevant for the business.

COA: I think that the chairman of the supervisory board is right. Projects like “Railway Station” need to be executed by a medical executive board member.

CEO: Would the model (b) be alright?
MDH3: We have discarded the model (b). We have decided to go for model (c).

COA: I think the base would have decided otherwise.

CEO: And we have said that we want to make a model that the base supports.

[...]

COA: Well, we will present the models at the physicians’ conference. And from the physicians’ conference I have heard that the model (b) is the preferred one.

MDH3: If we let the public vote now, that leads to chaos. We have decided to decide in the project group and to communicate to the outside afterwards. The chairman of AACSP now reports voices and we do not know how many voices...

CEO: Now we have a ratio of 5:5. This is good. Model (b) would be even better.

The representative of the NDHs chimed in and pointed to another model (RLS-O05: 120-124):

[…] we have not formed a dead poets’ society. Maybe this was a mistake. We clearly argue in favor of model 1. We see that the operative business is not represented by us yet. It is not about the number of heads but about the functions. We would get along with model 3, even with 20 people. The point is that the nursing division heads are represented. This is our main demand.

The nursing director was irritated by the idea of defining her position as a staff function as implied by model 1 and 2: “So you want to put me in the staff department?” (RLS-O05: 149). The NDH replied: “The important thing is that we are in the executive board” (RLS-O05: 141).

The representatives of the current executive board, in fact the majority of the project group, remained largely silent during the entire meeting. Only one executive board member answered when the CEO asked all participants for their preferred leadership model (RLS-O05: 128-130):
The impetus came from the physicians. No matter what model, the actual arrangement, the way it is applied, is important. Therefore, it is difficult for me to say, this or that model.

The discussion went back and forth. The project group did not agree on one specific leadership model. Eventually, the CSB attempted to close the discussion (RLS-O05: 156-159):

The medical division heads have called their willingness to reduce the number of medical division heads in the executive board from six to five ‘a historical compromise’, the directors of medical services say that they must stay in, the nursing division heads say that nursing management needs to be in the executive board, the nursing director says that her function is important … what I hear is: ‘We want to have a lean executive board but I want to be in.’ Therefore, it is better that the supervisory decides. […]

The CEO did not want to discuss any longer either and proposed to develop two models himself, serving as discussion basis for the plenary assembly in mid-February 2012. He asked: “Or do you want to continue discussing and develop new models?” (RLS-O05: 174-175). After this remark, the project group members finished the meeting with an aperitif.

“…the models are specially tailored for the physicians’ representation” – A preliminary decision

In mid-February 2012, the plenary assembly took place. The plenary assembly was supposed to decide on the definite leadership model. Supervisory members, executive board members, the division heads, the representatives of AACSP and the ECO were invited (RLS-O06; RLS-D18). Few days before the plenary assembly, the CEO had issued a set of PowerPoint presentation serving as discussion base. The PowerPoint presentation included three different leadership models. All leadership models suggested establishing a new advisory body, i.e., the medical and nursing division heads’ conference (RLS-D18).
Leadership model A referred to a middle-sized executive board combined with a directorate (“mittlere Geschäftsleitung mit Direktion”). Model A set the executive board as the central decision-making body (see Figure 31). It was identical to the leadership model 3 discussed in the previous project group meeting.

**Figure 31: Leadership model A (based on RLS-D18: 16)**

Leadership model B referred to a large-sized executive board combined with an executive board committee (“grosse Geschäftsleitung mit Geschäftsleitungsausschuss”). The model depicted a large executive board to decide on strategic issues and an executive board committee, consisting of a smaller group of executive board members, to decide on daily business (see Figure 32).
Leadership model C referred to a small-sized executive board combined with an enlarged executive board ("kleine Geschäftsführung mit erweiterter Geschäftsführung"). The model included a small executive board to decide on daily business as well as an enlarged executive board which could be involved in important strategic issues case-by-case (see Figure 33).
Minutes before the plenary assembly began, an NDH said to her colleagues in joyful anticipation: “… now, let us see what happens …” (RLS-O06: 1). What she did not know was that the outcome of the plenary assembly was already pre-defined. Through bilateral talks with the chairman of the AACSP, the MDHs, and during a physicians’ conference the CEO had gained support for model A as the most viable solution. Model A implied a parity between medical and non-medical members. Those who already knew the designated result were supposed to pretend that the discussion was open-ended and not focused on model A. A MDH explained why the physicians supported model A (I45: 44-62):

A goal of the physician was to have the majority in the executive board […] we wanted to have 51 percent […] but the CEO did it quite skillfully, he said: ‘I sit
on the fence.’ Of course, we put him at the non-medical side because he is not a physician. But he said that he does not count on that side, and if you are correct fifty-fifty is still good enough. As elder statesmen he conveyed the idea very well.

At the beginning of the meeting, the CEO gave a short introductory speech and pointed to the discussion documents (RLS-O06: 9-11):

You have the discussion documents. It represents an extract of our work in the project group. Moreover, we had also many bilateral talks.

[…]

He closed his introductory speech by saying (RLS-O06: 45-46; 53-56):

What is the bottom line? There are three different models: a middle-sized executive board with a consulting body, a large executive board with an executive board committee or conversely, a small executive board with an enlarged executive board.

[…]

Now let us discuss in concrete terms: a middle-sized executive board … a preliminary remark … we have discussed many different alternatives, for instance, an executive board with 15 or 17 members. Mr. Baker advocated an even smaller executive board. But we think that considering the size and diversity of our organization 11 members are reasonable. There are sub-variants, that is which medical representatives are to be the executive board. We have asked the physicians to discuss the preferred option and the medical representatives have conducted preliminary talks.

The CEO handed over to the MDH representative (RLS-O06: 58-60) who stated:

I will try to bring everything together. Last time we were in favor of model (c). But then, the discussion documents came again with the sub-variants, and there was a discussion again and now we prefer model (b).

The MDH representative handed over to the chairman of AACSP (RLS-O06: 63-64):

There are both advantages and disadvantages with each variant. Yet, I can think that everybody can be satisfied with model (b).

The CEO asked (RLS-O06: 65-68):

Does anyone of the representatives of the physician want to add to something? No? Then we would like to talk about the composition of the CEO-conference. When the executive board meets only once a month, we need a preparatory body.
What we see is that we now additionally have the nursing division head, the head of marketing and the head of medical controlling in the CEO-conference.

Hereafter, the CEO presented the models B and C and asked the MDH representative to take a stand on these suggestions (RLS-O06: 75-77). The MDH representative characterized the models B and C as “overly complicated” (RLS-O06: 80). The CEO replied (RLS-O06: 83-84):

The demand was to strengthen the physicians’ representation. This postulate is fulfilled in all three models. Any other opinions?

A discussion on the number of medical representatives in the executive board unfolded (RLS-O06: 85-118):

MDH1: We not only agreed on strengthening the physicians’ representation but we also must simplify the executive board. Model A is good because the staff work is clearly delimited.

[…]

SBM3: I am still for a lean executive board. 11 are still too much. Nine would be good. I am convinced that 70 percent of the executive board’s decisions are non-medical but the 30 percent which are medical are decisive. Therefore, I think fifty-fifty is alright but I think 11 is too large. 4-4-14 would be good.

[…]

MDH2: I can live with four medical representatives in the executive board, when the other side is also willing to reduce: three MDHs, one president of the physicians’ conference and four from the administrative side.

CEO: When it is about parity, then an executive board with seven members would also work, right?

44 With “4-4-1” the supervisory board members referred to an executive board composition comprising four medical representatives, four administrative representatives and a CEO.
MDH1: Three are insufficient. They cannot represent the clinical processes.

[…]

COA: A recent press article stated precisely that the problem is the lacking access to the decision makers. Therefore I am for the 5-5-145 model.

Then, a NDH chimed in (RLS-O06: 130-136):

Let us talk about the NDHs … we have looked at all three models. We have the feeling that the models are specially tailored for the physicians’ representation. We could live with model A and C. But we think about other alternatives. In model A the division heads’ conference could replace the CEO-conference. In model B the division heads’ conference could replace the enlarged executive board. It is important for us that the equilibrium is maintained. We are the largest professional group. Where is our future when everything is specially tailored for the physicians?

This objection triggered a discussion on the NDHs’ representation in the executive board (RLS-O06: 137-194):

CEO: We have not defined the advisory bodies yet but this would we a way how you could get a voice.

SBM2: Hospitals usually consist of three pillars: physicians, management, and nursing. In all models nursing is summed up under nursing director. Have we talked about taking four medical division heads and in addition to that, one nursing division head?

CEO: No, we have only discussed if one nursing division would come in addition … but then the executive board would be too large. We know that the solutions may not be ideal.

MDH4: As representative of AACSP and medical division heads we have demanded that medical representatives hold a 50 percent share of the executive board. Other solutions would damage the trust. […]

With “5-5-1” the COA referred to an executive board composition comprising five medical representatives, five administrative representatives and a CEO.
SBM2: You have not answered my question regarding the nursing division heads.

MDH4: I am for fifty-fifty: physicians and non-physicians including the CEO.

SBM2: I think that this is not logical. I see the nursing division heads on the medical side and I think that a nursing division head can represent a medical division head.

[...]

NDH3: Our work has a great bearing on operative and strategic issues. Otherwise we have a problem of trust with nursing and not with the physicians. Our employees are waiting for a decision. We need at least as much influence as before, regardless of the model.

[...]

MDH5: The divisions have two heads. Theoretically, both a medical and a nursing division head can represent the division. Currently, the medical division head has the overall responsibility. But a division head represents the division as a whole. I do not see that the nursing service is not represented anymore. I cannot understand why you sound so frustrated. [...]

NDH1: Would you have a good feeling if it was the other way around? Is there any trust if the medical service was represented by the nursing service?

MDH5: That is a decision of the supervisory board.

[...]

NDH3: We steer the clinical processes – and this is not a frustrated statement.

NDH1: I cannot represent the medical service and the nursing service cannot represent the medical service.

The discussion on the NDHs’ representation in the executive board ended. The NDHs’ concern was not discussed further. The CSB said (RLS-O06: 195-197):

I believe a smaller executive board would be more suitable. But because of the trust issue we should not select the model with nine executive board members. I advocate the model with 11 executive board members.
The CEO also suggested focusing on model A: “Based on the previous discussion, can I assume that we prepare model A? Or does anybody oppose?” (RLS-O06: 207). The participants remained silent. Towards the end of the plenary assembly, the CEO recapped the discussion results: “We have selected the model A […]” (RLS-O06: 257). The CSB made a comment on the selection of model A (RLS-O06: 266-268):

Some remarks on the preliminary decision. We have selected model A. Obviously, there is no opposition. But the devil is in the detail. We have not decided which sub-variant we take.

Eventually, the plenary assembly was closed with the acknowledgments of all participants.

10.4.2.2 First-order analysis of episode 2

In the following sections I present the results of the first-order analysis of episode 2. Following the conceptual framework, the analysis is structured along four sensitizing categories, i.e., content, style, text, and contingency.

Content: Focal discussion points

The representation in the executive board. The discussions in the RLS project meetings after the workshop in November 2011 revolved primarily around the executive board composition. The EBMs wanted to maintain their executive board membership and the other organizational constituencies – the MDHs, the NDHs, and the chief physicians – requested at least one seat in the executive board. The desire for executive board representation revealed that the legitimacy of the executive board as leadership body acting on behalf on the organization was underdeveloped. Rather, the organizational constituencies were interested in protecting their particular interests. To ensure the realization of their interests on the organizational level each organizational
constituency wanted representation in the executive board. By means of numerous private meetings, the physicians’ representatives and the CEO agreed that the future executive board should include five physicians.

*The organizational stabilization as goal of the redesign and the neglect of the NDHs’ interests.* The declared primary goal of the redesign process was not efficiency increase. Instead, the goal of the process was to develop “an organizational chart” which did not “damage the trust” (RLS-O03: 188-189). The goal of the RLS project was to “steady the organization”, as the CEO stated in a separate meeting with the NDHs – even though he wished to change “the entire organization” (RLS-O04: 43-48). Thus, the goal of organizational stabilization confined the scope of possible organizational change. Too many changes would have prevented creating organizational stability. As the CEO apparently considered the satisfaction of the physicians’ request as more critical to organizational stability than the satisfaction of the NDHs’ interests, the physicians’ interests were given priority.

*The dividing lines between MDHs and chief physicians.* In episode 2 differences between MDHs and the representative of the chief physicians, the COA, became visible for the first time during the RLS project. The MDH representative advocated model 3(c) According to this model, five MDHs would have become EBMs. The physicians, however, were not a homogeneous group and not all chief physicians considered the MDHs as representatives of their interests. In the last RLS project group meeting, the COA was in favor of model 3(b) which allowed the CPC – the chairman of the physicians’ conference as the elected representative of the chief and senior physicians – and four MDHs to become executive board members. Eventually, the MDHs gave in and in the plenary assembly the physicians unanimously expressed their preferences for a leadership model allowing the CPC to become executive member.
The difference between nursing management and nursing science. In a bilateral meeting with the CEO, the NDHs expressed their discontent with the nursing service organization. Each NDH was subordinated to both the respective MDH and the nursing director. This constellation made the NDHs feel like in “a strange place in between” (RLS-O04: 119-120). Relationships between NDHs and the nursing director were strained because they represented different views of the nursing profession. While the NDHs considered themselves as nursing managers in charge of the “operative business” (RLS-O04: 5-30), they accused the nursing director of lacking operative experience and of being too interested in “scientific issues” (RLS-O04: 95-99).

The advisory bodies. In the plenary assembly in February 2012, the participants agreed on establishing two new advisory boards: (1) the medical and nursing division heads’ conference and (2) the CEO-conference. The advisory board should give advice to the executive board, but not make decisions itself. The establishment of the medical and nursing division heads’ conference met a request by the NDHs to establish a communicative platform for exchange between medical and nursing service. The NDHs had felt a “lack of official interdisciplinary collaboration” (RLS-O04: 66-80) and therefore requested a respective official body. The CEO-conference stemmed from the supervisory board’s idea to install a body that comprised representatives of the administrative functions and focused on the operative business. Yet, unlike the original idea, the CEO-conference should be an advisory body only, not a leadership body with decision rights. The representation of the NDHs in both advisory bodies with one seat, respectively, can be seen as an attempt to offset the neglect of the NDHs’ interests regarding the executive board composition.
In the second episode, the proclaimed openness of the discussion was confined as the CEO defined the discussion base. While input was allowed for everyone, the physicians’ added weight to their interests by underhand dealings with the CEO. The NDHs needed to claim their rights in a separate meeting.

The CEO defining the discussion base. Whilst the proclaimed mode of discussion reflected the idea that “everything” should be “open to debate” and “brought into question” (RLS-D05: 7), the discussion base was clearly delineated by the CEO. The CEO disseminated PowerPoint presentations, which defined the scope of the decision. Only those leadership models presented by the CEO (i.e., those leadership models, which best reflected the physicians’ interests) were at issue. The CEO readily adapted the discussion base when participants made suggestions or entered a caveat – for instance, in case of the NDHs – but by his style of moderating the discussion he channeled attention to specific issues which he considered important.

Allowing input for everyone but underhand dealings with the physicians. The project group members consisted of representatives from all professional groups – administrators, nurses, and physicians. Principally, all project group members had the opportunity to voice their standpoints. A key discussion issue was the executive board membership. The project group members suggested applying objective criteria (RLS-O02: 286-287). The CEO, by contrast, explicitly stated that he preferred bilateral talks (RLS-O02: 308-309). In closed deliberations the physicians’ representatives and the CEO agreed on leadership model A, which best reflected the physicians’ interests. The discussion outcome of the plenary assembly in February 2012 was quasi predetermined. While all constituencies could express their concerns, not every request was treated equally.

The NDHs’ need for claiming their rights. Although “all voices are of equal importance” according to the ‘code of discussion’ (RLS-D05: 7), the physicians’
interests were at center stage in the RLS project meetings. Possibly with a suspicion about the true circumstances, the NDH representative asked already in the first RLS project group meeting: “Why are we talking about the physicians only?” (RLS-O02: 23). As the NDHs’ felt that their interests were neglected they requested a separate meeting with the CEO. After this meeting the NDHs “came out with a good feeling” that they “have been heard” (I23: 473-477). The feeling of being “taken seriously” was manifested in the establishment of the medical and nursing division heads’ conference and the development of leadership models reflecting the NDHs’ concerns. The latter, however, were not in the focus of the discussion in the RLS project meetings. When the agenda reached the different leadership structure models, the NDHs had to explicitly demand the consideration of the ‘NDH’s models’ – albeit with limited success only.

**Text: The role of textual artifacts**

In episode 2, the textual artifacts became increasingly important. Each meeting was pre-structured by a PowerPoint presentation. In particular, the textual artifacts served to delineate the scope of contestation and to represent tangible evidence for the respective constituents of ‘being heard’.

*Delineating the space of contestation.* In episode 2, the usage of PowerPoint presentations became prevalent. Each project meeting was pre-structured by a PowerPoint presentation created by the CEO and his staff. The course of discussion followed the sequence of the PowerPoint slides displayed. The participants did not deviate thematically from the topics inscribed in the PowerPoint slides. For instance, leadership models that were not included in the presentations were not at issue. Thus, the PowerPoint presentations clearly delineated the scope of contestation.
Representing tangible evidence of ‘being heard’. The PowerPoint presentations offered tangibility to abstract ideas and represented evidence of ‘being heard’ for the respective constituents. In the case of the NDHs, for instance, the CEO ordered his staff to create leadership models which better reflected the NDHs’ concern. The PowerPoint slides with the ‘NDH’s models’ resembled evidences of being “taken seriously” by the CEO (I23: 473-477). The ephemeral “feeling” of being “heard” became materialized through the corresponding PowerPoint slides (ibid). The NDHs had tangible evidences of having a voice in the RLS project. Yet, while the PowerPoint presentations offered materiality to ideas, they did not necessarily entail factual consequences in the future. The PowerPoint presentations provided tangibility to the decision options, but the inherent optionality (due to their mutability) survived.

Contingency: The influence of communicative styles and formats on the outcome of the redesign

The communication styles and formats in episode 2 significantly influenced the development of the formal structures. As the NDHs’ interests did not occupy center stage they needed to claim their rights in a separate meeting. Their interests would not have been even addressed at all if they had not requested a separate meeting with the CEO. The preliminary decisions regarding the structures in the plenary assembly in February 2012 reflected the fact that the models were primarily “tailored for the physicians’ representation” (RLS-O06: 130-131). In private deliberations on a regular basis, the CEO had made underhand dealings with the physicians and agreed upon a leadership model before the official decision arena – the plenary assembly – actually took place. Unlike the proclaimed discussion code to treat all voices equally (RLS-D05: 7), the CEO apparently regarded the physicians’ concerns as more critical to organizational stability. Input was allowed for everyone but not all requests were
treated equally. Defining the discussion base of all project meetings the CEO had a firm hand on tiller which inputs were considered in the future structures.

In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to following assumptions:

- Private deliberations increased the chances of pushing one’s interests through
- The definition of the discussion base allowed for control of the outcome

10.4.3 Episode 3: Towards a definite decision on the executive board composition

The third episode encompasses the events from March 2012 to April 2012 (for a temporal overview of episode 3, see Figure 34). It is marked by the physicians’ revolt against the supervisory board’s decision on the executive board composition. Further, the episode portrays the diverse reactions to the compromise solution negotiated after the physicians’ resistance.

Figure 34: Temporal overview of episode 3
In March 2012, the CSB sent an e-mail about the supervisory board’s decision on the executive board composition. The supervisory decided that the executive board should consist of five non-physicians, three MDHs, MSD1 and MSD2/CPC. The physicians severely opposed the supervisory board’s decision. They did not consider MSD1 as one of theirs and requested a MDH instead. The situation escalated when the physicians wrote a letter to the head of the cantonal health department. A few days after the supervisory board’s decision, the CEO and CSB met with the board of AACSP in the plenary assembly of AACSP. The CEO, the CSB, and the AACSP members agreed on a compromise solution. According to this compromise solution the supervisory board would maintain their decision but add an additional MDH to the executive board. In mid-April 2012 the supervisory board reluctantly confirmed the compromise.

10.4.3.1 Description: The physicians’ revolt against the supervisory board’s decision and the need for amendment

“The wounds still run deep” – The supervisory board’s decision and the reactions

On March 8, 2012 the CSB sent an e-mail to the executive board members and the MDHs, and the representatives of AACSP. The e-mail contained the supervisory board’s decision regarding the executive board composition. The supervisory board had selected model A, sub-variant (a). Accordingly, three MDHs, the chairman of the physicians’ conference and the head of medical service were supposed to be in the executive board (RLS-D20).

The e-mail caused substantial turmoil among the physicians and the NDHs. The NDHs felt offended because they did not receive the respective e-mail from the CSB. They only learned about the supervisory board’s decision by the MDHs (I23: 730-735). The
NDHs were “tired of all these power games” but they wanted to “focus on the daily business” (IC), whereas the physicians wanted to “go to the barricades again” (I19: 246-249). A MDH stated that the CSB’s e-mail “has left blood on the carpet again” (“hat das Porzellan wieder zerschlagen”) (I13: 624-630):

The e-mail by the CSB has – from my viewpoint – left blood on the carpet again. It is because he has communicated the supervisory board’s decision, the decision for a model of which he knew that the physicians did not favor. […] He knew exactly that it was the sub-variant which was preferred least of all.

The CSB described the situation from his viewpoint and defended the supervisory board’s decision (I15: 418-431):

We are a bit thrown back. The last days the physicians were up in arms again because we have decided to go for the three-two model\textsuperscript{46} and not the four-one model\textsuperscript{47}. […] This does throw us back but I do not want to revise the decision because I hold the deep conviction that the decision is correct.

Contrary to the supervisory board, the physicians preferred sub-variant (b) (I19: 246-249) as they have expressed during the plenary assembly (RLS-O06: 58-60; RLS-O06: 63-64). According to sub-variant (b), four MDHs would have become executive board members and the medical service director would not have been executive board member anymore. The physicians were discontent because the supervisory board had announced a decision that ran contrary to their preferences. They saw the supervisory board’s decision as a “declaration of war” (I13: 706). A MDH explained his considerations (I13: 703-712):

Before March 8, I would have said: ‘If the supervisory board is wise, then they take model (b) or (c) – both would be tolerable.’ That they chose model (a) – this

\textsuperscript{46}The CSB referred to model (a).

\textsuperscript{47}The CSB referred to model (b).
sounds like a declaration of war. I mean they knew it, they were involved in the meeting, they knew exactly what it is all about. Why are they doing this? Do they want the thing\textsuperscript{48} to go tits up?

In model (a) the MSD1 would have stayed in the executive board. Although the medical service director was a trained physician, the CHA physicians, did not count him as a member of their professional group. In their view, MSD1 belonged to the “administrative side” (I13: 669-670; I45: 62-84). A MDH noted that MSD1 was seen “primarily as technocrat, a medical technocrat” (I13: 674-675). Therefore, the physicians were strictly against model (a), which – from the viewpoint of the physicians – implied the reduction of the number of medical representatives in the executive board from five to four. Upon the CSB’s e-mail, the physicians had lost their confidence in the CSB and demanded his removal from office. A senior physician noted (I09: 145-151):

\begin{quote}
We do not have positive experiences with the CSB. There is the fear that within the next two years – when the positive influence of the CEO is not on hand anymore – that we could run into problems with the CSB again, even with the new structures.
\end{quote}

The mistrust in the CSB stemmed from the previous conflict about the ophthalmic clinic (I09: 174-178):

\begin{quote}
We had the impression that he is insufficiently oriented inwards, he has too ambitiously conducted large projects which eventually proved to be overlarge like the whole story with the ophthalmic clinic. That has damaged the relationship of trust. We do not know: ‘Will this happen again in the future?’
\end{quote}

\textsuperscript{48}The MDH referred to CHA.
The AACSP wrote a letter to the head of the cantonal health care department in which they complained about the supervisory board’s decision and demanded the CSB’s resignation (I15: 561-584; I41: 348-354).

The CEO described how he perceived the AACSP’s reaction (IC):

I am deeply disappointed. After what I have done … We covered the wounds with a plaster. But the wounds still run deep. They are still traumatized by the conflict around the ophthalmologic clinic.

An executive board member noted (I19: 251-253):

We cannot speak of stability. When the decision is questioned by the organizational base … that is not by the CEO or the executive board but really by the bottom end, then the situation is really not stable.

He explained why the situation had escalated (I19: 561-584):

We have held out the prospect to the physicians: ‘You can decide how you would like to have it.’ We have said: ‘Almost everything is possible’. [...] At the plenary assembly, the physicians said that they wanted four medical division heads in executive board. The entire supervisory board was there, the entire executive board, and nobody really opposed. And now the supervisory board goes back and decides differently. [...] For the physicians, of course, everything is clear now: ‘We have no say. Again, they force something upon us. We do not want that.’ That is suboptimal: to invite everybody to discuss and to have a say and, in the end, to decide differently.

“A very intensive phase” – The development of a compromise

In retrospective, the CEO described the phase after the supervisory board’s decision at the beginning of March 2012 as “very intensive” (I43: 2). According to a supervisory board member, the CEO had to “play the role of fire brigade” and could “only try to take the heat off the situation” (I41: 343-348). A MDH recounted (I45: 209-210):

The CEO conducted a large number of bilateral talks in order to win everybody over his side.
Three days after the e-mail by the CSB, the CEO held a meeting with the COA and all MDHs. A week later the CEO met with the CSB and the board of AACSP. According to the CEO the latter meeting was “extremely hard” (I43: 4) and the AACSP board was “very aggressive” (I43: 20). The physicians said that they need “a new chairman of the supervisory board for a fresh start” (I15: 548-549). To appease the physicians, the CSB was willing to compromise (I15: 440-444):

The compromise will be that the physicians can install four medical division heads in the executive board after all. I prefer this solution. What I do not want is to remove one of the two directors of medical services from the executive board because we need them.

A day later, a plenary assembly of the AACSP took place. The CEO participated in the debate which, from his viewpoint, was “highly emotional” (I43: 5, 7-10):

I had to interrupt the discussion and speak up five times. Five times! There was the motion to remove the CSB from office. I have said that I really appreciated the CSB’s work and I have said I could not figure working with another CSB. Of course, that was not a threat …

The CEO tried to prevent the voting out of the CSB (I43: 14-15). In hindsight, the CEO explained why it was important to him to circumvent the CSB’s removal from office (I43: 54-56):

It was important that we did not cave in when faced with the demands of AACSP. It was critical that the chairman of the supervisory board did not resign. Otherwise, the physicians would have come off the winner who wipe away the CEO first and then the chairman of the supervisory board. It was important to show: ‘This far and no further.’

The AACSP members did not vote for the CSB’s removal from office. A MDH explained why the physicians eventually decided to accept the CSB (I45: 177-186):

It was for the organization. First, the organization has suffered enough. It was necessary; otherwise, we would have experienced a very heavy reputational damage. We have said that the process was working well. And the CSB also played along and if we changed horses in midstream … we could have done it if we wanted, if we opposed but then we would have got a CSB who is completely clueless about the CHA. Then, the process would take even longer.
Moreover, the CEO tabled the proposal to add another MDH to the executive board. The executive board would then have consisted of four MDHs, the chairman of the physicians’ conference, the medical service directors, five representatives of the “administrative side”, and the CEO (I43: 15; I45: 177-186). The CEO stated: “The distribution would be six against six.” (I43: 14). The AACSP members accepted this proposal.

A MDH recounted how the physicians made their decision. At first, they did not count the medical service director among their “medical” side (I45: 44-94):

> We are six division heads. We have said that in any case we want to have five division heads and you can decide which five you want have on the other side. We were neither interested in the chairman of the physicians’ conference nor in the medical service directors who are not medical. That was quite confrontational and then there were these long bilateral talks and at the end we said: ‘Well, okay, the compromise is – we are six division heads – two do not come in.’

In the course of the discussions, the physicians changed their opinion and counted the CPC and the MSD among the physicians’ side (I45: 190-204):

> Our original demand was that six division heads become executive members. Then we said: ‘If two do not come in, then the chairman of the physicians’ conference and the medical service director count as physicians.’ The chairman of the physicians’ conference is a kind of representative of the physicians’ conference and there are senior physicians who do not feel represented by the division heads. [...] We have calmed them by having the chairman of the physicians’ conference inside: ‘Well, this is really the all-agreed representative of all of you.’

“It is not a textbook solution” – The amended supervisory board’s decision and reactions to the compromise

In mid-April 2012, the supervisory board held an extraordinary meeting to talk about their decision regarding the executive board composition. The supervisory board members discussed the compromise solution suggested by the CSB and the CEO (RLS-O07). The CSB and the CEO argued for a compromise (RLS-O07: 2-24).
Several supervisory board members made reservations. They were afraid that the supervisory board “loses its credibility” (RLS-O07: 27) because it appeared as if “the physicians decide and the supervisory board only says yes” (RLS-O07: 229). At the end of the discussion, the CSB stated that they needed to decide on “3:2, 4:1, or 4:2”. He advocated the sub-variant “4:2” (RLS-O07: 72-82):

It is important for CHA that we allow peace to return. […] We should not think in parities. Therefore, I am for 4:2. I am not for the 4:1 model. The medical service director is the only one who can work on the important topics full-time. He cannot perform his function as staff member. Therefore, I would not remove him. We will not gain laurels for this model. It is not a textbook solution.

The CEO added (RLS-O07: 85-86):

It is because of psychological reasons … if we take the 4:1 model, then we lose, the physicians get what they want. They would celebrate a triumph.

A supervisory board member asked if the nursing service would approve of the compromise solution (RLS-O07: 102-103). The CEO replied that the nursing service was informed (RLS-O07: 107). Eventually, the supervisory board members unanimously agreed on the compromise, the “4:2-model”, with one abstention (RLS-O07: 135). The supervisory board decided that the CSB would communicate the amended decision (RLS-O07).

In an interview, the CSB commented on the compromise as follows (I15: 444-454):

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The CSB referred to different sub-variants of the executive board composition. The first digit denotes the number of MDHs in the executive board; the latter digit denotes the number of directors of medical service.

The CSB referred to the MSD1.
It is all the same to me: if there are three or four\textsuperscript{51}. It will not become more efficient if there is one more. But if that is the price … so be it. […] What I do not want is that all the physicians … well, I think they should care about their patients. […] I do not want to engage in navel-gazing all the time. It is an important project but we need to finish it at some point.

A supervisory board member was skeptical about the compromise (I21: 270-274):

The power structure in the hospital is out of balance. The chief physicians carry an overlarge weight. They can virtually do everything. They can block everything. They do not have to make any concessions. Now a solution emerges which is not a solution.

Another supervisory board member remarked that the physicians had acted “on the edge of legality” (I41: 236-240):

The process got out of hand. […] One did not achieve to seriously talk with the physicians. To take the physicians’ concerns seriously but also to make it clear: ‘What you do is on the edge of legality. What you do are power games only and does not get the hospital anywhere.’

A NDH reflected about the previous project meetings (I17: 595-602):

The CEO faced an awfully difficult dilemma – the dilemma to reconcile the divergent interests. In my view, the interests of the nurses were a bit lost. […] He did cater our needs but it is not reflected in the outcome … apart from that he was responsive.

She concluded (I17: 612-613):

The result is just a compromise to not hurt anybody. It is the nursing service which is hurt. […] I must say it is against everything what I have learned about organization theory. That is what I do not understand. Sometimes you have to be more radical to turn to good account. […] Well, they should do whatever they want. The main thing is that I can do my job.

\textsuperscript{51}The CSB referred to the number of MDHs in the executive board.
10.4.3.2 First-order analysis of episode 3

In the following sections I present the results of the first-order analysis of episode 3. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The type of physician in the executive board. The participants agreed on the number of physicians in the executive board but they did not definitely resolve the question of what type of physician should be executive board member. The physicians – both the chief physicians and the MDHs – were in favor of model (b), which provided for four MDHs and the MSD2/CPC in the executive board. The physicians rejected model (a), which provided for three MDHs, the MSD2/CPC, and the MSD1 because they did not regard the MSD1 as physician but as “medical technocrat” (I13: 674-675). By contrast, the supervisory board regarded the MSD1 as indispensable for the executive board. The supervisory board thus chose model (a). This decision, in turn, caused such severe opposition by the physicians that the supervisory board members revised their decision. The revised decision provided for four MDHs, the MSD2/CPC, and the MSD1 in the executive board. It represented a face-saver for all: the physicians had one more physician in the executive board, the supervisory board did not compromise their stance towards the MSD1’s importance, and the chief physicians had a democratically elected representative in the executive board.

The position of the CSB. In the course of the physicians’ resistance against the supervisory board’s first decision on the executive board composition, the physicians raised idea of the CSB’s removal from office. The supervisory board’s legitimacy was insecure: The physicians did not only question the supervisory board’s decision but also the person of the CSB. They did not trust the CSB and the CEO had to convince
them to withdraw their request of the CSB’s resignation. The physicians’ uproar demonstrated the lack of organizational stability.

**Style: Communication styles and formats**

*Without further consultations* the supervisory board *took a decision* on the executive board composition. However, the supervisory board’s attempt to make a closure of the discussions failed. The physician strongly opposed the supervisory board’s decision and *the situation escalated when the government got involved*. By so doing, the CSB was forced to re-open the process behind closed doors. The CEO had to *negotiate a compromise solution in bilateral meetings*. The physicians’ resistance made the supervisory board members revise their decision and *confirm the compromise*.

*The supervisory board taking a decision without further consultations.* The decision right on the executive board composition resided with the supervisory board. On March 8, 2012 a few weeks after the plenary assembly the supervisory board made use of this decision right without prior consultations with the physicians or NDHs. The supervisory board’s intent was to close the debates around the executive board composition.

*No involvement of the NDHs.* The CSB sent an e-mail to communicate the future executive board composition to the EBMs and the MDHs, but not to the NDHs. Again, the NDHs felt neglected. “Tired of the power games” (IC) and not directly involved in the issue of the number and type of physicians in the executive board, they did not engage in the discussions subsequent to the CSB’s e-mail. The line of conflict in the third episode was between the supervisory board and the physicians.

*The physicians escalating the situation by involving the government.* Similar to the conflict around the ophthalmic clinic in 2011, the physicians escalated the situation by involving the representative of the government, the head of the cantonal health
department. By so doing, the physicians autonomously enlarged the circle of participation and demonstrated the lacking legitimacy of the supervisory board.

*The CEO negotiating a compromise solution in bilateral meetings.* In different “extremely hard” bilateral meetings with the CSB, the COA, the board members of AACSP, and the MDs the CEO tried to gain support for a compromise solution (I43: 4). Moreover, he quasi invited himself to a plenary meeting of the AACSP. In this plenary meeting, he managed to avert the AACSP’s official request of the CSB’s removal from office.

*The supervisory board confirming the compromise.* In mid-April 2012, the supervisory board members reassembled to revise their decision on the executive board composition. While the supervisory board approved the compromise solution presented by the CEO, several supervisory board members were afraid to lose their “credibility” (RLS-O07: 27) because it seemed as if “the physicians decide and the supervisory board says yes” (RLS-O07: 229).

**Text: The role of textual artifacts**

Many meetings in episode 3 occurred behind closed doors. Therefore, knowledge on the role of textual artifacts is strongly limited and cannot be included in the second-order analysis. Yet, what is known is the fact that an e-mail by the CSB made the physicians deciding to escalate the conflict by writing a letter to the head of the cantonal health department.

*The CSB’s e-mail as the uproar’s starting point.* The decision right on the executive board composition resided with the supervisory board. But it was peculiar that the CSB used an e-mail to communicate the supervisory board’s decision because in the first preparatory RLS meeting the CSB himself pointed to the potential risk of e-mails.
to cause misunderstandings. Possibly, the limited capability of e-mails to convey contextualities contributed to the physicians’ uproar.

_**A letter as escalation mechanism.**_ A letter to the head of the cantonal health department gave the physicians’ concern an official character. The differences between the supervisory board and the physicians were no longer an internal affair but an issue of governmental concern. The anger of the physicians became tangible and attained a certain degree of publicity.

**Contingency: The influence of communicative styles and formats on the outcome of the redesign**

The supervisory board made a decision that deviated from the physicians’ opinions in prior consultations. By contrast, the communicative styles and formats in the first episode were marked by openness and large circles of participation (see for instance, Episode 1: ‘open discussion without preset result’ and ‘involve as many as possible’). These communications styles and formats raised expectations that the organizational constituencies’ requests – especially, the physicians’ expectations – would be met. That is, openness and large circles of participation not only inhibited a hasty closure of the RLS project. These communicative styles and formats also led to high expectations with regards to the fulfillment of the physicians’ requests. Thus, the physicians’ escalation can be understood as a consequence of belied expectations. The proclaimed openness of the discussion and the enlargement of circles of participation made the participants expect the fulfillment of their requests. The only partial fulfillment of the physicians’ request led to an escalation in which the CEO had to play the role of the justice of the peace, to re-open the discussion and to widen the circles of participation by including the physicians’ conference. To save the face of the supervisory board, the _negotiated compromise solution_ implied only a slight amendment of the supervisory board’s original decision: the supervisory board would add one more MDH to the
The case description and the first-order analysis

previously decided executive board\textsuperscript{52}. Still, the physicians’ \textit{escalation} was effective as it made the supervisory board allow another physician to be EBM. Thus, the communicative format of ‘\textit{physicians escalating the situation by involving the government}’ had substantial influence on the executive board composition.

In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to following assumptions:

- \textit{Enlargement of participation circles made rapid closure difficult}
- \textit{Failed closure made re-opening circles of participation necessary}

10.4.4 Summary of period 1

The goal of this section is to provide a summary of the first period. I briefly summarize the project-related events in period 1 along four categories of the analysis – content, style, text and contingency.

\textit{Content}

In the first episode the participants agreed on the project setup and began discussing different leadership models. The participants accepted the CEO as project leader and approved handling the RLS project internally. The participants connected the physicians’ position with ethical considerations; by doing so, the physicians’ position

\textsuperscript{52}The decided executive board composition at the beginning of March 2012 which the CSB communicated via e-mail.
was enhanced by this construction. When discussing ideas for the future leadership structure the participants showed divergent preferences regarding the project’s time horizon: the physicians emphasized the need for rapid solutions whereas the CEO suggested aiming at a broad consensus.

In the second episode the different constituencies struggled for representation in the executive board. The declared goal of the RLS project was organizational stabilization. Because the CEO considered the physicians’ approval of the future leadership structure as most critical to organizational stability the nurses’ interests were neglected. For the first time during the project, dividing lines between MDHs and chief physicians as well as differences among the nurses – nursing management against nursing science – became apparent. Moreover, the participants agreed on installing two advisory bodies which exhibited a high degree of inclusiveness as all constituencies were represented. To a certain extent, the inclusion of the NDHs appeared as an attempt to compensate for neglecting their requested representation in the executive board.

In the third episode an open conflict arose around the executive board composition. It became apparent that the physicians did not count MSD1 among ‘the medical side’; rather, they considered the latter as “medical technocrat”. By contrast, the supervisory board perceived MSD1 as essential for CHA’s executive board. Therefore, the physicians opposed against the supervisory board’s decision on the executive board composition and demanded the replacement of the CSB.

*Style*

The first episode was marked by one-on-one conversations and gathering the constituencies’ expectations of the RLS project. The discussion in the RLS project should be open and not be predetermined.
In the second episode several project meetings took place in which the different constituencies negotiated the future leadership structure. Contrary to the proclaimed goal of discussing openly, the CEO defined the discussion base, and while all constituencies were represented in the project meetings not everyone had the same voice: The CEO made underhand dealings with the physicians. The NDHs had to request a separate meeting with the CEO to lend weight to their interests.

In the third episode the supervisory board took a decision on the executive board composition. To prepare the decision, the supervisory board did not make any consultations beyond the project meetings and the plenary assembly. The physicians severely opposed the supervisory board’s decision and escalated the situation by involving the government. By means of bilateral meetings, the CEO negotiated a compromise which the supervisory board later confirmed. The NDHs were not involved in the conflict.

*Text*

In the first episode textual artifacts played only a minor role. Meetings were not pre-structured by textual artifacts. Yet, participants regularly referred to the potential textual outcomes of the RLS project – namely, organizational charts.

In the second episode the textual artifacts became increasingly important. Each meeting was pre-structured by a PowerPoint presentation. In particular, the textual artifacts served to delineate the decision options and to represent evidence of ‘being heard’.

Many meetings in the third episode occurred behind closed doors. Therefore, the opportunity to gather knowledge on the role of textual artifacts in the process was rather limited. Yet, what is known is the fact that an e-mail by the CSB caused the physicians to escalate the conflict by writing a letter to the head of the cantonal health department.
**Contingency**

In the first episode the open mode of discussion and the large circles of participation made fast decisions on the future leadership structure difficult. The participants agreed on forming a project group with representatives of all constituencies.

In the second episode the project group members convened to discuss different leadership modes. Input was allowed from everyone but not all requests were treated equally. Although the NDHs put forward their requests in a separate meeting with the CEO, their interests remained marginalized in the subsequent meetings in the first period. In regular private deliberations beyond the official project meetings, the CEO managed to gain the physicians’ approval of a specific leadership model.

In the third episode a conflict between the physicians and the supervisory board arose. The proclaimed openness of the discussion and the enlargement of the participation circles led to the physicians’ expectation that their requests would be fulfilled. When the supervisory board made a decision that ran contrary to the physicians’ preferences, the physicians rioted. The physicians’ tenacious resistance eventually forced the CEO to negotiate a compromise on the executive board composition and the supervisory board to officially approve the compromise.

10.5 Period 2: The relationship between medical division heads and chief physicians

Period 2 comprises five episodes (i.e., episode 4 to episode 8), from April 2012 to January 2013. Each episode revolves about a specific discussion topic or important event. *Episode 4* focuses on the project meetings after the supervisory board’s amended decision on the executive board composition. In these project meetings, dividing lines emerged among the physicians. Subsequently, the project group members agreed on forming a subgroup to discuss the relationship between MDHs and
chief physicians. *Episode 5* encompasses the first subgroup meetings in which the chief physicians’ subordination to the respective MDHs was discussed. *Episode 6* addresses the subgroup members’ agreement to remove the term ‘subordinate’ as defining characteristic of the relationship of chief physicians towards MDHs, as well as the formal definition of clinics and departments by the subgroup and project group. *Episode 7* encompasses the negative reaction of the MDHs’ to the subgroup’s proposal to remove the term ‘subordinate’, the subsequent project hiatus, and the MDHs’ rejection of a compromise proposed by the CEO. *Episode 8* follows the consultation process of the EB-DH OR until the eventual passage of the document by the executive board. Figure 35 illustrates the episode structure of period 2.

**Figure 35: Episode structure of period 2 and temporal overview of important events**
10.5.1 Episode 4: Emerging dividing lines

The fourth episode follows the three project group meetings after the supervisory board’s amended decision on the executive board composition. It encompasses the events from mid-April 2012 to the beginning of May 2012 (for a temporal overview of episode 4, see Figure 36).

Figure 36: Temporal overview of episode 4

<table>
<thead>
<tr>
<th>Project group meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/12</td>
</tr>
<tr>
<td>05/12</td>
</tr>
<tr>
<td>06/12</td>
</tr>
</tbody>
</table>

A few days after the supervisory board’s amended decision, the project group members perused the first draft of the organizational regulations (OR) in the fourth project group meeting in mid-April 2012. Severe tensions between chief physicians and MDHs became apparent when the COA raised the issue of rotating the function of the MDHs.

In the fifth project group meeting at the end of April 2012, the participants decided to divide the OR document into two parts. A subsequent discussion on the allocation of financial responsibility revealed the complexity of the clinical processes. The participants suggested resolving the issue of allocating the financial responsibility in a separate work group.

At the beginning of May 2012, the sixth project group meeting took place. In this meeting the NDH representative and the nursing director argued for keeping the system of double subordination. Moreover, the participants agreed on establishing
another work group to discuss the relationship between the division and clinics as well as the difference between clinics, departments, and institutes.

### 10.5.1.1 Description: Emerging tensions, the complexity of the clinical processes, and the call for another work group

“There will be back-fire” – Emerging tensions between chief physicians and medical division heads

A few days after the supervisory board’s decision on the executive board composition the RLS project group resumed work and a meeting without the supervisory board members took place. Discussion base was a first draft of CHA’s organizational regulations (OR). The CEO opened the discussion with the following statement (RLS-O09: 6-7):

> As it seems, there are no problems with the relationship between supervisory board and executive board […] We only have a discussion regarding the relationship between division heads and clinics. Thus, we should be able to bring forward a version on the June 5\(^5\). On July 15, we will only pass the part on the relationship between supervisory board and executive board.

The participants perused the document and discussed specific wordings. For instance, they discussed the wording on the executive board’s tasks and authorities (RLS-O08: 12-29):

\(^5\)On June 5, 2012, a regular two-day strategy workshop („Klausurtagung“) took place. Invited to this event were the supervisory board members, the executive board members, and the division heads.
COA: Article 6.2. Mandate for postgraduate training – this mandate is vested in the clinics.

MDH5: No – it is vested in the executive board.

COA: That is unacceptable. For me, the professional associations are higher.

MDH5: To give an example, if my division becomes a service provider only, the professional organization will not regulate the postgraduate training.

COA: The word ‘authority’ displeases me.

EBM5: Ultimately, it is the executive board, which decides if we get the mandate for postgraduate training.

COA: The FMH\(^5\) \(^\text{54}\) decides that.

MDH5: I do not consider it negative; the executive board grants resources to you.

COA: Then, one should not write ‘authority’ but ‘support’.

CEO: It is not only about medical postgraduate training. The major part is related to nursing.

COA: It is about the worst case – if I want to send somebody to postgraduate training and the executive board obstructs it.

MDH5: But this is an artificial situation.

COA: I am a burnt child.

NDH3: We could write ‘warranty’ instead.

CEO: But we are not only executing but setting goals.

EBM6: That is, it is something strategic …

\(^{54}\)FMH is the Swiss Medical Association, the professional association of representing the Swiss physicians’ interests. A main task is the regulation and monitoring of the postgraduate training after the state examination.
Moreover, the chairman of AACSP raised the issue of rotating the function of the MDHs (RLS-O08: 71-103):

COA: I have studied CHB’s organizational regulations. Instead of the medical division head – can someone else from the division be voted in the executive board?

MDH5: But there are synergy effects – between being division head and executive board membership.

[...]

NDH3: How is it in Betaville?

CEO: The medical division heads’ period of office is limited. Betaville, however, is a special case. It works there.

COA: We need to adapt the contracts. There was no talk of subordination. [...] And we must limit the medical division head’s period of office.

NDH3: What is the advantage of an election?

COA: We do not know how the medical division heads develop. [...] As in any democratic system the possibility of rotation should exist.

[...]

CEO: The issue of the contracts … I need to have a look at these documents. I like the idea of rotation. But the supervisory board will have problems with the medical division heads.

COA: Otherwise, I have problems with 20 chief physicians!

MDH3: I am warning you: there will be back-fire!

COA: I am warning you: there will be more back-fire!

Tensions between the chief physicians – as represented by the chairman of AACSP – and the MDHs became obvious. The project group members did not manage to resolve the issues in the fourth project group meeting. Therefore, the CEO suggested continuing the debate in the next meeting (RLS-O08: 136). The chairman of AACSP made an objection: “I have a problem. There will be no AACSP people at the meeting.” (RLS-O08: 142). The NDH representative suggested creating a smaller
group which could elaborate on the issues (RLS-O08: 145). The MDH representative raised concern about the timeframe (RLS-O08: 156). But the CEO pointed out: “The only deadline we have concerns the supervisory board–executive board relationship” (RLS-O08: 157). Eventually, the participants fixed a date for the next meeting.

“*It is a very complex issue …*” – Uncovering the intertwined clinical processes

Two days after the fourth RLS project group meeting, the fifth project group meeting took place. The discussion base was an adapted version of the first draft discussed in the fourth group meeting. The CEO opened the discussion (RLS-O09: 3-5):

Thank you for being here. The current version is highly provisional. Our task is to elaborate on the organizational regulations. On July 5 the organizational regulations must be passed. There is quite a challenge lying ahead of us.

The CSB added (RLS-O09: 6-8):

Organizational regulations: It is about what the supervisory board delegates to the executive board. The rest is a matter of the executive board. For sure, we could do it all in one. But then the executive board renunciates a part of their competence.

The project group members suggested dividing the document into two parts: One part should be related to the relationship between the supervisory board and the executive board. The other part should concern the task allocation among executive board, divisions, and clinics (RLS-O09: 10-13; 66-68).

Moreover, the project group members touched upon the fundamental structure of the OR, that is, the necessity of a preamble, the distinction between leadership and advisory bodies, and the distinction between clinical divisions and support divisions (RLS-O09: 64-121). In particular, the participants discussed the allocation of financial responsibilities (RLS-O09: 122-163):
CSB: Article 4 – it is written that the clinic heads carry financial responsibility. Do the division heads also carry financial responsibility?

COA: This is decisive now … the question is if we make the clinics independent or create a hierarchy … that is the division head must have the financial overview but not the financial responsibility … that is difficult.

SBM3: But the question is clear: Do the clinic heads or the division heads carry the financial responsibility?

NDH3: But if the division heads are part of the executive board, they also set the financial objectives?

CEO: As I see it, the personnel decisions do not reside with the divisions – neither do the financial decisions.

COA: I believe that the financial responsibility must reside with the clinics.

NDI: But the nursing service contributes to the financial outcome. But it is not structured according to the clinics. This is not so simple.

NDH3: The head nurses’ duty is to carry the responsibility for the wards. At the same time, they are supposed to serve the clinics. The system is at its limit: The clinics must be autonomous; at the same time, we must reconcile 13 clinics.

COA: Coordination, of course – but not financial responsibility.

CEO: But the nursing service’s financial responsibility is an important issue.

CSB: What do we learn from the discussion? The clinics are not independent profit centers. It is a complex partial autonomy since the nursing service does not serve one individual clinic only.

CEO: In Betaville, our regulation was the following: The clinic carries the responsibility for the outpatient care and the nursing service carries the responsibility for the inpatient care. The nursing service has its own budget.

[…]

COA: Yes, sure … a work group should have a focus on this issue.

[…]

NDI: It is even more complex, the largest pool of costs concerns the personnel and the clinic head cannot command this.
CEO: But we can resolve this issue.

NDH3: With a work group? It is a very complex issue …

The discussion on the allocation of financial responsibility revealed the intertwined clinical processes. The participants suggested forming a work group to deal with this specific issue (RLS-O09: 147; 163). After debating on the allocation of financial responsibility, the project group members discussed the need for providing detailed descriptions of the executive board members’ tasks (RLS-O09: 172-181). In particular, the role of the nursing director required clarification (RLS-O09: 182-200). Therefore, the CEO asked the nursing director and the NDH to prepare a discussion paper on the future organization of nursing service to outline advantages and disadvantages of different chains of commands. The meeting ended when the CEO pointed out that he had a subsequent appointment (RLS-O09: 280-282). The participants agreed on a follow-up meeting.

“There will be war” – The call for another work group

After the fifth RLS project group meeting, the CEO retained a lawyer to revise the OR draft. The lawyer divided the original OR draft into two documents: one document comprised the relation between supervisory board and executive board; the other document dealt with the task allocation between executive board, divisions, and clinics. The RLS project group members received both documents shortly before the sixth RLS project group meeting. Except for the supervisory board members, all RLS
The case description and the first-order analysis

project group members attended the meeting at the beginning of May 2012. Discussion base of the sixth project group meeting was the supervisory board-executive board OR (SB-EB OR), the executive board-division heads OR (EB-DH OR) and the discussion paper on the future of the nursing service organization (RLS-D24; RLS-D25; RLS-D26). The CEO explained the purpose of the meeting (RLS-O10: 7-11):

The idea is the following: to see, what kind of documents we have. The supervisory board wishes a first reading on May 30. On June 5, we will discuss the regulations in plenary. […] I suggest that we have a brief look at the SB–EB OR.

The MDH representative made an objection. He was afraid that going through each article would take too much time (RLS-O10: 17-19). The CEO replied that “it is not about specific wordings but to see if we can agree in principle” (RLS-O10: 14-15). He went through each article of the SB-EB OR draft. Everybody could pose questions or make objections. After a quick review of the SB-EB OR draft, the participants decided to address the issue of the nursing service organization (RLS-O10: 46-48). The nursing director and NDH representative presented their discussion paper on their future hierarchical relationship (RLS-O10: 49-59; RLS-D24, for an excerpt of the discussion paper see Figure 37):

NDI: There are different organizational charts in hospitals. But whether a matrix structure or not, the functions of nursing are similar

55 From now on the project group always convened without the supervisory board members because the project group would focus on the relationship between the MDHs and the chief physicians. The supervisory board’s area of responsibilities does not include this issue. Instead, the decision rights to formally determine this relationship reside with the executive board.
everywhere. Anyway, we think that we need the development of nursing on every level …

NDH3: Our task was to reflect upon the subordination of the NDHs. That is, to discuss the advantages and disadvantages of different ways of organizing the nursing service. We want to keep the double subordination.

NDI: The critical point is that the content of nursing work should reside with the nursing service. Regarding the budget, the NDHs are subordinate to the executive board. But the skill and grade mix requires specific professional knowledge. Therefore, my staff makes suggestions. But for each suggestion we make a consultation process in the nursing conference.

The CEO attempted to summarize the point the NDH representative and the nursing director have made (RLS-O10: 82-83):

So you want to keep the current model: The NDHs are subordinate to the nursing director \textit{professionally} but disciplinarily and organizationally they are subordinates of the MDHs.

The NDH representative and the nursing director agreed with the CEO’s summary. In an interview, a NDH explained why the NDHs and the nursing director had decided to keep the system of double subordination (I48: 246-262):

You must know that there is a difference between the position of the nursing director and the person of the nursing director. When we have asked ourselves ‘Do we want to be subordinates to her – yes or no?’ I have said ‘yes’ because it is about the principle. […] I think that nurses and also nursing management should be subordinate to the nursing director. But then the question arises: ‘Should a nursing scientist or a nursing manager have a seat in the executive board?’ As far as I can see, we need somebody who has an idea of nursing \textit{management}.

But the interviewed NDH also emphasized that she would generally prefer a direct subordination to the nursing director (I48: 234-235, 266-267):

The way I see it, the nursing service must report directly to the nursing director.

I would only assume the position of nursing director when the professionals are my subordinates. Otherwise, you are a toothless tiger.
The subordination of the NDHs

The NDHs’ opinion

Three alternative subordination models have been discussed.

Option 1 - Double subordination. A NDH is subordinate to the respective MDH in disciplinary and administrative terms. Professionally, a NDH is subordinate to the nursing director. In the following, we present the advantages and disadvantages. […]

Option 2 - Subordination to the respective MDH. In the following, we present the advantages and disadvantages. […]

Option 3: Subordination to the nursing director. In the following, we present the advantages and disadvantages. […]

The NDHs prefer option 1. The nursing service should be assigned to the leadership bodies of the nursing service because the rights to decide on the professional development of the nurses should reside with the leadership bodies of the nursing service. […]

Subsequent to the discussion about the subordination of NDHs, a discussion on the role of the division heads unfolded (RLS-O10: 101-120):

CEO: The inpatient care should reside with the divisions. The outpatient care should reside with the clinics. […]

NDH3: Then, the MDH must be entitled to lead the clinics. If each clinic wants to grow, it is getting difficult.

COA: Then, we have a problem in the division of surgery. We cannot leave it at that. The division head has coordinative leadership but it cannot be that the division is superior in disciplinary terms.

NDH3: In the division of medicine it is like that.

COA: In medicine but not in surgery.

NDH3: That is the crux.
CEO: We could discuss it at the workshop\textsuperscript{56}.

COA: We could treat it in a work group.

[...]

CEO: If the clinics assume responsibility for budget and performance mandate, they then are quite autonomous. But there are questions spanning across clinics, for instance, the use of operating rooms. Therefore, we must define the functions of the division heads. Thus, I follow the suggestion to define this within a work group – for instance with two division heads and two clinic heads, that is, with those who are affected.

Subsequently, after deciding to form a work group to discuss the relationship between division and clinics, the project group members turned their attention to the still incomplete EB-DH OR draft. The section on the relationship between MDHs and chief physicians was left empty. Moreover, the CEO pointed to the need to clarify the difference between departments, institutes, and clinics (RLS-O10: 179). The rest of the project group partly disagreed with his suggestion (RLS-O10: 180-186):

MDH5: But it just works. Everybody understands what is meant by these terms.

NDH3: At our place the departments are the wards.

CEO: For me it is important that cardiology has its own cost center.

NDI: And do I have a division?

NDH3: Would it not be worthwhile to define the role of the division heads at the workshop\textsuperscript{57}?

CEO: Could we put the work group in charge of this?

\textsuperscript{56} The CEO referred to the regular two-day strategy workshop in June 2012.

\textsuperscript{57} The NDH referred to the regular two-day strategy workshop in June 2012.
NDH3: There will be war. We need a justice of the peace.

The project meeting ended with detailing the meeting rhythms of the two new advisory bodies – the CEO-conference and the medical and nursing division heads’ conference (RLS-O10: 188-200).

10.5.1.2 First-order analysis of episode 4

In the following section I present the results of the first-order analysis of episode 4. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The orientation towards professional organizations. In the discussion about the executive board’s tasks and decision rights, the COA’s statements revealed his reluctance against the executive board’s authority (RLS-O08: 12-29). He did not accept the executive board’s role of setting organizational goals. Instead, he highlighted the importance of professional organizations to him. The chief physicians seemed more oriented towards professional organizations; from their viewpoint, the executive board had less legitimacy than professional organizations – for instance, with regard to postgraduate training.

The allocation of financial responsibility. The allocation of financial responsibility was a major point of debate, which induced the request for another work group by the NDH representative and the COA (RLS-O09: 122-163). While the COA solicited the chief physicians’ right to autonomously decide about the budget of their clinic, the discussion about financial responsibility revealed the organizational limitations to this
autonomy. The clinics could not act independently without the nursing service. Yet, the nursing service was not organized along the clinics but according to the divisions.

The nursing service organization. The organization of the nursing service was at issue. While in episode 3 the NDHs had complained about their “strange place in between” (RLS-O04: 119-120) due their subordination to both the nursing director and the respective MDH, they now advocated the maintenance of this system. The nursing director’s full authority over the NDHs – not only professionally but also organizationally – would have entailed the integration of nursing service and potentially fortified the nurses as professional group. The NDHs’ full subordination to the nursing director would have strengthened the position of the latter, and thus, the nursing service in the executive board. On the other hand, the nursing director had a scientific background and a focus on nursing science and development, which the NDHs did not fully appreciate. Therefore, although the full subordination might have strengthened the nursing service as a whole, the NDHs preferred the double subordination simply because they did not want to be subordinate exclusively to someone who lacked understanding of nursing management. By means of the double subordination, the NDHs could reduce the nursing director’s direct influence and possibly attain a larger room for maneuver.

The limitation of the MDHs’ period of office. The COA – as representative of the chief physicians – requested a limitation of the MDHs’ period of office (RLS-O08: 71-72). The COA characterized CHA as a “democratic system” in which chief physicians should be able to elect their representatives (RLS-O08: 86). The chief physicians’ demand for the election right of the MDH reflected their striving for more autonomy and their unwillingness to accept the MDH as superior. The issue of rotating the MDHs’ function demonstrated emerging dividing lines on the hitherto relatively united ‘side of the physicians’. The previous conflict line between management and physicians had shifted to MDHs and chief physicians. The physicians no longer appeared as a homogenous group.


Style: Communication styles and formats

In episode 4, communication styles and formats were shaped by two moves: (1) *participants requesting to open the circles of participation* and (2) *the CEO playing with time.*

*The participants' request to open circles of participation.* Instead of intensifying the discussion at a certain point, the project group members repeatedly requested to form another work group with a different composition. In particular, the COA emphasized the necessity of creating another work group with more representatives of AACSP (RLS-O08: 142). His approach was hardly surprising as the chances of asserting the chief physicians’ interests would grow with the number of chief physicians in a work group. In the end, the CEO agreed on establishing another work group which should focus on the relationship between clinics and divisions.

*The CEO playing with time.* On the one hand, the CEO opened the RLS project meetings with a reference to the upcoming deadline for passing the organizational regulations (RLS-O08: 6-7; RLS-O09: 3-5). The reference to the deadline created a sense of urgency. On the other hand, when the need for further discussion became apparent, the CEO said: “The only deadline we have concerns the supervisory board-executive board relationship” (RLS-O08: 157). The CEO pointed to the importance of meeting deadlines and simultaneously relaxed their importance. Meeting deadlines was not unimportant, but by enlarging the time horizon and calling in further meetings when necessary, the CEO could accommodate the participants’ request for more communicative exchange. This demonstrated that the closure of meetings was not a purpose by itself, rather the achievement of a broad consensus had priority.
Text: The role of textual artifacts

In episode 4 the participants of the project group started working on the organizational regulations (OR). PowerPoint slides were no longer in use. The OR drafts served to structure the discussion and to map specific discussion needs. The discussion paper on the future nursing service, which described different forms of the NDHs’ subordination, contributed to the ‘rationality’ to process of organization redesign.

Mapping decision needs. The CEO declared the development of the ORs to be the project group’s task (RLS-O09: 2-5). The different OR drafts structured the project meetings and mapped specific decision needs. The discussion largely followed the structure of the documents and thus, provided coherence to the discussion. Along the ORs, the participants raised issues of their concern, such as the allocation of financial responsibility or the executive board’s tasks and function. The ORs mapped the terrain of debate. Gaps in the OR drafts indicated ambiguities about hierarchical relationship and associated decision needs. The section on the relationship between medical division heads and chief physicians was left empty.

Producing ‘rationality’ for decisions. The nursing director and the NDHs created a discussion paper together in which they described the advantages and disadvantages of different chains of command between the nursing director, the medical division head, and the nursing division head. This document substantiated the nursing director’s and the NDHs’ will to maintain the system of double subordination. The wording made clear that the provided arguments were not results of spontaneous and possibly arbitrary considerations. Rather, the textual artifact reflected thorough deliberations. In

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58The notion of rationality is based on Meyer and Rowan’s (1977) writings. These scholars refer to rationality as myth and norm to act in a rational manner.
other words, the carefully prepared document bestowed ‘rationality’ to the nursing director’s and the NDH’s position.

**Contingency: The influence of communicative styles and formats on the outcome of the redesign**

_The participants requested to open circles of participation._ The CEO complied with the project group’s repeated request to establish another work group to resolve the conflict between division heads and chief physicians. The work group included a higher number of chief physicians’ representatives than in the project group. Thereby, the new work group composition increased the chances that the chief physicians’ interests would be considered in the future structures. Strikingly, the CEO _played with the role of time._ He allowed for the establishment of a work group besides the project group which would prolong the process whilst he also highlighted the need to meet the deadline for finishing the OR. This deadline, however, was applicable only for one part of the OR – namely, the SB-EB OR. Except for the executive board composition, the SB-EB OR was not subject to major changes. By contrast, the discussion on the EB-DH OR revealed the need for much more communicative exchange. The CEO’s reaction to the request for another workgroup demonstrated situative flexibility with regard to temporal boundaries. This flexibility maintained the openness of the discussion on the relationship between clinics and divisions. The discussion was far from closure and the final formal structures – in particular with regard to the relationship between divisions and clinics – were not nearly specified. The patterns of communication styles and formats visible in episode 4 – the _participants’ request of opening circles of participation,_ and the _CEO’s flexibility towards temporal boundaries_ – inhibited a swift closure of the discussion. A definite decision on the formal structures with regard to the relationship between divisions and clinics therefore was not within reach.
In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to following assumption:

- *Widening circles of participation required temporal flexibility*

### 10.5.2 Episode 5: Irreconcilable positions?

The fifth episode encompasses the project-related events from end of May 2012 to mid-July 2012 (for a temporal overview of episode 5, see Figure 38). Episode 5 follows the first three meetings of the subgroup and a discussion on the leadership structures during a strategy workshop. On July 5, 2012, the supervisory board officially passed one part of the OR, the SB-EB OR, which concerned the relationships between supervisory board and executive board, and elected four MDHs as executive board members. The SB-EB OR became effective on August 1, 2012. The formal passage of the regulations by the supervisory board, however, is not part of the following description\(^{59}\) and analysis.

\(^{59}\)The meeting has not been observed but meeting minutes were available. The discussions in the fourth period primarily revolved around the EB-DH OR.
In episode 4, the project group members had agreed on establishing a separate work group to discuss the functions and tasks of the division heads and chief physicians. The subgroup – comprising representatives of the division heads (MDHs and NDHs), chief physicians, the executive board and the CEO as facilitator – met up for the first time at the end of May 2012. In their discussion they focused on the hierarchical relationship between MDHs and chief physicians. The chief physicians questioned the authority of the MDHs, whereas the MDHs insisted on the necessity of their decision rights.

At the beginning of June 2012 a regular strategy workshop took place. The topic of the leadership structure was on the agenda. The ECO joined the workshop for the
discussion on leadership structures. In particular, the participants jointly discussed – at the ECO’s suggestion – the ‘added value’ of the divisions. In the second and third subgroup meetings at the end of June 2012 and in mid-July 2012 the participants primarily worked on the EB-DH OR draft excerpt concerning the critical task allocation between division and clinic heads. They intensively discussed the chief physicians’ subordination to the MDH, yet without coming to an agreement.

10.5.2.1 Description: The strained relationship between the MDHs and the chief physicians, the added value of the divisions and the chief physicians’ struggle for autonomy

“...if you give people a knife they can stab you with the knife” – The strained relationship between the MDHs and the chief physicians

At the end of May 2012, the first subgroup meeting took place. Members of the subgroup were two MDHs, two NDHs, two clinic heads (RCP3 and RCP4), the chairman of AACSP (COA), an executive board member, and the CEO. As discussion base the CEO sent a document package to the subgroup members. The package comprised a PowerPoint presentation containing the RLS project status and the agenda for the subgroup meeting, and the discussion paper on the future nursing service

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60 With ‘added value’ of the divisions the ECO referred to the sense and purpose of aggregating clinics, institutes or department to divisions.

61 RCP is an abbreviation for representative of the chief physicians.
organization. At the beginning of the meeting, the subgroup members discussed the purpose of the meeting (RLS-O11: 20-25):

RCP3: The divisional structure as a whole is not open to debate?

CEO: [...] the supervisory board has made it clear to me that they do not want to overload the project. Do you have any other questions?

Then, the CEO drew attention to the topic of the chief physicians’ subordination to the division heads (RLS-O11: 26-29):

CEO: I have informed myself of the contracts: In all contracts the chief physicians are subordinates of the division heads.

COA: No, not in my contract.

CEO: I have talked with the HR director. Of course, I have not read all contracts.

The chairman of AACSP expressed his opposition against the subordination (RLS-O11: 33-36):

COA: [...] we have to get the best people and this hierarchy is disgusting. We have to secure the independence. Of course, the profitability must be ensured as well – that is my ambition.

CEO: Still, we must resolve the question of subordination.

The subgroup members discussed the need for organization-wide regulations and structures (RLS-O11: 69-111):

MDH3: Well, it is consensus that we are a professional organization. If you do it like the chairman of AACSP suggests the division head has nothing to do.

CEO: Everything that goes beyond the clinics, for example the management of the operating rooms – that is the task of the division.
MDH3: But I need decision rights.

COA: We have the example of the university hospital of Gammaville⁶². It is organized highly hierarchically. And we have learned from the university survey that it does not work. We must keep the freedom of the basic unit as large as possible.

NDH3: From our viewpoint, we need to have regulations spanning across divisions, for instance, for wards that work multi-disciplinary. […]

NDH4: Such organizational regulations are not too bad. They provide a framework. But no matter how we write the organizational regulations, it depends on the persons who apply them.

RCP4: Yes – it does not protect us from being misused.

NDH4: That is why we are sitting here. If I move around an institution I must adhere to the rules.

COA: We have to recruit the best people. That is the premise. As far as I can see it, everything is a black box – regarding the tasks of the division heads, I can only think of the coordination of the beds, the coordination of the operations …

MDH3: And also the collaborative work between the divisions – you have only named the tasks within the divisions …

NDH3: For example, the management of the medical rounds.

MDH3: Or interdisciplinary patient treatment.

MDH4: The question is … for instance, what if the cardiology wants something? How does it affect the gastroenterology? You must have the possibility to say: ’No, cardiology – that does not work.’

RCP3: But perhaps there are divisions where the division head has no overview of the situation. The divisions are so heterogeneous…

[…]

COA: I do not have any problems with you as division heads. But structure must protect from style.

⁶²Gammaville is a pseudonym.
The case description and the first-order analysis

MDH4: You have to live with the fact that if you give people a knife they can stab you with the knife. We should not live with the illusion that organizational regulations could protect us from a division head going berserk.

The CEO tried to reconcile the positions of the MDHs and the chief physicians (RLS-O11: 125-142).

CEO: We should consider the level of detail. The discussion demonstrates that we are not far away from each other. The division head has largely a coordinative function. The executive board decides. The chief physician has the right to present his requests in the executive board.

MDH3: We should put this down in writing. [...]  

Then, the subgroup members addressed the question of limiting the medical division head’s period of office (RLS-O11: 187-236).

COA: I have taken CHB’s regulations as starting point. There should be the possibility of rotation. There must be flexibility so that a division has not the same division head for 20 years.

[...]  

RCP4: I think it is a good thing if we vote in the division heads – as democratic principle. I like the idea. Of course, there are division heads who have been appointed as division heads. In this case, we have to see …

MDH3: I understand the arguments for rotation. But I see that the rotation of the division heads weakens the division head – upwards and downwards. We have to ask ourselves: ‘Are we a business or a democracy?’ […]

CEO: As a hint – if the clinic heads say that they do not support the division head we have a leadership problem anyway! We can talk

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63 Three of the six division heads have been voted in their office by the physicians. The other three have been appointed as division heads by the supervisory board.
about these issues. We do not necessarily have to resolve this with
the leadership structure […]

[…]

NDH3: Regarding the idea of rotation … then, the finance director would
have to rotate as well. Or the business operations director. And I
cannot work as a head nurse. […] I think it is difficult with such
lobbyism. Two years nothing happens. Then bills are posted
everywhere. Democratic systems have their disadvantages as well.

[…]

CEO: We have different opinions. I want to take out the fuel for conflict.
I suggest that the division heads remain division heads and that the
executive board membership rotates. […] On the one hand we can
strengthen the clinic heads' position; on the other hand we enhance
the division heads’ position by granting them seats in the executive
board. Thus, there is a balance.

After this remark, the CEO closed the meeting (RLS-O11: 233-239):

It is a good thing that we have this discussion. But at some time we must make a
decision. You cannot always be in opposition. However, it is important to me that
the community of physicians accepts the future leadership organization. We
would like to come to the end of this meeting now.

The CEO suggested a date for the follow-up meeting and asked the MDH
representatives to prepare a suggestion for the sections concerning the description of
the division heads’ and the clinic heads’ tasks. The subgroup members agreed on a
meeting at the end of June 2012 (RLS-O11: 246-248).

A day after the first subgroup meeting the CEO reported to the supervisory board
(RLS-O12: 75-82):

CEO: We have the SB-EB OR and then the EB-DH OR. With regard to
the issue of the relation between division heads and clinic heads we
have formed a subgroup. The clinic heads do not want a strong
position of the division head. This manifests itself in the demand of
limiting the division heads’ period of office and rotating their
function. I think a rotation is not necessary. Well, this topic … it is
a real powder keg.
SBM3: It is a big issue. It is impossible that the employees elect the medical division head. He is a potential executive board member. With this, the decision right of the supervisory board is subverted.

“*It is about interface coordination*” – The added value of the divisions

At the beginning of June 2012 a regular two-day strategy workshop took place. Invited to the workshop were the supervisory board members, the executive board members, the medical and nursing division heads. The topic of CHA’s leadership structures is scheduled for one hour in the afternoon of the first workshop day. The ECO joined the discussion on leadership structures as well. The CEO took stock of the current state of discussion on the leadership structures (RLS-O13: 42-47):

> Originally, I wanted to tackle more issues – for instance, the organization of the nursing service or the divisional structure. But what is important for me is the process! We had endless discussions – in the project group, in the subgroup and the physicians’ conference … At the first physicians’ conference there was much howling. But at the last one nobody has said anything – I consider that as a positive outcome.

Next, the CEO directed the discussion towards the relationship between the MDHs and the chief physicians and handed over to the ECO. The ECO asked for the added value of divisions (RLS-O13: 73).

A MDH answered (RLS-O13: 77-79):

> I think the divisional structure is a management tool. Otherwise the executive board would have to talk with every single chief physician. The division head gets an overview – the person must have an overview and possess interdisciplinary knowledge. It is about interface coordination.

A NDH complemented (RLS-O13: 84-85):

> Primarily we are responsible for coordinating the interfaces, creating the communication flow. It is a filter function: ‘Is it something I have to forward to the executive board?’ We are a service provider for the employees, we provide the framework conditions. They could not do it all by themselves, there are so many interfaces, for instance, logistics or social services.
Another MDH pointed out that the current divisional structure might be too “artificial” and suggested revising the structure in the next year (RLS-O13: 90-94). The discussion on the role of the division heads eventually petered out. Last, a NDH asked for consultation process of the organizational regulations in the nursing conference – besides the already scheduled consultation process in the physicians’ conference (RLS-O13: 118-119). The CEO replied: “Yes, of course! I want to have a broad consultation process” (RLS-O13: 120). Subsequently, the workshop participants moved to other topics on the workshop agenda.

“I do not want any subordination” – The chief physicians’ struggle for autonomy

At the end of June 2012 the subgroup met for the second time. As discussion base the MDH representatives of the subgroup prepared a suggestion for the sections concerning the task descriptions of the division heads and the clinic heads. This document – an excerpt of the current EB-DH OR draft on the division and clinic heads’ tasks – the subgroup members received a week before the second subgroup meeting. The excerpt comprised the task of the division and clinic heads. The division heads presented their draft. Then, the discussion revolved around the subordination of the chief physicians (RLS-O14: 54-104):

<table>
<thead>
<tr>
<th>COA:</th>
<th>We should talk about Article 34: ‘the physicians are directly subordinate to the division heads’.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDH3:</td>
<td>‘directly’ is wrong.</td>
</tr>
</tbody>
</table>

64A consultation process (‘Vernehmlassungsverfahren’) is a typical Swiss procedure in which participants can voice their doubts and reservations before the passage of a bill or regulation.
COA: Well, I have talked with my colleagues – this does not work.

MDH3: So you want to have it ‘inter pares’. And this is not written there now; am I right? But I had a chief physician who behaved badly – it really happened – what do I do now?

COA: I do not know what kind of chief physician we have there. But chief physicians are generally difficult. Maybe we could specify it more. We can specify it.

NDH4: Maybe we could say that the chief physicians are subordinates of the division heads, and the rest is subordinate of the respective chief physician.

MDH3: But he refuses a subordinate relationship.

MDH4: Then say how you want to have it.

COA: That is the crux.

MDH4: Yes, it is about autonomy. But it is not a big thing when the division heads are subordinates of the executive board. And when the chief physicians are subordinates of the division heads.

COA: No, I see the clinic heads as subordinates of the executive board.

NDH4: Then, leadership is impossible.

RCP3: Leadership structures should be not a self-purpose. I understand him. I understand his colleagues. For many colleagues it is not transparent, which competencies reside with the division heads. And speaking of leadership: I have been at a larger hospital, there did not exist such a structure. It has not descended in chaos.

[…]

CEO: Still, we need a structure. The question is rather: ‘What are the functions?’

COA: We need structures – that is self-evident.

MDH4: But you are bothered about the word ‘subordination’.

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RCP3 referred to the COA.
COA: I am for ‘assignment’. I do not want any ‘subordination’.

MDH4: But I need authority to execute leadership.

COA: Just imagine if it was the other way around! If I was your division head and I said to you: ‘You have to do hundred more cardiac infarctions!’ Structure should protect from style …

MDH4: But …!

[…]

MDH3: May I say something? First, you define the chain of command. Then, you specify the degree of autonomy.

CEO: Indeed, we have formed the subgroup because it is a tricky spot.

COA: You know the current opinion is to have a spokesperson for a division. That is the current opinion. Just so you know.

MDH4: That is not true. That is the opinion of particular individuals. You are not in a legal black hole where you can everything you want.

COA: I would say ‘assignment’ or ‘subordination as specified in the appendix’.

The subgroup members did not come to an agreement and the CEO suggested moving on to the next articles of the OR draft excerpt (RLS-O14: 105). The subgroup members continued perusing the document. They discussed the clinic heads’ tasks (RLS-O14: 111-191). For instance, the MDHs proposed extending the clinic heads’ scope of duties by “quality control” and “process optimization” (RLS-O14:119) as “some clinics do not have quality control on their radar” (RLS-O14: 122). With regard to this suggestion, the representatives of the chief physicians did not make any objections. When the set meeting time is over, the CEO suggested another follow-up meeting as the subgroup members have not agreed upon the whole document (RLS-O14: 197-199).

Based on the previous meeting of the subgroup – the second subgroup meeting – the CEO’s staff adapted the OR draft excerpt. All subgroup members received the updated version of the OR excerpt. The document was marked in different colors which indicate the status or the source of the text passages so that all revisions and pending
points are visible: yellow markings stand for adaptations based on second subgroup meeting at the end of June 2012, red italic fonts stand for pending points, and blue fonts stand for text passages not discussed in the previous meeting (RLS-D32). Then, the MDHs complemented the updated version with their comment and suggestions; these text passages were distinguishable by red bold underlined fonts (RLS-D33). In the third subgroup meeting in mid-July 2012 the CEO suggested using the MDH’s version as discussion base. As in the previous meeting, the subgroup members discussed Article 34 (RLS-O15: 18-45):

**COA:** We prefer the expression ‘assignment’ because we have had bad experiences with the term ‘subordination’.

**NDH3:** Can we say that the division is the superior of the chief physicians?

**RCP3:** That is the same.

**NDH3:** But we are talking about an organization.

**MDH4:** If it was ‘assignment’ my job would be easier. But in case of a conflict I cannot win through. Then, I would go to the executive board.

**COA:** If we had an issue with a clinic head we cannot resolve it by a hierarchical relationship.

**NDH3:** What if a clinic head always occupies an operating room and causes stress for the perioperative division? And then what? What if it is a clinic head’s shortcoming?

**COA:** We do not need any leadership.

**NDH4:** We have said that we need an organizational chart. There are decisions to make.

**MDH3:** That is right. We have questions such as a shortage of beds, then there must be somebody who decides how to proceed. Either the division head or the executive board. If the division head has no decision rights, then everything goes to the executive board.

**COA:** No …

**MDH4:** Actually, for me it would be easier. I would pursue my interests only.
RCP3: I think you are confounding things. The division head has not the overview over my professional discipline and is able to decide.

NDH4: If so there would not be a chief executive of Lufthansa\textsuperscript{66}. But we need a head.

COA: But there are not 20 pilots in an airplane. But we have this situation here.

RCP3: This example does not apply here. We have a free profession. We are not a manufacturing company. We are an expert committee.

EBM5: Is that really true? More and more we have interdisciplinary work. We have experts. But they must apply interdisciplinarity.

COA: We apply interdisciplinarity. Nobody has to say that to us.

CEO: We are a business organization with over 3’500 employees. The executive board cannot deal with every issue. I think we can resolve the problem by looking at the specific task, such as investment decisions. We should put is on the back burner.

MDH3: I would shelve it. Our opinions are diametrically opposed. We have expressed our opinions. In the end the executive board must decide that.

COA: If the executive board decided that … all the division heads are in the executive board!

CEO: The OR will be passed by the executive board. But I want to have a consensus. The goal is that we do not need the OR anymore.

The subgroup members continued discussing the competencies of the division heads. An executive board member tried to reconcile the opposing positions (RLS-O15: 159):

\begin{quote}
As far as I can see it, we can say that decisions are to be made consensually. If a consensus cannot be reached the division head decides.
\end{quote}

\textsuperscript{66}Lufthansa is a German airline company.
The suggestion met with approval from the subgroup members (RLS-O15: 171). They agreed to integrate the phrase in the OR draft excerpt. Then, the CEO suggested discussing the tasks of the clinics, institutes, and departments (RLS-O15: 172). A MDH pointed out to the “nested” relations between clinics and departments (RLS-O15: 173). The CEO stated (RLS-O15: 177-178):

My idea is to generally treat the clinics and the departments as equal. I know they are not identical in all respects. We have to discern the differences clearly.

For the CEO the differences between clinics and departments were not obvious (RLS-O15: 194). Therefore, he asked the MDHs participating in the subgroup to explain the differences between clinics and departments for the next subgroup meeting in mid-August 2012 (RLS-O15: 198). The meeting ended with the CEO’s request and the scheduling of the follow-up meeting.

10.5.2.2 First-order analysis of episode 5

In the following sections I present the results of the first-order analysis of episode 5. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The chief physicians’ subordination. A major talking point was the relationship between chief physicians and MDHs. The chief physicians refused to accept the MDHs as their superiors (RLS-O11: 26-29). From the COA’s viewpoint, a hierarchical relationship was out of question because he perceived himself as a kind of independent entrepreneur (RLS-O11: 69-111). The COA repeatedly asserted the need for his independence from any administrative authority whatsoever. For him, the division
heads’ tasks were a black box because he had no insight into their everyday work. Therefore, he wanted the DHs to be only “spokespersons” of the division (RLS-O14: 93-14). Struggling for “autonomy” (RLS-O14: 67-68) the chief physicians regarded hierarchy as “disgusting” (RLS-O11: 33-36). They advocated the word “assignment” instead of “subordination” (RLS-14: 54-104; RLS-O15: 18-15) because “assignment” implied a less hierarchical relationship.

The coordination needs as raison d’être of the DHs. The MDHs claimed decision rights on issues spanning across clinics and divisions. To legitimate their request towards the chief physicians who questioned their position, the MDHs referred to the need of coordinating the clinics at the divisional level (RLS-O11: 69-111; RLS-O13: 77-79; 84-85). Both the MDHs and the NDHs declared “interface coordination” as their raison d’être (RLS-O13: 77-79; 84-85). In particular, the NDHs pointed to the necessity to integrate processes across clinics and divisions.

The limitation of the MDHs’ period of office. Again, the COA raised the issue of limiting the MDHs’ period of office and rotating the function of the MDHs. This request reflected the chief physicians’ mistrust in the MDHs. The chief physicians’ utterances disclosed their fear of MDHs’ misuse of power. To appease the chief physicians, the CEO suggested a rotation of the MDHs’ executive board membership. This was possible because only four of the six MDHs were executive board members.

The limitation of the decision scope. Although participants pointed to the need of changing the divisional structure several times (RLS-O11: 15-25; RLS-O13: 90-94) and although the CEO stated that the divisional structure was an issue he wanted to “tackle” (RLS-O13: 42-47), these issues were not addressed within the scope of the RLS project. A MDH stressed that the divisional structure was “artificial” (RLS-O13: 42-47) and that a different divisional structure might better reflect the coherencies between the different clinical processes. Altering the divisional structure therefore might have improved the division heads’ acceptance by the chief physicians. Apart
from that, a change of the divisional structure would have represented a major intervention and the supervisory board did “not want to overload the project” (RLS-O11: 24). The limitation of the decision scope demonstrated that organizational stability was a major concern of the RLS project. The change of the divisional structure might have put the organizational stability at risk.

**Style: Communication styles and formats**

In the project meetings in episode 5, the communication style and format largely unfolded in a consistent sequence: the CEO set the focus of discussion, the MDHs defined the discussion base, the chief physicians made objections, and the CEO or an EBM offered a compromise.

*The CEO setting the focus of discussion.* Prior to each meeting, the CEO disseminated the textual artifact representing the discussion base. He opened each meeting and set the focus of the discussion – for instance, the chief physicians’ subordination. Moreover, he directed attention to topics he considered important – for instance, the difference between clinics and departments. That is, reflecting his status as highest authority of the organization, he set the focus and scope of discussion.

*The MDHs defining the discussion base.* The MDHs provided the first draft of the OR excerpt on the division heads’ and clinic heads’ tasks and functions. That is, the group that held the authority remained in charge and could define the extent to which they wanted to cede power to subordinates. Additionally, the revised OR draft excerpt with the MDHs’ comments became the discussion base of the third subgroup meeting (RLS-D33). Thus, during the project meetings the then existing hierarchy was still operative.

*The chief physicians raising objections.* The chief physicians had the opportunity to make objections, and they made extensive use of this opportunity. They repeatedly
expressed their refusal to be subordinates of the MDHs and their need for more autonomy. They starkly voiced their opposition against the MDH’s authority and did not even attempt to avoid conflicts with the MDHs (RLS-O11: 33-36; RLS-O14: 54-104).

*The CEO and the EBMs offering compromises.* The CEO or other EBMs attempted to offer compromises to reconcile the conflict between chief physicians and MDHs (RLS-O11: 233-239; RLS-O15: 159). As their authority was not directly affected by the conflict among the physicians, they could assume the role of justice of the peace.

**Text: The role of textual artifacts**

The project group members focused primarily on the critical EB-DH OR draft *excerpt* concerning the critical task allocation between division and clinic heads. This draft excerpt *made the participants’ different contributions and comments visible.* The participants struggled for specific formulations describing authority relationships because the inscription of these relationships *induced a sense of security.*

*Making the participants’ different contributions and comments visible.* The MDHs provided the first version of the OR draft excerpt which subsequently became subject to many modifications suggested by the different participants. The revised OR draft excerpts serving as discussion base displayed the modifications and open issues based on the participants’ input in previous discussions. The visibility of the modifications and pending points revealed the contested nature of the issues discussed. Thus, the textual artifacts offered tangibility to the participants’ arguments and showed that all inputs – at least for the moment – found formal consideration.

*Inducing a sense of security.* Instead of talking explicitly about the leadership structures, the participants increasingly referred to the OR documents. The participants equated the leadership structures with the OR documents which were supposed to
protect them from the abuse of authority (RLS-O11: 69-111). Therefore, when the CEO offered compromise solutions for the conflictual issue of the relationship between chief physicians and MDHs, the participants emphasized the need to inscribe the suggested compromise solution (RLS-O11: 125-142). Apparently, the inscription into the OR documents induced a sense of security for the participants.

**Contingency: The influence of communication styles and formats on the outcome of the redesign**

Resonating with the declared goal of the RLS project – the achievement of organizational stability – the communication styles and formats observable in episode 5 followed the then operative hierarchy. Those who held the authority remained in charge of defining the starting point of the discussion. For instance, the MDHs provided the first draft of the EB-DH OR excerpt on the division and clinic heads’ tasks. Thus, the amount of potential changes in the structures was subject to limitations set by those holding the power. Although the chief physicians were allowed to voice their opinion, the MDHs who had the opportunity to set the starting point of the discussion, and not the chief physicians. The communicative styles and formats therefore might have led to modifications of the operative structures, and not a complete overhaul.

In summary, the observations made concerning the contingency between communication style and outcome of the redesign led to the following assumption:

- **Structures of communication during the redesign process tended to be reproduced in the outcome of the redesign**
10.5.3 Episode 6: The importance of words

The sixth episode encompasses the project-related events from the mid-August 2012 to mid-September 2012 (for a temporal overview of episode 6, see Figure 39). It follows the fourth subgroup meeting, the seventh project group meeting, the fifth subgroup meeting, a separate meeting with the NDHs, the nursing director and the CEO, the eighth project group meeting, and the sixth subgroup meeting.

Figure 39: Temporal overview of episode 6

In the fourth subgroup meeting in mid-August 2012 the participants discussed an issue which the CEO had raised at the end of the previous episode, i.e., the difference between clinics and departments. This discussion showed that in the different divisions different understandings of ‘department’ existed and that the majority of the participants wanted to keep the different definitions of ‘department’.

In the seventh project group meeting at the end of August the participants agreed on the meeting rhythms of the new advisory bodies, i.e., the medical and nursing division heads’ conference and the CEO-conference.
In the fifth subgroup meeting, which took place few days after the seventh project group meeting, the participants discussed the definition of a medical division and the chief physicians’ subordination to the MDHs. First signs of fatigue among the participants became visible.

After the fifth subgroup meeting, the NDHs and the nursing director requested a separate meeting with the CEO because they had the impression that their interests were insufficiently considered in the subgroup meetings. They met at the beginning of September 2012. The CEO acceded to almost every request of the NDHs and the nursing director.

On the same day – only a few hours after the meeting with the NDHs’ and the nursing director – the project group convened for the eighth time. The MDH representative and the NDH representative argued over a supplement the NDHs had suggested to clarify the relationship between MDHs and NDHs.

In the sixth subgroup meeting in mid-September 2012, the participants fought over the difference between clinics and departments and the chief physicians’ subordination again. After the meeting the CEO ordered his staff to remove the phrase on the chief physicians’ subordination and to insert the EB-DH OR excerpt into the rest of the EB-DH OR draft. The CEO then issued the first complete EB-DH OR draft and invited the project group members to a last meeting before a consultation process in the advisory bodies.
10.5.3.1 Description: Signs of fatigue, the nurses’ objections, and the first complete version of the EB-DH OR

“…are we making the regulations for monkeys?” – Signs of fatigue

The topic of the difference between clinics and departments was scheduled for the fourth subgroup meeting. Prior to the subgroup meeting, at the end of August 2012, one MDH (MDH4) sent a long e-mail about the intricate workings of his division to the project group members (RLS-D35). Figure 40 represents an excerpt of his e-mail.

Figure 40: Excerpt of e-mail by MDH4 on the difference between clinics and departments (RLS-D35)

<table>
<thead>
<tr>
<th>[…]</th>
</tr>
</thead>
<tbody>
<tr>
<td>During office time inpatients of department ¿ (5 percent of division ¿) are treated by the assistant and attending physicians of the ¿ clinic. The hospitalization primarily takes place in building ¿.</td>
</tr>
<tr>
<td>[…]</td>
</tr>
<tr>
<td>Inpatients of the department ¿ (70 percent of division ¿) are always treated by the assistant and attending physicians of all clinics of the division.</td>
</tr>
<tr>
<td>[…]</td>
</tr>
<tr>
<td>Clinic ¿, clinic ¿, and clinic ¿ have their own financial reporting. […] The outpatients are billed separately by each department.</td>
</tr>
</tbody>
</table>

67 To disguise the identities, the names of the departments or clinics are not specified.
In the fourth subgroup meeting in mid-August 2012, MDH4 first presented the structure of his division (RLS-O16: 3-11). Then, MDH3 used a PowerPoint presentation to talk about the difference between clinics and departments in his division (RLS-O16: 81-99; RLS-D35). The accompanying discussions revealed that the divisions used the term ‘department’ differently. For instance, in one division departments could have their own assistant physicians at their disposal and the postgraduate training was organized along the departments and not the clinics. Yet, in another division the assistant physicians were associated with a clinic, and not with a department. In addition, the postgraduate training was organized by the clinics (RLS-O16: 12-80; 81-99). The CEO asked the subgroup members if the current system ‘clinic/department’ should be altered (RLS-O16: 105-106). The MDHs and the COA negated (RLS-O16: 107-108; 142-146). Yet, a chief physician expressed his discontent with the current system. He wanted more patients to be billed on behalf of his clinic (RLS-O16: 166-173). Some subgroup members were unhappy with the focus of the debate and asked: “Can the division-internal problems be solved somewhere else?” (RLS-O16: 175). The discussions on the different understandings of the term ‘department’ continued and took so much time that there was no time left to address the issues of task allocation between division and clinic heads. Consequently, the subgroup members fixated another meeting for the end of August 2012.

At the end of August 2012, the original RLS project group met up without the supervisory board members. The project group members discussed the meeting rhythms of the new advisory bodies, i.e., the medical and nursing division heads’ conference and the CEO-conference. They agreed on one meeting of the MDHs’ and NDHs’ conference per month and on one meeting of the CEO-conference (RLS-O17) per week.

A few days later the fifth subgroup meeting took place. Bilateral talks between CEO staff and the division heads’ had shown that one definition of ‘department’ and
‘clinic’, respectively, which would be applicable to all divisions proved to be difficult. Therefore, the CEO decided to present a rather broad definition of the medical divisions, clinics, institutes, and departments (see Figure 41). This definition (RLS-D37) and the OR draft excerpt (RLS-D38) on the division and clinic heads’ task represented the discussion base of the fifth subgroup meeting. First, the subgroup members’ discussed the definition of a medical division (RLS-O18: 3-15):

NDH3: The nursing service is missing. The nursing service should be included. These are autonomous organizational units. We have stations and ambulatories.

MDH4: Yes – but there are also administrative organizational units. We do not display these either.

NDH3: But they belong to the clinics.

MDH4: Can we just call them organizational units as well?

CEO: Yes, yes – just let us finish this.

MDH3: The definition is correct – on a factual basis. But I have problems with this definition. It is too open. I cannot work with that. The process of developing the regulation of the division must be accompanied. If it is not accompanied there will be war.

MDH4: What about the other document? I think it is important to discuss the other document.

68MDH3 referred to the idea of developing regulations for each division. The idea had been raised briefly in a previous meeting.

69MDH4 referred to the OR draft excerpt on the division and clinic heads’ tasks.
Figure 41: The definition of a medical division (RLS-D37)

<table>
<thead>
<tr>
<th>Medical divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Function</strong></td>
</tr>
<tr>
<td>The medical divisions comprise the following organizational units:</td>
</tr>
<tr>
<td>- clinics;</td>
</tr>
<tr>
<td>- institutes;</td>
</tr>
<tr>
<td>- departments.</td>
</tr>
<tr>
<td>These organizational units are headed by a chief physician and are professionally independent.</td>
</tr>
<tr>
<td>Compared with clinics and institutes, in departments certain limitations can exist with regard to the autonomous execution of postgraduate training, medical service, beds, and the autonomous disposition of assistant physicians.</td>
</tr>
<tr>
<td><strong>Task and competencies</strong></td>
</tr>
<tr>
<td>The medical divisions coordinate the clinical process with regard to timely and effective in- and outpatient treatment and care.</td>
</tr>
<tr>
<td>The task and competencies of the clinics, institutes, and departments are defined in the respective organizational regulation of the medical divisions (regulations of the divisions).</td>
</tr>
</tbody>
</table>

The subgroup members turned their attention to the other document, the OR draft excerpt on the division and clinic heads’ tasks (RLS-O18: 28-47):

MDH3: We must have decision rights if we are to lead the division.

RCP4: We – I mean the chief physicians – do not want the term ‘subordination’ but ‘assignment’.

[...]

NDH4: It does not work without subordination.

NDH3: Leadership means that we have a chain of command. Otherwise, we do not have a leadership organization. I have the impression that the organization itself is questioned. Otherwise everybody can be an attending physician and just rent a slot for the operating room.
CEO: I see a cascade of objectives. The supervisory board sets objectives for the executive board. The executive board sets objectives for the division heads. The division heads set objectives for the clinic heads.

[...]

NDH4: As long we have not clarified the principle – subordination, assignment, or just ‘we live here’ – we do not need to discuss the details …

MDH3: There are also many chief physicians who are committed to the division. And others have a negative attitude …

RCP4: The question is also: ‘What does the division do for me?’

MDH3: But it is the common context that enables us to reach specific objectives.

RCP4: But if we must fulfill our duties we must also have rights.

The CEO attempted to reconcile the opposing positions (RLS-O18: 63-65):

The emotive term which is provoking is ‘subordination’. What if we said that the clinic heads are professionally independent? But it is the division heads’ task to optimally distribute the resources.

The subgroup members discussed the CEO’s suggestion (RLS-O18: 68-93):

MDH4: Currently, it is a legal black hole. Nothing is defined. The division head could act as a dictator. I do understand the fear.

NDH3: The chief physicians could act arbitrarily as well. If you have problems with the division head you can talk with him. That is leadership culture. But you cannot resolve it with organizational regulations.

CEO: Exactly. It is a question of culture. For example, the FTS\(^70\) project: the clinic heads decide on the operative details, but somebody has to say when it starts.

\(^70\)FTS is an abbreviation for FastTrackSurgery, i.e., a project to introduce fast-track surgery.
10 The case description and the first-order analysis

MDH4: And coordination of beds on behalf of the hospital: Is that not possible for you?\textsuperscript{71}

RCP4: It is not about that. It is about creating regulations so that there are no conflicts.

NDH4: It does not matter if we write ‘subordination’ or ‘assignment’. But we must clarify who does what.

RCP4: Now it is possible to go to the CEO. But I have experienced two CEOs who said to me: ‘I do not talk with you but with the division head.’

NDH3: You have to put it differently. There have also been chief physicians who went directly to the CEO and picked up their decisions.

NDH4: That is why we are here: to regulate everything. And if the subordinate does not get along we must write: ‘First I go to the superior, and then I talk with the higher level.’

MDH4: Yes, it is a good idea to write it down. We can define it explicitly. I favor that.

NDH4: What I would also like to have written down is the following: ‘If you go the CEO, the CEO asks: Have you already talked with the division head?’

MDH3: But are we making the regulations for monkeys? These are humans!

Then, the meeting ended and the subgroup members agreed on meeting again in mid-September 2012.

Directly after the subgroup meeting two subgroup members had made informal comments about the meeting series. A chief physician said to a MDH (RLS-O18: 107-109):

71MDH4 addressed RCP4.
These meetings and all these consultations… This involvement is all well and good, but someday there must a decision! They – the executive board – must make a decision!

The MDH replied (RLS-O18: 110-11):

Yes, I am also waiting for their decision. All these meetings must come to an end.

“…it has to be written down” – The nurses make objections

The NDHs and the nursing director were discontent with the course of discussion because they had the impression that the role of the nursing service had not been adequately addressed in the previous meetings. They requested a separate meeting with the CEO, which then took place at the beginning of September 2012. The NDHs and the nursing director demanded several modifications of the OR draft excerpt which had been discussed in the subgroup. First, the NDHs demanded that the EB-DH OR stated explicitly that they should each have their own budget over which they could command autonomously. Second, the NDHs wished a specification of their subordinate relationship to the MDHs. The NDHs suggest the following wording:

The nursing division head is in her function as nursing head of the division [author’s note: italics added] organizationally and administratively subordinate to the medical division head, and professionally to the nursing director. (RLS-D39; line 17)

The formulation “in her function as nursing head of the division head” was a novel supplement. The suggested formulation was supposed to clarify the relationship between MDHs and NDHs. The NDHs saw their function as double-sided. On the one hand, as division head they were equal to the MDH; on the other hand they were the nursing head of a division, and only in regard with this function they considered themselves as subordinates to the MDHs. Third, they wished to have influence on the employment plan. Specifically, they wanted to prevent the physicians from replacing qualified nurses by supporting staff and assistant physicians. Fourth, the nursing
director wanted the EB-DH OR to define the budgeting process. The CEO agreed with most of the NDHs’ and the nursing director’s modifications. He only denied the request concerning the budgeting process (RLS-O19: 18-20).

CEO: The budgeting process will be described in a separate letter, which I will write soon. Actually, it is a question of culture.

NDI: No, it has to be written down. Culture follows structure. If it is not written down it will not be implemented.

CEO: Do you really think somebody will read the OR if it is finished?

After the meeting with the NDHs and the nursing director, the CEO ordered his staff to adapt the OR draft excerpt accordingly. The modified version became the discussion base of the eighth project group meeting later that day. The project group members perused the latest version of the OR draft excerpt. The MDH representative was upset about the change concerning the NDHs’ subordination (RLS-O20: 27-28):

That is not acceptable. That has a subversive character. We have discussed this for years and now it is changed all of a sudden

The NDH representative objected (RLS-O20: 29-33):

As division head I am not subordinate to the medical division head. […] If I was subordinate to the medical division head, I would not be a division head anymore.

The MDH and the NDH argued heatedly, yet without reaching an agreement. Instead, the project group members continued to study the rest of the OR draft excerpt. The meeting then came to a close. The CEO highlighted the goal of passing the EB-DH OR by November 2012. The project group members agreed to meet in the second half of October 2012.
“If it is an emotional problem we can change the term …” – The first complete version of the EB-DH OR

In mid-September 2012 the subgroup met for the sixth time. The discussion base was a revised version of the EB-DH OR draft excerpt concerning the division and clinic heads’ tasks and including the formal definitions of a ‘clinic’ and a ‘department’. The subgroup members jointly studied the document in detail. The description of the difference between clinics and departments (RLS-D39; see Figure 42) brought about a discussion (RLS-O21: 26-57):

RCP4: Line 16 – I do not know what that means: ‘…limitations with regard to the disposition of assistant physicians.’ I have my own assistants!

[...]

NDH4: It is open. It is broad definition. We can regulate it within the divisions. Every division can do it differently.

COA: But it implies that the departments are limited with regard to the assistants …!

RCP3: It is difficult to reduce the complexity to one or two phrases. The phrases mean nothing.

COA: Either we do it in a detailed way or we skip it.

CEO: But the divisions have different understandings of a department.

COA: That is the point. [...] It is difficult… Now we just write one phrase.

RCP4: What do you mean by this? By ‘limitations with regard to the postgraduate training’? What does it mean?

NDH4: I think we have discussed this in a previous meeting. [...] In some divisions they do the postgraduate training jointly and exploit synergies. And it was important to fixate it at a higher level than the divisional regulations.

CEO: For example, a general surgery assistant has to do a bit of vascular surgery and some thoracic surgery – somebody has to organize that!
10 The case description and the first-order analysis

COA: But you can regulate this within the divisions.

CEO: But somewhere the difference between department and clinic must be noted.

MDH4: But it is different in each division.

RCP4: I am in charge of an independent professional discipline. We organize the postgraduate training by ourselves.

[...]

MDH4: Could we formulate it more openly? For instance, ‘In the different division different regulations can exist with regard to …’

After some discussion the subgroup members agreed with the MDH4’s proposal to formulate it more openly. They selected a broader definition of the difference between clinics, institutes, and departments (RLS-D40; see Figure 42). Next, the subgroup members focused on text passage on the hierarchical relationship between MDHs and chief physicians:

COA: Line 39 – I suggest we write ‘assigned’. We already have discussed this topic extensively…

NDH4: We could also meet 20 times.

COA: It is about the spirit. We are a large community. […] This is not meant as criticism, but this is how it feels like to me. I do the work but I then am supposed to be subordinate. I do not like to be subordinate, but to be assigned would be alright. It is an emotional problem.

CEO: I can understand you …

MDH4: The question is: Will you accept a decision if you are assigned? I have to able to issue instructions in everyday life. For instance, regarding the management of medical rounds. I say, you follow.

COA: I do not see it like that. We jointly think about an issue, and then we implement it.

MDH4: Then, I cannot carry any responsibility.

COA: I have my own budget.

MDH4: But there are also interdisciplinary tasks.
COA: Yes, you have the last word. That is consensus.

MDH4: That is, it is subordination.

COA: It is not subordination. It is care.

RCP3: It is defined through the task description anyway. I think ‘assignment’ is better than ‘subordination’. ‘Assignment’ is just more open.

MDH4: Well, if it helps to unravel your knot, so be it.

NDH4: Can I make a suggestion? Organization-wise we need subordination. If it is an emotional problem, we can change the term. But in principle, I dislike ‘assignment’. Collaboration means more…

[...]

RCP4: How would you feel if you were leading the largest clinic and you were not the division head and you read that he has the power to direct?

MDH4: If he did direct something stupid, I would seek talks with his superior. If this did not work, I would go to the next level.

COA: But we have to write that down.

MDH3: But that is normal…! [...]

MDH4: If I had a problem with the CEO, I would go to the CSB.

COA: That is right. I agree with you. But we have to write it down, just as you said.

[...]

COA: I think we should write ‘assignment’ and ‘further specification in article 2 and 3’.

NDH4: I do not think that ‘assignment’ is a good term.

COA: I think ‘subordination’ is unacceptable.

MDH3: ‘Assignment’ is nothing. Then we do not need write that down.

COA: I am not subordinate.

RCP3: The tasks are defined in article 2 and 3 anyway…
NDH4: We avoid the emotionally charged term ‘subordination’. But it does not change the tasks and the fact that we need organizational subordination.

CEO: Good. Next article.

The subgroup members examine the rest of the document and make suggestions for minor amendments (RLS-O21: 137-249).

**Figure 42: The difference between clinics and departments (RLS-D39; RLS-D40)**

**EB-DH OR draft excerpt – discussion base of subgroup meeting no. 6, line 16-18:**
Compared with clinics and institutes, in departments certain limitations can exist with regard to the autonomous execution of the postgraduate training, medical service, beds, and the autonomous disposition of assistant physicians.

**EB-DH OR draft vs15 – discussion outcome of subgroup meeting no. 6, line 15-18:**
In the different division different regulations can exist with regard to decision rights on the disposition of assistant physicians, the allocation of beds, the postgraduate training in the clinics, institutes, and departments. These regulations are recorded in the division-specific regulations.

**Figure 43: The hierarchical relationship between MDHs and chief physicians (RLS-D39; RLS-D40)**

**EB-DH OR draft excerpt – discussion base of subgroup meeting no. 6, line 39-40:**
Within a division the chief physicians are organizationally and administratively subordinate to the medical division head and the nursing service employees are subordinate to the nursing division head.

**EB-DH OR draft vs15 – discussion outcome of subgroup meeting no. 6, line 15-18:**
The passage on the chief physicians’ subordination is removed.
Based on the discussion, the CEO directed his staff to immediately modify the OR draft excerpt. The text passage on the chief physicians’ subordination was subsequently removed (RLS-D40; see Figure 43). Next, the OR draft excerpt was integrated into the first complete OR draft and a preamble was added, which described not only the general mission of CHA but also CHA’s leadership philosophy ("Führungsphilosophie") (see Figure 44).

Figure 44: CHA’s leadership philosophy (RLS-D40)

<table>
<thead>
<tr>
<th>EB-DH OR draft – Version no. 16 – Preamble – Article 2: Leadership philosophy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization of CHA has a federal structure. Each organizational unit fulfills its tasks autonomously. Concomitantly, the tasks entail competencies and responsibilities.</td>
</tr>
<tr>
<td>On all levels the principle of consensual solutions applies. If a consensual solution is not possible, the issue is treated on the next higher level.</td>
</tr>
</tbody>
</table>

A few hours after the subgroup meeting, the CEO sent an e-mail with the complete EB-DH OR draft to both the members of the project group and of the subgroup (RLS-D41). The recipients were encouraged to make suggestions for amendments via e-mail within the following week. Moreover, the CEO invited the members of the main project group for a last meeting to pass the EB-DH OR draft for a consultation process in the physicians’ conference, the CEO-conference, and the medical and nursing division heads’ conference, respectively. The EB-DH OR was supposed to be passed at the executive board workshop in November 2012\textsuperscript{72}.

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\textsuperscript{72}The CEO referred to the first part of the regular two-day strategy workshops, which usually took place three times per year. In the first part, the executive board members convened. In the second part, the supervisory board members and the division heads joined in.
10.5.3.2 First-order analysis of episode 6

In the following sections I present the results of the first-order analysis of episode 6. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The difference between clinics and departments. The distinction between clinics and departments became a talking point as the differences were not clearly defined. Both departments and clinics were headed by chief physicians. Yet, the departments were part of a clinic. In some clinics the department heads did not have their own assistant physicians. Beds were shared with the other departments of the respective clinic. Similar to the discussion on the chief physicians’ subordination to the MDH, the department heads opposed the departmental structure of the clinic. They were against any limitations set by clinic heads. That is, the issue of the chief physicians’ autonomy resurfaced with regard to the distinction between departments and clinics. Again, the chief physicians – in this case, the department heads – strived for maximizing their autonomy. The department heads’ resistance against authority structures therefore might have contributed to the failed attempt to clarify the difference between clinics and departments. At the organizational level only a broad definition of the difference between clinic and department heads met with the participants’ approval as different policies were in place across the different divisions. The broad definition was advantageous for the department heads because the diffuse definition provided the opportunity for them to negotiate for more space of maneuver.

The chief physicians’ subordination. The chief physicians argued decidedly for the term “assignment” instead of “subordination” to denote their relationship towards the respective MDH (RLS-O18: 29-30; RLS-O21: 73-136). The COA characterized the
issue as “an emotional problem” (RLS-O21: 79). The subgroup members could not resolve the issue (RLS-O21: 73-136). Eventually, the CEO decided to remove the phrase on the chief physicians’ subordination from EB-DH OR draft excerpt. In this version the chief physicians’ subordination to a leadership body was not explicitly mentioned – only the tasks of the clinic/institute/department heads and of the division heads were specified.

The role of the NDHs and the nursing service. In the definition of medical divisions (as opposite to support divisions), the nursing service was not mentioned (RLS-O18: 3-15). A NDH representative therefore demanded the inclusion of the nursing service in the definition. Moreover, the NDHs requested a clarification of their relationship towards the respective MDH, the responsibility for their own budget, and influence on the employment plan (RLS-O19). The CEO agreed on the NDHs’ requests.

Style: Communication styles and formats

The nurses demanding a separate meeting. The NDHs supported the MDHs’ striving for decision rights on the divisional level but the discussions in the project meetings did not addressed the NDHs’ concerns. As they saw their concerns only treated as a side issue, they requested a separate meeting with the CEO to lend weight to their demands.

The chief physicians’ insistence. The chief physicians kept on struggling against the term “subordination”. Although the other group participants tried to convince them of the necessity of hierarchical relationships, the chief physicians did not change their opinion. Rather, they continued to assert their position.

Appeasing the chief physicians. The MDHs and the NDHs engaged heavily in appeasing talk with the chief physicians. To convince the chief physicians of the
necessity of hierarchical relationships, the MDHs and the NDHs expressed sympathy with the chief physicians’ concerns (RLS-O18: 68-93).

Demonstrating respect for all inputs. The CEO demonstrated his openness and respect for all inputs the participants expressed in the meetings, for instance, by expressing his understanding for the chief physicians’ request (RLS-O21: 81) or by accommodating the NDHs’ concerns (RLS-O20).

Closure attempts through compromises. Aware of the need of coming to an end and closing the discussions, the CEO offered compromise solutions regarding the conflict between chief physicians and division heads. For instance, he offered the chief physicians to inscribe their professional independence (RLS-O18: 63-65) and he removed the phrase on the chief physicians’ subordination (only after the sixth subgroup meeting).

Text: The role of textual artifacts

In episode 6 the participants of the RLS project focused on the OR draft excerpt concerning the definition of the difference between clinics and departments and the task allocation between MDHs and chief physicians. The OR draft excerpts materialized closure attempts and the inscription of specific tasks and duties of different leadership bodies induced a sense of security among the participants. Moreover, participants of the subgroup addressed the issue of the difference between clinics and departments. As discussion base they used textual artifacts, i.e., a PowerPoint document and respective e-mails describing the current relationships between clinics and departments. These textual artifacts represented the intricate relationships.

Materializing closure attempts. The different versions of the OR draft excerpts materialized closure attempts of discussions on conflicting issues. For instance, the
difference between clinics and departments was an issue of debate. The CEO presented a definition of the difference between clinics and departments as part of the OR draft. The document represented an attempt of closing the extensive discussion on the difference between clinics and departments. As the first suggestion for a definition was rejected, discussion continued again, until the participants eventually agreed on a final definition. The OR draft excerpts gave provisional results a material form the participants could act upon.

*Inducing a sense of security.* The participants regarded the EB-DH OR document as a ‘protection shield’ to prevent power misuses by other organizational constituencies. The project participants tried to inscribe formulations for worst case scenarios. For instance, in case of a conflict between a chief physician and a MDH, the chief physician should be allowed to address the CEO to resolve the issue (RLS-O21: 106). While the CEO pointed out that nobody would read the EB-DH OR anyway, the majority of the project participants insisted on inscribing discussion results because they believed that “culture follows structure” (RLS-O20: 18-20).

*Appresenting intricate relationships.* These documents (RLS-D35; RLS-D36) used in the fourth subgroup meeting apppresented intricate relationships among clinics and departments in the discussion. A clear definition of the difference between clinics and departments did not exist yet. Instead, the documents were representations of the intricate relationships among clinics and departments. Depicting the intricacies in detail the documents made them present in the discussion and facilitated the attempt for developing a coherent understanding of the difference between clinics and departments.
Contingency: The influence of communicative styles and formats on the outcome of the redesign

Just as in the episode 2, the NDHs and the nursing director had to make an objection against the current course of the discussions in the project meetings and demand a separate meeting with the CEO to attempt to increase his support for their interests. Otherwise, their interests would not have been considered in the development of the EB-DH OR. In contrast to their approach in episode 2, the NDHs and the nursing director were eminently successful this time and the CEO approved almost all their requests. Their success might have been due to their better timing or the fact that they came – unlike in episode 2 – as united group with unambiguous interests. The chief physicians’ persisting resistance against the term “subordination” proved successful. Their insistence influenced the developing formal structures for their benefit. In the first complete EB-DH OR draft, the phrase on the chief physicians’ subordination was removed. To sufficiently appease the chief physicians, the other project participants had to draw factual consequences and allow for a greater autonomy of the chief physicians. That is, the chief physicians’ insistence and the other project participants’ efforts to appease the chief physicians led to the creation of broad (and potentially ineffective) definitions of authority relationships, such as in the case of the definition of the differences between the clinics and departments. Altogether, the need for demonstrating respect for all inputs and the need for closure led to diffuse compromises, such as broad definitions of the relationships between clinics and departments or even the absence of hierarchical relationships (in the case of the chief physicians).

In summary, the observations made concerning the contingency between communication style and outcome of the redesign led to the following assumptions:

- Participants’ insistence and unity increased the likeliness of asserting their interests
The consideration of divergent interests produced diffuse structures

10.5.4 Episode 7: A project hiatus and rapprochements

The seventh episode encompasses a description and analysis of the RLS project-related events from mid-September 2012 to the beginning of November 2012 (for a temporal overview of episode 7, see Figure 45). Episode 7 includes the MDHs’ reactions to the first complete EB-DH OR draft, the subsequent hiatus of the project, the CEO’s bilateral meeting with MDHs and chief physicians, a project group meeting at the end of October 2011, and the executive board workshop in November 2011.

Figure 45: Temporal overview of episode 7
The MDHs’ reactions to the first complete EB-DH OR were highly negative as the chief physicians’ subordination was not explicitly specified in this version. The CEO demonstrated his anger about the MDHs’ behavior and put the RLS project on hold for an indefinite period of time.

After four weeks the CEO resumed the talks with the involved constituencies. He held a bilateral meeting with the MDH representative. They agreed on a compromise proposal – i.e., EB-DH OR version 21 – concerning the formulation of the chief physicians’ subordination to the division heads. The CEO also met with representatives of the chief physicians and managed to gain their approval of the compromise solution. At the end of October 2011, the project group met again to peruse the EB-DH OR version 21. They largely agreed with this version. One MDH, however, was dissatisfied with the compromise version. After a separate meeting with the MDH, the CEO ordered his staff to create an alternative version which incorporated the MDHs’ suggestions. For a consultation process the CEO disseminated both versions – i.e., the approved compromise solution and the version based on suggestions by the specific MDH – to the members of the project group and the subgroup.

In the beginning of November 2012, the executive board was scheduled to pass the EB-DH OR version 21. Yet, the MDHs in the executive board opposed the compromise and requested another version.
10.5.4.1 Description: A pause for reflection, two new versions of the organizational regulations, and the request for another version

“The implications of such a formulation must be reconsidered thoroughly” – A pause for reflection

Two days after the CEO’s e-mail (containing the first complete version of the EB-DH OR draft) the MDH representative sent an e-mail to the CEO in which he severely criticized the EB-DH OR draft on behalf of all MDHs. In particular, he criticized the preamble and the missing definition of a hierarchical relationship between MDHs and chief physicians. The MDH representative commented on the preamble as follows (RLS-D42):

We are not federal. Budget, resources, and performance targets are defined top-down without any rights to say. This is not right or wrong per se but by no means federal.

A business organization which only accepts consensual solutions on all levels will lead to inertia. A central request of the chief- and senior physicians and a principle of the reorganization process of our leadership structures was to delegate competencies from the top to the bottom, not a weakening of the decision makers on all levels. As last consequence of such an objective, the CEO as highest authority must, should, wants, and will decide on every request. It was the very unclear task allocation that instigated our project. The implications of such a formulation must be reconsidered thoroughly.

On behalf of all MDHs the MDH representative demanded the annulation of Article 2 and the revision of the OR draft with regard to the hierarchical relationship between MDHs and chief physicians. The MDH representative commented on the lacking of an explicate definition of the relationship between MDHs and chief physicians as follows (RLS-D42):

The subordination of the clinic, institute, and department heads to the MDH has been deleted without substitution. Thereby, the chain of command is interrupted. The division heads have no leadership functions. The chief physicians are not
subordinated to anybody. What is the rationale behind this? How can the MDH fulfill his longer and longer list of duties?

Three days later the CEO replied by e-mail (RLS-D43) to the MDH representative:

To put it mildly, I am surprised about the style and the content of your e-mail. I know that we are in the middle of a demanding process and that we have to ‘struggle’ for the contents. I have deliberately opened the circles of participation and involved as many – directly or indirectly – affected parties as possible. The ‘new’ versions at hand are each the products of the respective discussions. Yet, it was my stated goal to achieve a version by common agreement, which could then be presented to the advisory bodies for consultation – with the view of passing the organizational regulations in the executive board workshop in November.

The CEO considered the MDHs’ reaction as inappropriate. “To put down a marker” against the MDHs and to show his anger about their reaction (IC), the CEO cancelled the meeting of the project group which had been scheduled for the following day. He stated via e-mail that the MDHs’ interventions had made him “thoughtful” and he wanted to make “a pause for reflection” for an indefinite period of time (RLS-D43). In the following four weeks, no formal communication on the RLS project took place.

In hindsight, the MDH representative explained the rationale behind the critical e-mail (I45: 224-275):

The CEO has intrigued. He silently changed formulations in the OR after a discussion with the subgroup. Then, we saw this and said: ‘No!’ The COA put him under pressure and the CEO gave in and tried to find a compromise formulation which we did not agreed on. […] It is unacceptable! We were very upset and therefore I have written this e-mail. […] We have relented a lot and now have received a heavy setback. Suddenly everything is removed again. We have relented a lot. […] We have realized that it did run in a bad direction and we have said: ‘Now we must take a stand and point in the right direction!"

The fears of the “gray area” and the “ancient times” – Two new versions of the organizational regulations

In the second half of October 2012, four weeks after the cancellation of the project group meeting, the CEO met up with the MDH representative. They agreed on
adapting the EB-DH OR draft and on reintroducing the term ‘subordination’. Shortly after the meeting the CEO sent the compromise proposal to the MDH representative. The MDH agreed with the proposal. The compromise proposal contained a specification of the hierarchical relationship between MDHs and chief physicians (RLS-D44; see Figure 46).

Figure 46: The subordination of the chief physicians to the MDHs – a compromise proposal (RLS-D44)

<table>
<thead>
<tr>
<th>EB-DH OR draft – version 19, line 197-210 (italics added):</th>
</tr>
</thead>
<tbody>
<tr>
<td>XV. Medical division head</td>
</tr>
<tr>
<td>[...]</td>
</tr>
<tr>
<td>37. Tasks</td>
</tr>
<tr>
<td>The medical division has the following tasks:</td>
</tr>
<tr>
<td>– …</td>
</tr>
<tr>
<td>– …</td>
</tr>
<tr>
<td>In particular, the medical division head is responsible for the coordination of overarching processes and the interfaces within the divisions (see section 36) and with regard to the following tasks of medical division heads the respective clinic/institute/department heads are subordinated to the medical division head:</td>
</tr>
<tr>
<td>– coordination of overarching processes within the division (e.g., management of beds, allocation of operating rooms)</td>
</tr>
<tr>
<td>– coordination of processes spanning across divisions</td>
</tr>
<tr>
<td>– decision of division-specific issues if a consensual solution is impossible.</td>
</tr>
</tbody>
</table>

In a bilateral talk with the chief physicians, the CEO gained their approval of the compromise formulation (i.e., “with regard to the following task the clinic/institute/department heads are subordinated to the medical division head”). At the end of October 2012, the CEO called a meeting of the RLS project group. He presented the compromise proposal to the project group members. All project group
members, except the representative of the NDHs, attended this meeting. The project group members quickly approved the new version and made minor suggestions for amendments. The MDH representative put forward that the phrasing of the novel supplement confining the NDHs’ subordination towards the MDHs was confusing (RLS-O22: 35). The project members agreed on removing the supplement which confined the NDHs’ subordination towards the MDHs.

A few days later, the CEO met up with a MDH who was dissatisfied with the compromise proposal. The MDH requested a modification of the formulation concerning the chief physicians’ subordination. He wanted a general subordination, not only a subordination with regard to specific tasks. To avoid a “gray area” (IC), exceptions of the general subordination should be specified. The MDH argued that the chief physicians could misuse the compromise formulation because the MDH had no power to direct the chief physicians in case of a situation which was not explicitly covered by the three specified tasks (i.e., “coordination of overarching processes within the division”, “coordination of processes spanning across divisions, “decision of division-specific issues if a consensual solution is impossible”). The CEO, in turn, ordered his staff to develop an alternative version, which accounted for the MDH’s request. The alternative version differed from the compromise proposal with regard to one point only. It generalized the chief physicians’ subordination and defined exceptions from the subordination (RLS-D45; see Figure 47):
Two weeks before the scheduled passage of the organizational regulations in November 2012, the project group and subgroup members received two versions for perusal: the EB-DH OR version 21 – i.e., an amended version of the compromise proposal – and the EB-DH OR version as proposed by the MDH. Via e-mail, the COA asked the chief physicians’ opinion on the ‘MDH’s version’. Their reactions were negative:

I find it hard to picture excellent colleagues interested in coming to CHA when they see the ‘appealing formulation of the subordination’. The mediocrity would proliferate.

This brings ancient times back again.

The freedom of physicians is steadily on the decline. It is almost cynical that we subordinate ourselves in the form of divisions vs. clinics. Just imagine managers becoming division heads!

Altogether the chief physicians considered the alternative proposal to be “unacceptable” (RLS-D46).

By contrast, the CEO himself considered both versions as “equivalent” (IC). He did not expect many debates in the upcoming executive board workshop for which the passage of the EB-DH OR was scheduled. He assumed that the version 21 would come
through because beforehand he had gained approval of this version by both the chief physicians and the MDHs (IC).

“We should not give up on the organizational regulations” – The request for another version

In mid-November 2012 a strategy workshop took place. The workshop was divided into two parts. First, the executive board members met alone. Then, the executive board members and the division heads joined in. Among various strategic issues, the executive board members discussed the organizational regulations (RLS-O21: 66-72):

We proceed to the organizational regulations. It is version 21. That demonstrates how much we have worked on this issue already. We have incorporated many ideas and suggestions. Moreover, we have an alternative version as proposed by a MDH. Our task is now to finally pass the regulations for the consultation process73. Please do not start from scratch again. Please make substantial objections only. Any comments? If not, let us start.

The executive board members studied each section of the document, EB-DH OR version 21 (RLS-D44), and made suggestions for minor amendments. For example, they asked “What is meant by …? (RLS-O24: 77) or “Could that be written as a footnote?” (RLS-O24: 82). Then, the participants arrived at article 22 – i.e., the article on the constitution of the medical division management (RLS-O24: 88-182):

MDH4: Is this the article for which we have an alternative formulation?

MDH3: Exactly. I plead for eliminating the gray area, the mistake – the subordination is too narrowly defined.

73The CEO referred to the consultation process in the different advisory bodies.
CEO: Well, I would not regard it as a mistake. I consider the alternatives as equivalent.

MDH3: If they were equivalent, there would not be any reactions. Then we would not stumble on these words.

CEO: I am astonished!

MDH3: It is very well important for the leadership of the division – for the everyday life. It is possible that the OR becomes obsolete but I am warning you …

[…]

MDH6: […] I see the gray area as well. We do not have any subordination anymore. We are in the executive board but we ridicule ourselves as executive board. That\textsuperscript{74} has been created in the subgroup and we have not been involved. You have the support but the support is unconformable. I think we can arrive at an agreement, but we have not agreed on a cross-party basis. We should not give up on the organizational regulations.

MDH3: You must see the symbolic character.

[…]

MDH4: I remember the discussions. We have seen copies of the employment contracts. The subordination was inscribed. I do not understand why the sentence has been deleted.

CEO: Thereafter we have agreed that the chief physicians are subordinate with regard to specific aspects.

MDH3: […] The consequence of the autonomy – including the gray area – is the fact that all problems will eventually come to you\textsuperscript{75}. […]

MDH4: There are two cases: Either you are subordinated with exceptions or you are not subordinated with exceptions. In the latter case the chief physicians will always say that they are not subordinated.

\textsuperscript{74}MDH6 referred to the formulation concerning the chief physicians’ subordination.

\textsuperscript{75}MDH3 referred to the CEO.
[...] There are chief physicians who do not care about the common tasks at all and then you cannot demand them to do so.

CEO: I am not sure if you can demand that by a piece of paper.

MDH4: A piece of paper is a piece of paper. We know that as well.

NDI: You say it is about culture. But how do we create this culture?

MDH3: The case is the following: Although we have not ratified the paper, it is already applied. The paper is not the culture. But with the paper we set the guidelines. We are a professional organization and we respect the autonomy. But we need a general framework. There are people who only pursue their personal interests. With this paper you are giving these people free reign!

[...]

MDH2: So far I have contained myself. But there are two issues: First, culture is more important. And second, it is version 21 and we are all tired. But I follow the opinion of my colleague who has pleaded for not acting with precipitation. It will affect us for the next decades. We should not act under pressure.

CEO: We want to have a hospital in good working order. We should break away from these small boxes. Again, the large structural elements are the clinics and the executive board. The divisions are of minor importance. Instead, they are part of the executive board. That is the change. If you want to stay in the ancient times, then I ask myself: ‘Why the new structures? Should everything be as in the ancient times?’ For me, the clinics are the strongest bodies. They are the key players.

MDH3: Alright. In this case, I would abolish the division heads as leadership bodies. This would be logical.

CEO: No. I do not want that.

Despite his initial reluctance, the CEO gave in after a lengthy discussion with the MDHs. The executive board did not pass the EB-DH OR version 21. The final meeting minutes of the executive board meeting summarized the discussion as follows:

The executive board decides the creation of a new version 22. The consultation process of the organizational regulations, version 22, takes place in all advisory bodies. (RLS-D47)
10.5.4.2 First-order analysis of episode 7

In the following sections I present the results of the first-order analysis of episode 7. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The chief physicians' subordination. The discussion primarily focused on the chief physicians’ subordination to the MDHs. The project participants struggled over the phrasing of the hierarchical relationship. The chief physicians – as in the previous episodes – strictly opposed the term ‘subordination’, whereas the MDHs requested an explicit inscription of the chief physicians' subordination. The MDHs rejected a compromise solution which the representatives of the different constituencies had agreed on. According to this compromise the chief physicians would have been subordinates to the MDHs regarding the coordination of overarching processes within the division and the coordination of processes spanning across the divisions (RLS-D44). Instead, the MDHs insisted on the need of inscribing the chief physicians’ ‘general’ subordination to them because they wanted to secure their space for maneuver at the divisional level. From the MDHs’ viewpoint, the fixation of the ‘general’ chief physicians’ subordination was critical to making and implementing decisions spanning across clinics. Without an inscription of the chief physicians’ ‘general’ subordination, the MDHs feared that the chief physicians could misuse their increased autonomy to evade from the MDHs’ sphere of influence. More specifically, the MDHs were afraid that the chief physicians could deny that an issue concerned the coordination of processes and the chief physicians could contend that the issue would fall into their sphere of influence.
The relationship between MDHs and NDHs. In the previous episode the NDHs’ had requested a specification of their subordinate relationship towards the respective MDH\textsuperscript{76}. Seeing their influence on the NDHs constrained by the suggested formulation, the MDHs requested to drop the supplement. The NDHs did not oppose the MDHs’ request. The reasons for the NDHs’ giving way remained opaque. Yet, the result might have been different if the NDH representative had been present when the project group members decided to discard the phrase.

**Style: Communication styles and formats**

In the episode 7, communication between the CEO and the MDHs resembled an *exchange of blows*. While the MDHs subsequently *dominated* the discussions, the NDHs’ *resistance* against changes detrimental to their position was *absent*.

*Exchange of blows.* The CEO’s attempt of closure by issuing the first complete draft of the EB-DH OR produced overt resistance by the MDHs. The MDHs’ offensive questioning of the results presented by the CEO, in turn, made the CEO officially pause the RLS project for an indefinite time, because the CEO felt the need to demonstrate that he considered the MDHs’ reaction as inappropriate. From the CEO’s viewpoint it was important to show that he was at the wheel. Not until after four weeks, the CEO resumed project meetings and bilateral talks. The communicative process between CEO and MDHs resembled an exchange of blows by which both the MDHs and the CEO could assert their positions and keep their face at the same time.

\textsuperscript{76}The NDHs had suggested the following wording: “In her function as nursing head of the division, the nursing division head is organizationally and administratively subordinate to the medical division head, and professionally subordinate to the nursing director” (RLS-D37, line 17).
Dominance of the MDHs. Although the MDHs’ harsh criticism of the first complete EB-DH OR draft caused a “pause of reflection”, the MDHs eventually gained upper hand. This time, the CEO did not appease the chief physicians but the MDHs. First, in a bilateral meeting with the MDH representative the CEO agreed on a compromise solution, the EB-DH OR version 21 (RLS-D44). In this version, the chief physicians’ subordination to the MDHs was explicitly mentioned, albeit the subordination was limited to questions of coordination. Second, he offered another version based on inputs of one MDH (RLS-D45). According to this version, the chief physicians’ subordination to the MDHs was ‘generalized’ and exceptions of this subordination were specified. Third, the CEO eventually complied with the MDHs’ request to create another version of the EB-DH OR (RLS-D47). According to this version, the chief physicians’ subordination to the MDHs should be generalized while stressing the chief physicians’ professional autonomy.

Absence of NDHs’ resistance. Strikingly, the NDHs did not oppose the MDHs’ request. The nursing director did not make many objections when the MDH representative requested the removal of the phrase specifying the NDHs’ subordination to the MDHs. Possibly, with regard to the supplementary phrasing on the NDHs’ subordinate relationship, the nursing director’s stake was not as large as the NDHs’ stake. More importantly, the absence of the NDHs’ opposition might have been due to the fact that the NDH representative was absent when the project participants decided to drop the supplement suggested by the NDHs. When the project meeting had been fixated, securing the NDH representative’s attendance did obviously not have high priority.
Text: The role of textual artifacts

To signal progress of the RLS project, the discussion base in the seventh episode were no longer draft excerpts but complete drafts of the EB-DH OR. These EB-DH OR drafts demonstrated positional gains and losses to the different constituencies and signaled responsiveness to specific concerns.

Demonstrating positional gains and losses. The different EB-DH OR drafts demonstrated positional gains and losses of the different constituencies. When the CEO disseminated an EB-DH OR draft the MDHs viewed as a “setback”, the MDHs demanded a new version to “point in the right direction” (I45: 224-275). From the MDHs’ viewpoint, the first complete EB-DH OR draft constituted a positional loss. To regain their position and “set out markers” (I45: 224-275), they demanded a new EB-DH OR version, i.e., the compromise version 21.

Signaling responsiveness towards specific concerns. Some MDHs considered even the compromise version 21 as insufficient to cover the “gray areas” (IC). A MDH therefore went to the CEO and complained about the lacunas in the regulation draft. To signal his responsiveness, the CEO ordered his staff to create an alternative version, which reflected the concern of this MDH. The CEO did not expect that this alternative version would be considered in the executive board meeting in November 2012. He figured that the executive board would pass the compromise version 21. That is, the alternative version should only serve as a signal of his responsiveness towards specific concerns.

Contingency: The influence of communicative styles and formats on the outcome of the redesign

With the communicative exchange of blows, the CEO and the MDHs marked their standpoints and asserted their positions. Albeit the MDHs’ overt opposition – as
demonstrated by the MDH representative’s e-mail – led to a “pause of reflection”, the MDHs eventually dominated the subsequent discussions with the CEO concerning CHA’s structures. As a result, the EB-DH OR versions that followed\textsuperscript{77} reflected the MDHs’ concern of fixating decision rights on the divisional level. Eventually, the chief physicians’ subordination to the MDHs became explicitly inscribed in the OR document. In addition, because of the NDHs’ \textit{absent resistance}, the NDHs experienced a loss of formal authority. That is, the suggested supplement to delimit the MDHs’ influence was removed.

In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to following assumptions:

- The outcome of the redesign reflected the power positions of the different constituencies
- The absence in crucial meetings decreased chances of wielding influence on the discussion outcome

10.5.5 Episode 8: Bringing the project to a close

The eighth episode encompasses the project-related events from the beginning of December 2012 to the end of January 2013 (for a temporal overview, see Figure 48). Episode 8 focuses on a discussion in the executive board meeting at the beginning of December 2012, the physicians’ conference in 2012, and the executive board meeting at the end of January 2013.

\textsuperscript{77}OR EB-DH version 21 and 22.
At the beginning of December 2012, the CEO disseminated EB-DH OR version 22. Shortly after, in a bilateral meeting with the CEO, the representatives of the chief physicians submitted a modification request concerning the formulation of the chief physicians’ subordination to the MDHs.

A few days later, the executive board members discussed the chief physicians’ modification request. They decided to retain EB-DH OR version 22 and to pass the document for a consultation process in the advisory bodies. The CEO-conference and the medical and nursing division heads’ conference approved EB-DH OR version 22. In the physicians’ conference in mid-December 2012 a group of chief physicians submitted another modification proposal. The members of the physicians’ conference took a vote between the modification proposal and the EB-DH OR version 22. The majority was in favor of EB-DH OR version 22. After the consultation process in the two advisory bodies, the executive board passed the EB-DH OR version 22. The RLS projects ended with the passage of the EB-DH OR in January 2013.
10.5.5.1 Description: Last modification requests and the passage of the EB-DH OR

“It is better to stick with it and to withstand the storm” – The denial of a modification request

At the beginning of December 2012, the CEO disseminated version 22 to the executive board, the project group members, the subgroup members, and the advisory bodies (i.e., the CEO-conference, the medical and nursing division heads’ conference, and the physicians’ conference). Version 22 contained two central modifications regarding the relationship between chief physicians and MDHs (RLS-D48; see Figure 49). First, according to the EB-DH OR draft, “the clinic/institute/department heads are professionally independent from and organizationally subordinated to the respective medical division head”. Second, with regard to specific tasks, the chief physicians “are directly subordinated to the CEO or the executive board”.

Figure 49: The chief physicians’ subordination – formulation in EB-DH OR version 22 (RLS-D48)

EB-DH OR draft – version 22, line 117; 210-214 (italics added):

VII. Medical division management

22. Election and constitution

[…] The clinic/institute/department heads are professionally independent from and organizationally subordinated to the respective medical division head. A direct subordination to the CEO with regard to specific issues is defined in article 39.

[…] 39. Tasks

The clinic/institute/department heads have the tasks as specified in the following. With regard to these tasks they are directly subordinated to the CEO or the executive board:

- complying with the approved clinic/institute/department and the employment plan;
- fulfilling the performance mandate;
- …

Shortly after the issuing of the EB-DH OR draft version 22, the COA and two other chief physicians met with the CEO to suggest a modification of the formulation regarding the chief physicians’ subordination. Instead of writing “organizationally subordinated”, they proposed to write “subordinated with regard to organizational-interdisciplinary matters”. The CEO replied that the MDHs would therewith cause a scene. The chief physicians answered that otherwise they would cause a scene. The CEO insisted that he did not want a version 23 (IC; RLS-O24: 336).

One day later, although the CEO declined the chief physicians’ modification proposal in the bilateral meeting with the chief physicians, he presented the chief physicians’
A PowerPoint slide displayed the formulation of version 22 on the left-hand side and the chief physicians’ formulation on the right-hand side (RLS-D49; see Figure 50).

Figure 50: The chief physicians’ modification request – PowerPoint slide as presented in the executive board (RLS-D49)

| Modification proposal of OR draft version 22, Section VII. Medical division management, Article 21 Election and constitution, Line 117 |
|---|---|
| **Formulation in version 22** | **Modification proposal – by chief physicians** |
| The clinic/institute/department heads are professionally independent from and organizationally subordinated to the respective medical division head. A direct subordination to the CEO with regard to specific issues is defined in article 39. | The clinic/institute/department heads are professionally independent from and subordinated to the respective medical division head with regard to organizational-interdisciplinary matters. A direct subordination to the CEO with regard to specific issues is defined in article 39. |

The executive board members discussed the slide (RLS-O24: 337-361):

**MDH5:** What does that mean: ‘organizational-interdisciplinary’?

**MDH3:** I give you an example. That does not work. FastTrackSurgery: a chief physician could say he does the FTS process but not the patient processes. As the patient process is not interdisciplinary… What if we replace the hyphen with ‘and’? Maybe it does not attract attention.

**MDH6:** I think this is embarrassing for us. This is against us. We are questioned as executive board members and as division heads. We are not in a self-service shop. There are clear responsibilities in a business organization. It cannot be that the subordinates can decide how they are subordinated.
EBM5: What are the consequences if we chose the right-hand side?

MDH5: Then they will discuss what ‘interdisciplinary’ means.

[…]

MDH6: It is better to stick to it and to withstand the storm.

CEO: Then we could skip the consultation process as well.

MDH6: No. We have listened to the people. And then we have decided. Otherwise, it would be a bad signal. Nobody will believe us. Otherwise, we will never prevail in the difficult issues, which lie ahead of us.

[…]

CEO: Well, I do not want to discuss any longer. We take the left-hand side. But I plead the division heads to be present at the physicians’ conference.

MDH3: Has the autonomy been made clear?

MDH6: That is what I am saying! We have already given so much…

[…]

MDH4: Do you want to show this slide? […] If this is the case you could change the hyphen into a plus-sign or slash …

In the end, the executive board decided not to change the formulation of version 22 and to pass version 22 for the consultation process.

“In the end, the organizational regulations do not matter” – A last modification attempt and the passage of the organizational regulations

In the executive board meeting at the beginning of December 2012, the executive board passed the EB-DH OR draft version 22 for the consultation process in the advisory bodies (i.e., the CEO-conference, the medical and nursing division heads’ conference, and the physicians’ conference). In the subsequent meetings of the CEO-conference and the medical and nursing division heads’ conference, the participants
uttered their consent with version 22. The consultation in the physicians’ conference was yet to take place in mid-December 2012. The CEO presented and discussed version 22 with the chief and senior physicians at CHA. To begin with, the CEO distinguished between professional leadership (“Fachführung”) and system leadership (“Systemführung”) (RLS-D50):

[…] This is important: the organizational culture…! Everyday life in the hospital is a ball of wool. Therefore, we need a culture. Then, we have the principle of the professional autonomy: overarching system leadership through the divisions, professional leadership through the clinics/institutes/departments. We have said that we are a professional organization. We are not a manufacturing company. Therefore, it looks a bit strange … but we have said that we want as much autonomy as possible: With regard to the performance mandate, the employment plan, and the budget you are directly subordinated to the CEO. With regard to processes spanning across clinics you are subordinated to the division heads. That means we have to change the previous employment contracts because to date you are subordinated to the division head. […] We have to change the organizational regulations accordingly. (RLS-O24: 116-125)

Then, he opened the discussion (RLS-O24: 127-131):

What you see here is version 22. It has not been created offhand, but it is the outcome of a lengthy process… primarily, in the project group, then in a subgroup. And it has also been passed in the executive board. And it does affect the clinic heads. Therefore, I am available for questions and comments.

Several chief physicians had a request regarding the formulation of their subordination. The chairman of the chief physicians’ conference put a slide on the overhead projector. It contained a modification request. Another chief physician explicated the request (RLS-O24: 134-135):

May I explicate this? ‘Organization’ is too broad for us. It is better if we specify it. We should write ‘organizational in interdisciplinary matters’. That would be more appropriate.

Several chief and senior physicians raised their hands up to advance their opinions (RLS-O24: 136-142):
Subordination might have been historically correct, but regarding everyday life coordination would be more accurate.

I think ‘organizational’ is also contradictory. It is so broad that a division head can read everything into it.

I see the formulation for the first time now, but I basically appreciate it. But if a division head talks with a clinic head, it is always interdisciplinary. That is, the formulation is empty.

A MDH commented (RLS-O24: 144-147):

Just the medical division head’s standpoint: In this case, I do not know what my task would be. Most businesses are subordinated to the CEO now. Maybe the businesses will be more slow-paced. For me it is not about hierarchy but about the functionality of the organizational regulations.

The CEO took the floor and displayed the slide on the difference between professional leadership and system leadership (RLS-O24: 150-154):

I do not want to make version 23. Just for you to get the point: We have marked professional leadership in red color to highlight that clinics are autonomous. But it would be absurd if everything was directly subordinated to me. I have to say we have a more extreme variant than in Betaville. If you are only free radicals, the organization becomes impossible to steer. We need a minimum of structure.

The physicians and the CEO continued the discussion (RLS-O24: 155-168):

MDH4: I do understand the fear, but I would like to point out that many issues have already been consensually resolved by the division head. In fact, leadership would be easier without responsibility. Yet a business organization does not work if everything is passed through to the executive board or to the CEO. There must be trust that the division head is not evil…

UCP\textsuperscript{78}: We have had bad experiences in the past. We do not want that anymore. But I believe that we can resolve it with a new culture. But we would like to regulate it.

\textsuperscript{78}UCP is an abbreviation for unknown chief physician. The identity of this chief physician was unknown to the author.
We need a minimum of structures. I hear the fears. But I think it is an illusion to believe one could prevent everything with a regulation. It must be manageable! My colleagues will laugh if they see that.

One chief physician expressed that he was in favor of the subordination (RLS-O24: 169-170):

I, as a subordinate, consider the subordination as helpful. I am not afraid of the subordination but I am afraid for the organization as a whole.

The president of the physicians’ conference attempted to close the discussion (RLS-O24: 180-186):

I think we should come to a decision now. Who is in favor of the first variant? And who is in favor of the second? Is it correct like that?79

It is a consultation. The final decision resides with the executive board.

Okay, it is only a consultation.

That is not an implicit threat…

No, it is just about the right process. So who is for the original version? Please raise your hands.

19 physicians voted for the original version (i.e., version 22), 12 voted for the alternative formulation (as proposed by several chief physicians), and eight physicians abstained from voting. The physicians’ conference agreed with the version 22 (RLS-O24: 187-188) in December 2012. In this way, the consultation process was completed.

The chairman of the physicians’ conference addresses the CEO.
The next executive board meeting took place at the end of January 2013. All medical and nursing division heads were invited. The organizational regulations were one topic on the agenda. The CEO rapidly went through the different sections of the OR document and the participants could make objections. This last examination of the document was quickly completed. The CEO concisely concluded the RLS project (RLS-O26: 439):

Then the organizational regulations are approved. I thank the project group.

In an informal conversation with the executive board members after the executive board meeting the CEO stated:

In the end, the organizational regulations do not matter. Nobody can refer to the document. If we get into trouble, we must have to take a look at it again. It was about the process.

10.5.5.2 First-order analysis of episode 8

In the following sections I present the results of the first-order analysis of episode 8. Following the conceptual framework, the analysis is structured along the four sensitizing categories of content, style, text, and contingency.

Content: Focal discussion points

The chief physicians’ subordination. The chief physicians’ subordination became the sole point at issue. As the MDHs had succeeded in re-introducing the term “subordination” into the organizational regulations to characterize the relationship between chief physicians and MDHs, the chief physicians attempted to confine their subordination. This led to several supplementary formulations to the subordinate relationship. The chief physicians wanted to be organizationally subordinate only
“with regard to organizational-interdisciplinary matters” (RLS-O23) or only “in interdisciplinary matters” (RLS-O24).

**Style: Communication styles and formats**

In episode 8 a long consultation process with a pre-defined outcome took place. The CEO acted as intermediary to convince the organizational constituencies’ of the EB-DH OR version 22.

*Long consultation process with pre-defined outcome.* Before the passage of the EB-DH OR, a consultation in which the different advisory bodies could voice their opinion on the specific version of the EB-DH OR was supposed to take place. The executive board, however, pre-defined the outcome of the consultation process. That is, EB-DH OR version 22 should remain essentially unchanged. While the chief physicians were allowed to officially voice their viewpoint in the physicians’ conference, the chief physicians’ modification attempts had in fact little chance to be realized. The long consultation process served to demonstrate responsiveness to the different constituencies, not to actually enact it.

*The CEO as intermediary.* As in previous episodes, the CEO served as a ‘neutral’ ombudsman who tried to reconcile the different positions. He signaled his respect for diverging opinions and his readiness to put them at debate by meeting with the chief physicians and presenting their modification proposal to the executive board. Besides his reconciling demeanor during the physicians’ conference, this approach might have been helpful for the CEO in convincing the physicians to agree with version 22.

**Text: The role of textual artifacts**

At the final stage the EB-DH OR version 22 draft became a *symbol of the RLS project.* During the RLS project, project work was increasingly equated with work on the
organizational regulations. The eventual passage of the second set of the OR marked the end of the project.

*Symbolizing the RLS project.* The passage of EB-DH OR version 22, which was at issue in episode 7, had a highly symbolic character. Reflecting a broad agreement on its content, EB-DH OR version 22 was passed without further objections. The CEO explicitly highlighted the version number 22 (RLS-O24: 127-131) – possibly to indicate the lengthy and intensive development process. The project officially ended when the EB-DH OR version 22 was passed in the executive board in January 2013. The absence of major objections against the document signaled the different constituencies’ general acceptance of the future leadership structures.

**Contingency: The influence of communicative styles and formats on the outcome of the redesign**

The *CEO* functioned as *intermediary* and presented the chief physicians’ modification attempt in the executive board. However, the MDHs’ influence on the executive board decision regarding the consultation – a process in which the advisory bodies could voice their opinion on the specific version of the EB-DH OR – was more effective as the executive board rejected the chief physicians’ modification proposal and decided to pass the EB-DH OR version 22 (and not version 21) for the final consultation process in the advisory bodies. The *outcome of the consultation process was preset* (RLS-O23) and any modification attempts by the chief physicians in December 2012 at the physicians’ conference would clearly be rejected. Yet, the CEO’s credibility as justice of peace might have additionally contributed to the chief physicians’ approval of EB-DH OR version 22. After a *long consultation process* – from December 2012 to January 2013 – the executive board could pass the EB-DH OR version 22 without any opposition.
In summary, the observations made concerning the contingency between communication style and outcome of the redesign lead to the following assumptions:

- Respecting divergent interests throughout the process increased the acceptance of the final result of the redesign

10.5.6 Summary of period 2

The goal of this section is to provide a summary of the second period. I briefly summarize the project-related events in period 2 along the categories of the analysis – content, style, text and contingency.

Content

In the fourth episode it became apparent that the chief physicians were more oriented towards their professional organizations than towards CHA as the overall organization. A debate on the financial responsibility among the project group members revealed the interweaving of the clinical processes. The NDHs and the nursing director argued for keeping the system of double subordination. Moreover, the COA raised the issue of limiting the MDHs’ period of office.

In the fifth episode the participants discussed the chief physicians’ subordination to the MDHs. The division heads highlighted coordination needs as their primary raison d’être. Again, the COA suggested limiting the MDHs’ period of office. While the participants acknowledged the need for revising the divisional structures, they agreed on focusing on the leadership structures.

In the sixth episode the participants addressed the issue of the difference between clinics and departments. As almost every division had a different understanding of department, the participants agreed on a broad definition as a common denominator. The NDHs and the nursing director asserted their position and obtained an own budget
and a supplement to the description of their position which limited the MDHs’ authority over the NDHs. The chief physicians continued to struggle against the term ‘subordination’ – successfully. The term was removed in the first complete draft of the EB-DH OR.

In the seventh episode the MDHs turned the tide in their favor. Concerning relationship between chief physicians and MDHs, the MDHs managed to re-introduce of the term ‘subordination’ into the organizational regulations. With regard to the NDHs, they managed to remove the supplement which limited their authority over the NDHs.

In the eighth episode the chief physicians wanted to limit the MDHs’ authority again. Their modification attempts, however, were unsuccessful and the executive board finally passed the EB-DH OR version, which the MDHs were in favor of.

*Style*

In the fourth episode the participants wished to deepen the discussion on specific topics and requested the opening of circles of participation. The CEO played with temporary boundaries. While he highlighted the importance of meeting deadlines, he also allowed the extension of the discussions.

In the fifth episode a clear role allocation among the participants became visible. That is, the CEO set the focus of discussion, the MDHs defined the discussion base, the chief physicians raised objections, and the CEO and the EBM offered compromises.

In the sixth episode the NDHs and the nursing director demanded a separate meeting with the CEO. The division heads engaged in appeasing the chief physicians who continued to assert their position. The CEO demonstrated respect for all inputs and attempted to close the discussion by offering compromises.
In the seventh episode communication between MDHs and CEO resembled an exchange of blows. The MDHs heavily criticized the discussion results. The CEO reacted to the criticism with a halt of the RLS project. In the subsequent meetings, the MDHs could assert their interests. As the NDHs’ participation was not secured in all meetings, the NDHs could not voice any resistance against changes detrimental to their interests.

In the eighth episode a long consultation process about the EB-DH OR version 22 in the advisory bodies took place. The consultation process was important to gain the approval of all constituencies before the passage of the EB-DH OR in the executive board. As in previous episodes, the CEO acted as intermediary.

Text

In the fourth episode the participants worked with drafts of the EB-DH OR for the first time. The textual artifacts served to structure the discussion and fixate ambiguous relationships.

In the fifth episode draft excerpts of the EB-DH OR made the participants’ inputs visible and showed the contested nature of the topics discussed. Likewise, the participants increasingly attributed the ability to provide a sense of security to the organizational regulations.

The sixth episode illustrated the multi-faceted nature of textual artifacts. During the discussions, the EB-DH OR acted as ‘battleground’. Participants doggedly quarreled over specific formulations because they regarded the EB-DH OR as a future protection shield against power abuse to their respective interest group’s disadvantage.

The seventh episode showed that the participants not only regarded the textual artifacts as a protection shield against the abuse of power but also as a tool to enable or enlarge their future room for maneuver.
In the eighth episode the symbolic nature of the textual artifact became apparent. It was important that the passage of the EB-DH OR occurred without objections to demonstrate the unity among the different organizational constituencies. The project ended when the document was officially passed.

*Contingency*

In the fourth episode the temporal flexibility and the opening of participation circles inhibited rapid agreements on the issue of the relationship between MDHs and chief physicians. On the contrary, the participants raised additional issues, such as the nursing service organization and the difference between clinics and departments.

In the fifth episode—reflecting the operative hierarchy—the MDHs provided the discussion base, i.e., the OR draft excerpt on the task allocation between the division heads and chief physicians. In so doing, the MDHs could define the extent of changes in the leadership structures that they were ready to accept. As those who were in power defined the discussion base, changes of the leadership structures would tend to be conservative.

In the sixth episode, the project participants’ need to appease chief physicians and to acknowledge the heterogeneous nature of the medical divisions led to rather vague formulations—for instance, the definition of the difference between clinics and departments was very broad.

In the seventh episode, the MDHs fought back and dominated the discussion in the subsequent meetings. The term ‘subordination’ to characterize the hierarchical relationship of the chief physicians to the MDHs was re-introduced.

In the eighth episode, the executive board decided to make an extensive consultation process about the EB-DH OR. All advisory bodies eventually approved the EB-DH OR version 22. The executive board could pass the document without any resistance.
10.6 Epilogue: Impressions of the RLS project in the aftermath

Four months after the official end of the RLS project, participants delineated a differentiated picture. The project participants pointed to the lengthy process (I45: 19-28; I46: 64-65; I48: 378-382). They characterized the project results as “compromise solution” (I45: 299-306; I47: 24-56; I48: 272-275), which was not as “open-ended” as postulated at the beginning of the project (I20: 636-642; I48: 372-377).

The RLS project took a long time. Including the preparation meetings starting in August 2011, the project took 18 months. An executive board member noticed (I46: 64-65):

At the end, I had the feeling there was a version 570\textsuperscript{80}. Then everybody said: ‘We will do it until version 1000.’

A project participant emphasized the necessity of a “lengthy process” (I48: 378-382):

I think the process was way too lengthy… like all of us. But it took the long way. I do not know. We could have been a bit faster but it took the lengthy process to steady things – to create a work basis. That was important. It was not only about writing the organizational regulations.

A MDH suggested that it was the high degree of involvement which required time (I45: 19-28):

Yes, it took too long. But, of course, I see the realities. A lot of people have been involved. The CEO is […] somebody who looks for a solution everybody supports. That took a lot of time. Well, I think the investment of time paid off…

Many participants perceived the solution as a “compromise”:

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\textsuperscript{80}The executive board member referred to the multiple versions of the EB-DH OR.
I think we have negotiated the best compromise. […] Everybody could agree on it, nobody had to surrender completely – it was a face-saver for all concerned. (I48: 272-275)

At the end we have created overly detailed regulations. It was about 30 or 40 pages. That is, of course, a lot. […] It is a big piece of paper. […] Well, it is alright. But I think it is not a major hit. (I45: 299-306)

Some participants pointed out that the project had not been “entirely open-ended” (I09: 326-331; I20: 636-642; I48: 372-377). A senior physician noticed (I09: 326-331):

We had a lot of discussions, yet a result we could have predicted at the very beginning. It is not a major hit.

Similarly, a MDH stated (I20: 639-642):

In the end, we had the feeling that it was not entirely open-ended. […] But we had possibilities to exert influence on the process. We have discussed a lot. We have put a lot of cards on the table.

Whilst the actual project results were reportedly not “a major hit”, another project participant highlighted the importance of the surrounding discussions (I09: 330-331):

Maybe the surrounding discussions were more important than the actual result.

A senior physician who had been involved in the RLS project stated that he was “very satisfied with the result” (I49: 36-38). He explained (I49: 192-196):

We have fewer spanners in the works. […] We have freed resources for our core business. […] Due to the increased trust in the leadership we do not need to get involved in the business of the executive board anymore.

The organizational regulations which had been the major talking point during the RLS project were no longer of any concern for him (I49: 321-324):

For me, the reorganization of the leadership structures is a finished business. It is less present than it has been… let’s say… six months or a year ago.

In a similar vein, a NDH concluded (I48: 305-307):

The project has quieted things down. We are able to work again.
11 The second-order analysis: Communicative patterns of the redesign process

The goal of the second-order analysis is the development of abstract categories that form the basis for the communicative framework of organization redesign as process for rebuilding leadership legitimacy in pluralistic organizations. Building on the first-order analysis (see chapter 10), the second-order analysis seeks to provide answers to the second set of sub-questions (see Table 22). Answers to the second set of sub-questions should allow for determining communicative patterns of the observed redesign process.

The following sections present the results of the second-order analysis. Similar to the first-order analysis, the results of the second-order analysis are organized along the categories of content, style, text, and contingency. The first section presents the patterns of communication content. The second section discusses the patterns of communication style. The third section focuses on patterns concerning the textual artifacts’ roles during the redesign process, and the fourth section discerns the patterns behind the assumptions concerning the contingency between communication styles and outcome of the redesign process.

Table 22: Sub-questions guiding second-order analysis

<table>
<thead>
<tr>
<th>Sub-questions guiding second-order analysis</th>
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<tbody>
<tr>
<td>(1) <em>Content</em></td>
</tr>
<tr>
<td>(2) <em>Style</em></td>
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<tr>
<td>(3) <em>Text</em></td>
</tr>
<tr>
<td>(4) <em>Contingency</em></td>
</tr>
</tbody>
</table>
11.1 **Content: Patterns of communication content**

While the first-order analysis has discerned the focal discussion points in the communicative process of organization redesign, the second-order analysis examines the underlying patterns of the focal discussion points. The second-order analysis reveals that many of the focal discussion points determined in the first-order analysis reflect tensions between issues of autonomy and integration.

The presentation of the results of the second-order analysis is organized as follows. First, the section introduces the patterns of communication content derived from the second-order analysis. Second, it illustrates the tensions between the different patterns of communication content using illustrative examples from the case. Third, it provides a table that assigns the focal discussion points determined in the first-order analysis to the analytic categories established through the second-order analysis.

Formal structures – i.e., the object of concern in the process of organization redesign – can facilitate individual autonomy or organizational integration. While being aware of the general necessity of organizational integration, the different constituencies struggled for more autonomy during the process of organization redesign. Reflecting this ongoing tension, participants articulated both autonomy needs and integration needs. Autonomy needs refer to the desire of space for maneuver – individually or on the level of an organizational subunit. Integration needs denote the necessity of organizational integration – that is, the integration of organizational subunits or processes. The focal discussion points can be analyzed along the categories of *autonomy articulation* (i.e., articulation of autonomy needs) and *integration articulation* (i.e., articulation of integration needs). Yet, it is important to note that the focal discussion points do not always fall exactly into one category. Rather, they represent culmination points of ongoing tensions between autonomy and integration needs.
To illustrate the categories of autonomy articulation and integration articulation, I analyze in the following specific focal discussion points which have been discerned in the first-order analysis: drawing a distinction between “economic efficiency” and “medical-ethical conduct” (episode 1); organizational stabilization of the redesign and the neglect of the NDHs’ interests (episode 2); the chief physicians’ subordination (episode 5 to 8).

- **The distinction between “economic efficiency” and “medical-ethical conduct”**. The distinction between an economic and a medical logic is a particularly interesting focal discussion point as it embodies both an autonomy articulation and an integration articulation. Associating the medical logic with ethical conduct upgraded the physicians’ position and legitimized their striving for more autonomy. On the other hand, the claim that “decisions should not be based on economic efficiency only” (RLS-D03) implied the need for integrating the divergent logics, and thus, represented an integration articulation.

- **The organizational stabilization as goal of the redesign and the neglect of the NDHs’ interests**. In the second episode the NDHs brought forward their request for a seat in the executive board. They contended that the MDHs could not adequately represent them and that they needed a representation in the executive board – independent from the nursing director. Their demand for a seat in the executive board represented an autonomy articulation. The NDHs’ articulated their autonomy strivings from both the MDHs and the nursing director. In response, the CEO signaled that the probability of meeting their demand was low. He claimed that the denial of their request was inevitable for organizational stabilization. Thus, the denial of the NDHs’ request was framed as integration articulation.

- **The chief physicians’ subordination**. Throughout the second period (i.e., episode 5 to 8), the chief physicians opposed their subordination to the MDHs. Their demand for more independence and financial responsibility represented
an autonomy articulation. By contrast, the CEO and the MDHs highlighted the need for decision rights for themselves by pointing to coordination needs across clinics. In this sense, their arguments represented an integration articulation.

Table 23 assigns the different focal discussion points to the patterns of autonomy and integration articulations and describes the autonomy and/or integration articulation with regard to the specific focal discussion point.

**Table 23: Focal discussion points and patterns of communication content**

<table>
<thead>
<tr>
<th>Focal discussion point</th>
<th>Autonomy articulation</th>
<th>Integration articulation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 1</strong></td>
<td></td>
<td></td>
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<tr>
<td>The RLS project as internal project</td>
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</tr>
<tr>
<td>The distinction between “economic efficiency” and “medical-ethical conduct”</td>
<td>By raising this distinction the physicians asserted the legitimacy of their interests.</td>
<td>The distinction implied that while the logics were perceived as divergent, consideration of both logics seemed exigent.</td>
</tr>
<tr>
<td>The emphasis on the need for speed</td>
<td>The MDHs advocated a fast solution. This would have implied not examining the task allocation in detail and thus a preservation of the MDHs’ degree of discretion.</td>
<td>The CEO insisted on developing a solution the different constituencies could agree with.</td>
</tr>
<tr>
<td>The ideas for leadership models</td>
<td>The leadership models suggested by the chief physicians highlighted their need for autonomy.</td>
<td>The leadership models suggested by the supervisory and executive boards pointed to integration needs by highlighting opportunities for participation for different constituencies.</td>
</tr>
<tr>
<td><strong>Episode 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The representation in the executive board</td>
<td>The MDHs, NDHs and CPs struggled for seats in the executive board to ensure the consideration of their interest in strategic decisions.</td>
<td>The CEO and the SBMs pointed to the need of having an executive board capable of making fast and effective decisions affecting the organization as a whole.</td>
</tr>
<tr>
<td>Episode 2</td>
<td>The organizational stabilization as goal of the redesign and the neglect of the NDHs’ interests</td>
<td>The NDHs’ demand for a seat in the executing board reflected differences between the NDHs and the nursing director and the NDHs’ striving for more room for maneuvering.</td>
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<tr>
<td></td>
<td>The dividing lines between MDHs and chief physicians.</td>
<td>The CPs wanted an own representative in the executive board.</td>
</tr>
<tr>
<td>Episode 3</td>
<td>The difference between nursing management and nursing science</td>
<td>The NDHs demanded an additional seat in the executive board because they did not feel sufficiently represented in the executive board.</td>
</tr>
<tr>
<td>Episode 3</td>
<td>The type of physician in the executive board</td>
<td>The physicians placed a high importance to the representation of their interests and wanted MSD2/CPC as democratically elected representative to be EBM.</td>
</tr>
<tr>
<td></td>
<td>The position of the CSB</td>
<td>By openly questioning the position of the CSB the physicians demonstrated their pivotal position to the organization.</td>
</tr>
<tr>
<td>Episode 4</td>
<td>The orientation towards professional organizations</td>
<td>By demonstrating the strong orientation towards the professional organizations the COA emphasized the chief physicians’ independence from the organization.</td>
</tr>
<tr>
<td></td>
<td>The allocation of financial responsibility</td>
<td>The chief physicians demanded autonomous disposition of the clinic/institute/department budget.</td>
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</tbody>
</table>
## Focal discussion point

<table>
<thead>
<tr>
<th>Episode 4</th>
<th>The nursing service organization</th>
<th>Autonomy articulation</th>
<th>Integration articulation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The NDHs advocated the system of double subordination as with this system they attained a larger room for maneuver than a full subordination to the nursing director or MDH would have allowed.</td>
<td></td>
<td>The nursing director emphasized the need for integrating the nursing development; the NDHs therefore should be professionally subordinated to her.</td>
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<tr>
<td></td>
<td>Understanding the organization as democratic system and emphasizing their autonomy, the chief physicians demanded the limitation of MDHs’ period of office.</td>
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<tr>
<td>Episode 5</td>
<td>The chief physicians’ subordination</td>
<td>The chief physicians continued asserting their need for independence and keep refusing to be subordinates to the MDHs.</td>
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<tr>
<td></td>
<td>The MDHs and the NDHs claimed decision rights to coordinate the clinics/institutes/departments.</td>
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<tr>
<td></td>
<td>The chief physicians continued advocating the limitation of the MDHs’ period of office.</td>
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<td>The MDHs and NDHs suggested that allowing the democratic election of the MDHs would destabilize the organization. To appease the chief physicians the CEO proposed to limit the MDHs’ executive board membership.</td>
</tr>
<tr>
<td>Episode 6</td>
<td>The difference between clinics and departments</td>
<td>Striving for more autonomy the department heads demanded the disposition over their own budget.</td>
<td>The clinic heads pointed to the benefits of the departmental structures: for example, organizing shared resources.</td>
</tr>
</tbody>
</table>

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### Episode 4: The nursing service organization

The NDHs advocated the system of double subordination as with this system they attained a larger room for maneuver than a full subordination to the nursing director or MDH would have allowed.

The nursing director emphasized the need for integrating the nursing development; the NDHs therefore should be professionally subordinated to her.

### Episode 5: The chief physicians’ subordination

The chief physicians continued asserting their need for independence and keep refusing to be subordinates to the MDHs.

The MDHs and the NDHs claimed decision rights to coordinate the clinics/institutes/departments.

### Episode 6: The difference between clinics and departments

Striving for more autonomy the department heads demanded the disposition over their own budget.

The clinic heads pointed to the benefits of the departmental structures: for example, organizing shared resources.
<table>
<thead>
<tr>
<th>Focal discussion point</th>
<th>Autonomy articulation</th>
<th>Integration articulation</th>
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</thead>
<tbody>
<tr>
<td><strong>Episode 6</strong></td>
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<tr>
<td>The chief physicians’</td>
<td>The chief physicians continued rejecting the term ‘subordination’ to characterize the hierarchical relationship between MDHs and chief physicians.</td>
<td>The CEO decided to remove the phrase on the chief physicians’ subordination and provide clarification of the relationship between chief physicians and MDHs by detailing their tasks.</td>
</tr>
<tr>
<td>subordination</td>
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<tr>
<td>The role of the NDHs</td>
<td>Attempting to enlarge their room for maneuver the NDHs and the nursing director demanded influence on the employment plan, disposition rights on their own budgets, and a specification of their relationship towards the MDHs.</td>
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<tr>
<td>and the nursing service</td>
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<tr>
<td><strong>Episode 7</strong></td>
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<tr>
<td>The chief physicians’</td>
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<td>The MDHs demanded the explicit mention of the term ‘subordination’ to ensure decision-making spanning across clinics.</td>
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<tr>
<td>subordination</td>
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<tr>
<td><strong>Episode 7</strong></td>
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<tr>
<td>The relationship</td>
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<tr>
<td>between MDH and NDH</td>
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<tr>
<td><strong>Episode 8</strong></td>
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<tr>
<td>The chief physicians’</td>
<td>The chief physicians demanded further modifications to limit the MDHs’ authority and ensure their autonomy.</td>
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<tr>
<td>subordination</td>
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11.2 Style: Patterns of communication style

While the first-order analysis has discerned the communication styles and formats during the communicative process of organization redesign, the second-order analysis
seeks to establish the patterns of communication style. The second-order analysis shows that communication styles and formats observed in the first-order analysis tend reflect differentiating or reconciling communication stances.

The presentation of the results of the second-order analysis is organized as follows: First, the section introduces the patterns of communication style derived from the second-order analysis. Second, the tensions between the different patterns of communication style are illustrated by selected examples from the case. Third, the communication styles and formats determined in the first-order analysis are assigned to the analytic categories established through the second-order analysis in a summary table.

The differentiating stance occurs when the format, style, and tone of communication highlight the participants’ insistence on their own opinions and positions. This stance fuels the heterogeneities among the participants. By contrast, the reconciling stance arises when the communication emphasizes the readiness of participants to deal with each other’s interests and viewpoints. The reconciling stance energizes the search for constructive solutions. As with the discussion on the patterns of communication content, the communication styles and formats do not always fall exactly into one analytic category. Rather, the communication styles and formats allow for enacting the different stances of communication.

To illustrate the categories of differentiating stance and reconciling stance, I analyze in the following specific focal discussion points which have been discerned in the first-order analysis: one-on-one conversations (episode 1); the participants’ request of opening circles of participation (episode 4); and the nurses demanding a separate meeting (episode 6):

- One-on-one conversations. At the beginning of RLS project, the CEO conducted one-on-one conversations and listened to the organizational members’ various concerns. This communication format encouraged
participants to openly express their viewpoints and, thus, facilitated a differentiating stance. At the same time, the CEO signaled his willingness to engage with divergent concerns. In this sense, the one-on-one conversation enabled both a differentiating and a reconciling stance.

- The participants’ request of opening circles of participation. In episode 4, at the beginning of the second period, project participants requested to discuss a specific topic in another workgroup with a different composition than the original project group. The altered composition entailed enlarged representation of the chief physicians, the MDHs, and the NDHs within the workgroup. With this different composition, the chances of the different constituencies to successfully assert their demands increased significantly. Thus, opening circles of participation supported a differentiating stance by these constituencies. On the other hand, being responsive to this request demonstrated the CEO’s willingness to come to terms with divergent interests. In this sense, agreeing with opening circles of participation represented a reconciling stance.

- The nurses demanding a separate meeting. The format of a separate meeting with the CEO enabled the nurses to assert their position more emphatically. Thus, this communication format facilitated a differentiating stance. At the same time, the willingness to meet with different constituencies – in this case, the nurses – demonstrated the CEO’s readiness to take the different constituencies and their otherwise possibly neglected demands into consideration. In this sense, the separate meeting between the nurses and the CEO facilitated both a differentiating and a reconciling stance.

Table 24 maps the different communication styles and formats observed in the first-order analysis against the analytic categories of the second-order analysis. The table highlights how the specific communication styles and formats enabled the differentiating and/or reconciling stance.
Table 24: Communication styles and formats and patterns of communication style

<table>
<thead>
<tr>
<th>Communication style and format</th>
<th>Differentiating stance</th>
<th>Reconciling stance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-on-one conversations</td>
<td>One-on-one conversations allowed participants to express their viewpoints freely.</td>
<td>One-on-one conversations signaled interest for individual viewpoints of participants.</td>
</tr>
<tr>
<td>Gathering expectations</td>
<td>Asking for expressing divergent expectations on RLS project implied opportunity for uttering different opinions.</td>
<td>Gathering expectations of participants showed interest in considering different positions.</td>
</tr>
<tr>
<td>Open discussion without preset result</td>
<td>Open discussions enabled voicing distinct arguments.</td>
<td>The open discussions featured the concern of taking divergent arguments into consideration.</td>
</tr>
<tr>
<td>Involving as many as possible</td>
<td>Involvement of heterogeneous participants facilitated a controversial discussion.</td>
<td>The heterogeneity of participants indicated a wish to be mindful of the divergent interests.</td>
</tr>
<tr>
<td><strong>Episode 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CEO defining the discussion base (^{81})</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Allowing input for everyone but underhand dealings with the physicians</td>
<td>---</td>
<td>Allowing input for everyone signaled concern for different positions while underhand dealings gave physicians a stronger voice.</td>
</tr>
<tr>
<td>The NDHs’ need for claiming their rights</td>
<td>NDHs demanded a separate meeting to voice their position.</td>
<td>CEO showed the wish to accommodate the NDHs’ wishes.</td>
</tr>
</tbody>
</table>

\(^{81}\) This feature of the communication process is not directly assignable to the categories of a differentiating or reconciling stance. To a certain extent, however, it determined the limits of differentiating communication stances.
<table>
<thead>
<tr>
<th>Communication style and format</th>
<th>Differentiating stance</th>
<th>Reconciling stance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 3</strong> The supervisory board taking a decision without further consultations</td>
<td>By making a decision without further consultations the SB asserted their position.</td>
<td>---</td>
</tr>
<tr>
<td>No involvement of the NDHs</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The physicians escalating the situation by involving the government</td>
<td>The physicians involved the government to assert their position.</td>
<td>---</td>
</tr>
<tr>
<td>The CEO negotiating a compromise in bilateral meetings</td>
<td>---</td>
<td>The CEO exhibited his desire for reconciling different positions by negotiating compromises.</td>
</tr>
<tr>
<td><strong>Episode 3</strong> The SB confirming the compromise</td>
<td>---</td>
<td>The SB showed a reconciling demeanor by agreeing with the negotiated compromise.</td>
</tr>
<tr>
<td><strong>Episode 4</strong> The participants’ request of opening circles of participation</td>
<td>By the introduction of new members to the project, opportunities of expressing divergent positions increased.</td>
<td>By accommodating the request of widening circles of participation the CEO showed his willingness to deal with divergent positions.</td>
</tr>
<tr>
<td>The CEO playing with time</td>
<td>The temporal flexibility with regard to the project meetings encouraged the utterance of various concerns.</td>
<td>The temporal flexibility signaled interest in reconciling different concerns.</td>
</tr>
</tbody>
</table>
### The second-order analysis: Communicative patterns of the redesign process

<table>
<thead>
<tr>
<th>Communication style and format</th>
<th>Differentiating stance</th>
<th>Reconciling stance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 5</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CEO setting the focus of discussion(^{82})</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The MDHs defining the discussion base(^{83})</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The chief physicians raising objections</td>
<td>The chief physicians made use of the opportunity to contend their viewpoints.</td>
<td>---</td>
</tr>
<tr>
<td><strong>Episode 6</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CEO and the EBM offering compromises</td>
<td>---</td>
<td>The CEO and the EBM tried to reconcile the divergent opinions by offering compromises.</td>
</tr>
<tr>
<td>The nurses demanding a separate meeting</td>
<td>The nurses demanded a separate meeting to express their viewpoints.</td>
<td>The CEO showed accommodating behavior towards the nurses.</td>
</tr>
<tr>
<td>The chief physicians’ insistence</td>
<td>The chief physicians’ continued decidedly asserting their refusal of accepting subordination.</td>
<td>---</td>
</tr>
</tbody>
</table>

\(^{82}\)This feature of the communication process is not directly assignable to the categories of a differentiating or reconciling stance. To a certain extent, however, it determined the limits of differentiating communication stances.

\(^{83}\)This feature of the communication process is not directly assignable to the categories of a differentiating or reconciling stance. By defining the discussion base the MDHs, however, provided a materialized closure attempt to which the other participants could react.
Episode 6  Appeasing the chief physicians

Episode 7  Exchange of blows

Dominance of the MDHs

Absence of NDHs’ resistance

Episode 8  The chief physicians’ modification attempts

The MDHs defying the opposition

<table>
<thead>
<tr>
<th>Communication style and format</th>
<th>Differentiating stance</th>
<th>Reconciling stance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appeasing the chief physicians</td>
<td>---</td>
<td>The participants engaged in appeasing the chief physicians.</td>
</tr>
<tr>
<td>Exchange of blows</td>
<td>The constituents’ advocacy of their divergent positions resulted in an exchange of blows.</td>
<td>---</td>
</tr>
<tr>
<td>Dominance of the MDHs</td>
<td>The MDHs successfully asserted their position and dominated subsequent discussions.</td>
<td>---</td>
</tr>
<tr>
<td>Absence of NDHs’ resistance</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The chief physicians’ modification attempts</td>
<td>With small modifications the chief physicians attempted to carry their point.</td>
<td>---</td>
</tr>
<tr>
<td>The MDHs defying the opposition</td>
<td>The MDHs decidedly resisted any modification attempts and won out.</td>
<td>---</td>
</tr>
</tbody>
</table>

11.3 Text: Patterns concerning the textual artifacts’ roles

Whereas the first-order analysis has examined the different roles textual artifacts can assume in the process of organization redesign, the second-order analysis attempts to develop more abstract and conceptual categories.

The presentation of the results of the second-order analysis is organized as follows: First, it shows that the different roles textual artifacts discerned in the first-order analysis can be clustered into three groups. Second, it provides a table that assigns the roles of textual artifacts determined in the first-order analysis to the analytic categories established through the second-order analysis. Third, it demonstrates that the different functions of textual artifacts are attributable to two affordances of textual artifacts – namely, material fixation and mutability.
In the process of organization redesign, textual artifacts assumed three functions: (1) they contributed to the ‘rationality’ of the organization redesign, (2) they represented the space of contestation, and (3) they induced a sense of security. In the following, I elaborate on each function.

First, textual artifacts contributed to the ‘rationality’ of the process. Textual artifacts offered tangibility to abstract issues. By inscribing arguments in a textual document, they gained a material quality. Intricate relationships – such as the relationships between clinics and departments – could be appresented in discussions. Issues unknown to some of the participants could be made present. Processes of sensemaking were eased by the possibility to read texts on specific topics or to look at specific figures. More importantly, the presentation of arguments in written form contributed to the impression of making decisions in a rational and non-arbitrary manner. Arguments were not expressed spontaneously but reflected heedful and collective deliberations which became materialized in textual artifacts. Ephemeral oral statements gained a fixed status. Participants did not decide based on orally expressed individual opinions but on collectively elaborated argumentaries in a written form. A specific organization design was not based on ill-conceived ideas but on textual artifacts, which organized arguments in a structured manner. Textual artifacts therefore conveyed a coherent way of making design decisions and, thus, contributed to the procedural legitimacy of the redesign process.

Second, textual artifacts represented the space of contestation. They delineated the decision options and structured the discussion. Participants oriented themselves towards the textual artifacts and the structure of textual artifacts guided discussions. By (not) incorporating positions of specific constituencies textual artifacts potentially (de-)legitimized their voice. The different versions of textual artifacts made struggles visible. At an early stage, when the diverse comments of the participants were visible, textual artifacts revealed the contested nature of specific topics. At a later stage, the selection of specific formulations in textual artifacts reflected positional gains or losses.
of the different constituencies. Textual artifacts generated the terrain of contestation where participants enacted their different interests. Thus, textual artifacts facilitated the negotiation of different interests. Rebuilding leadership legitimacy in pluralistic organizations necessitated the mediation of conflicted interest and textual artifacts represented the space for these struggles.

Third, textual artifacts induced a sense of security. Participants fought for inserting their text when they believed that the textual artifacts – in the case at hand, the organizational regulations – defined their future room for maneuver. The written fixation of tasks, duties, or decision rights in textual artifacts represented a kind of ‘safety net’ for the participants. To prevent cases of individual misbehavior, organizational members pointed to the necessity of textual artifacts which defined appropriate behavior. Inducing a sense of security was particularly important when relationships were ambiguous. The inscription offered the possibility to reduce ambiguity and uncertainty. Textual artifacts fixated authority relations and took effect beyond the debates during the organization redesign process. As leadership legitimacy was strained, organizational members tended to mistrust leadership bodies concerning the consideration of their interests. The written fixation of individual members’ and organizational subunits’ influence was therefore highly important.

Although presented separately, the three functions of textual artifacts in the organization redesign process – i.e., contributing to ‘rationality’, representing the space for contestation, and inducing a sense of security – are in fact interrelated and not always clear-cut. First, conveying structuredness and rationality was important when interests came into conflict and negotiation became necessary. The appresentation of intricate relationships became relevant only when they were at stake. Second, participants fought for inserting their text into the final textual artifact only when they believed the textual outcome to be of importance. The participants’ striving to engage in the production of the textual artifact largely stemmed from their belief in the potency of a written fixation to shape hierarchical relationships. The participants
derived a sense of security from organization regulations that would adequately define the tasks, duties and decision rights of leadership bodies and organizational subunits. Moreover, temporality connected the three functions of textual artifacts. Appresenting current relationships, the first function referred to already existing structures. The second function referred to the textual artifacts’ ability to create space for negotiations in the present time, and the third function resulted from a projection of the future.

The first-order analysis has discerned different roles of textual artifacts in the organization redesign process. These roles can be related to the three functions of textual artifacts. Table 25 orders the different roles along these three functions.

Table 25: Roles and functions of textual artifacts in the process of organization redesign

<table>
<thead>
<tr>
<th></th>
<th>Contributing to the ‘rationality’ of the process</th>
<th>Representing the space of contestation</th>
<th>Inducing a sense of security</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinforcing open mode of discussion</td>
<td>---</td>
<td>Minor role of textual artifacts emphasized that the space of contestation was initially not confined.</td>
<td>---</td>
</tr>
<tr>
<td>Providing tangibility to goal in the future</td>
<td>---</td>
<td>---</td>
<td>As project outcome participants envisioned organization charts which would redefine leadership structures. Reference to material object offered tangibility to a goal in the future.</td>
</tr>
<tr>
<td><strong>Episode 2</strong></td>
<td></td>
<td>Only topics inscribed in the PowerPoint presentations the participants discussed.</td>
<td></td>
</tr>
<tr>
<td>Delineating the space of contestation</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Episode 2</td>
<td>Representing tangible evidence of ‘being heard’</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Episode 3</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Episode 4</td>
<td>Mapping the decision needs</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Episode 5</td>
<td>Making the participants’ different contributions and comments visible</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

*Due to the only limited empirical material on the role of textual artifacts in episode 3 the second-order analysis does not examine the function of textual artifacts in this episode.*
### The second-order analysis: Communicative patterns of the redesign process

<table>
<thead>
<tr>
<th>Episode</th>
<th>Contributing to the ‘rationality’ of the process</th>
<th>Representing the space of contestation</th>
<th>Inducing a sense of security</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 5</strong></td>
<td><strong>Inducing a sense of security</strong></td>
<td>---</td>
<td>The participants equated the structures with the OR documents which were to protect them from the abuse of authority.</td>
</tr>
<tr>
<td><strong>Episode 6</strong></td>
<td><strong>Materializing closing attempts</strong></td>
<td>---</td>
<td>The OR draft excerpts gave provisional results a material form the participants could act upon.</td>
</tr>
<tr>
<td><strong>Episode 6</strong></td>
<td><strong>Inducing a sense of security</strong></td>
<td>---</td>
<td>Participants tried to inscribe formulations for worst case scenarios to prevent power misuses.</td>
</tr>
<tr>
<td><strong>Episode 6</strong></td>
<td><strong>Appresenting intricate relationships</strong></td>
<td>Depicting intricate relationships among clinics and departments the documents made them present in the discussion.</td>
<td>---</td>
</tr>
<tr>
<td><strong>Episode 7</strong></td>
<td><strong>Demonstrating positional gains and losses</strong></td>
<td>---</td>
<td>Different OR versions represented positional gains and losses. When experiencing a loss, participants requested another version.</td>
</tr>
<tr>
<td><strong>Episode 7</strong></td>
<td><strong>Signaling responsiveness towards specific concerns</strong></td>
<td>---</td>
<td>To signal responsiveness towards a request of a MDH, the CEO ordered an alternative version of the OR draft.</td>
</tr>
</tbody>
</table>
The previous section has shown that textual artifacts have three functions in the process of organization redesign: (1) they contribute to the ‘rationality’ of the process, (2) they represent the space of contestation, and (3) they induce a sense of security. These functions again are enabled by the dual nature of textual artifacts. On the one hand, they can *fixate* transitory discussions. On the other hand, they are easily *mutable*. The following sections elucidate how the affordances of textual artifacts enable the three functions of textual artifacts in the process of organization redesign.

Presenting arguments in a written form tends to lend them a greater weight in a conflictual contention. Oral statements become material. Fixating ideas, textual artifacts can bring arguments substantiating the position of a constituency in a structured and rational manner. The structuredness of textual artifacts lends structure to discussions. Thus, the ability of textual artifacts to offer material fixation of abstract and sometimes fleeting ideas enables textual artifacts to contribute to the ‘rationality’ of the process.

The dual nature of textual artifacts turns them into spaces of contestation. As textual artifacts fixate ideas and allow transitory speech to transcend contexts, participants struggle for inserting their text. The mutability of textual artifacts again reflects the changes in positional gains and losses of these struggles. By including positions and ideas of specific constituencies in the material form of textual artifacts, the constituencies’ voices become legitimized and tangible evidences of being heard. At
the same time, these evidences tend to be rather fleeting as textual artifacts are mutable and certain words, phrases, or sections can easily be rewritten or removed. The mutability creates dynamics of both legitimation and delegitimation. While a low degree of a textual artifacts’ material fixation may enable those in charge to signal responsiveness to participants’ requests, the mutability of textual artifacts also allows for silencing these requests.

Due to their material form, textual artifacts are able to fixate transitory ideas and thereby transcend situative contexts. The affordance of material fixation therefore makes textual artifacts inducing a sense of security to the participants. On the other hand, textual artifacts only lead to performative effects of shaping behavior and defining space of maneuver if they are perceived as collective constructions. In particular, in pluralistic organizations organizational members have high expectations concerning their opportunities of influence on decision-making processes (Bunderson et al., 2000; Denis et al., 2001; Pusic, 1998; Strauss, 1998). It is the participative production of textual artifacts that turns them into authoritative devices defining individual space for maneuver. That is, textual artifacts attain their ability to represent a ‘safety net’ only through participative negotiation processes, which are enabled by the mutability of textual artifacts. It is the dual nature of textual artifacts that enables them to enact the critical function of inducing a sense of security.

11.4 Contingency: Contextual factors

Whereas the first-order analysis has examined the influence of different communication styles and formats on the outcome of organization redesign, the second-order analysis attempts to develop more abstract and conceptual categories. Abstracting from the assumptions made in the first-order analysis leads to the distinction of three contextual factors important in the communicative process of organization redesign.
The presentation of the results is organized as follows: First, I submit that abstracting from the assumptions made in the first-order analysis there are three important contextual factors for the communicative process of organization redesign. Second, it illustrates the importance of these three factors by drawing on examples from the empirical case. Third, it provides a table that assigns the assumptions concerning the contingency between communication style and formal structure to the analytical categories of the second-order analysis.

Abstracting from the results of the first-order analysis, three contextual factors shape the relationship between communication styles and redesign outcomes. First, *respect for plurality* refers to the awareness of divergent interests in the organization and the readiness for accommodating these interests. Participants’ flexibility and willingness to engage with other positions facilitates sincere and open debates which allow for constructive conflict resolution. With respect for plurality, alternative positions are legitimated and participants are receptive to new ideas. Second, *heterogeneous circles of participation* refer to the heterogeneity in the composition of workgroups involved in the redesign process. Enlarging circles of membership tends to increase meaningful participation and secures the inclusion of diverse interests. Third, widening circles of participations makes discussions lengthy and necessitates *temporal flexibility* – that is, the ability and willingness to shift temporal boundaries. Temporal flexibility secures the long-term acceptance of the redesign outcome. Without temporal flexibility, peripheral voices may be suppressed and important conflicts may be concealed.

To exemplify the relevance of the three contextual factors in the process of organization redesign, I draw on observations from the empirical case in the following. The first observation illustrates the importance of respect for plurality. The second observation depicts the significance of heterogeneous circles of participation. The third observation highlights the value of temporal flexibility.
11 The second-order analysis: Communicative patterns of the redesign process

(1) Respect for plurality was most often visible throughout the RLS project. All participants were aware of the plural interests in the organization. While attempting to push their claims, most participants were ready to listen to and engage with the arguments of other (even peripheral) constituencies.

(2) Heterogeneous circles of participation were ensured in all official meetings of the RLS project. All constituencies were represented in the different project groups. Moreover, circles of participation were widened in the course of the project and new members were admitted to the project. While the heterogeneous circles of participation often led to conflicts, they also ensured that conflicts were not suppressed. The case of the NDHs in episode 7 exemplifies the importance of this contextual factor. The nonattendance of the NDH representative in a crucial meeting inhibited arguing out the conflict between MDHs and NDHs and led to an – from the NDHs’ viewpoint – unfavorable definition of the relationship between MDHs and NDHs.

(3) The entire RLS project was marked by temporal flexibility. Deadlines were repeatedly postponed. There existed no fixed meeting schedule. Instead, meeting dates were defined at the end of every meeting. This temporal flexibility contributed to a lengthy process. Closing of the project was not realized until major opposition of any constituency could definitely be ruled out. Eventually, the many meetings and the extensive consultation process may in fact have contributed to the broad acceptance of the project outcome.

Table 26 maps the different assumptions on the contingency between communication styles and formal structures made in the first-order analysis against the analytic categories of the second-order analysis. It shows how the contingency assumptions are related to the contextual factors discerned in the second-order analysis.
## Table 26: Contingency assumptions and contextual factors

<table>
<thead>
<tr>
<th>Episode</th>
<th>Assumption</th>
<th>Respect for plurality</th>
<th>Heterogeneous circles of participation</th>
<th>Temporal flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Open modes of discussion required time and made decision difficult</td>
<td>Open modes of discussion reflected respect for plurality.</td>
<td>---</td>
<td>Open modes of discussion increased the need for temporal flexibility.</td>
</tr>
<tr>
<td></td>
<td>A broad consensus necessitated heterogeneous circles of participation</td>
<td>The respect for plurality manifested itself in the striving for a broad consensus.</td>
<td>Heterogeneous circles of participation enabled a broad consensus.</td>
<td>---</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Private deliberations increased the chances of pushing one’s interest through</td>
<td>---</td>
<td>Different participation circles facilitated different discussion outcomes.</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>The definition of the discussion base allowed control of the outcome*</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Enlargement of participation circles made rapid closure difficult</td>
<td>---</td>
<td>---</td>
<td>Widening circles of participation required temporal flexibility.</td>
</tr>
<tr>
<td></td>
<td>Failed closure made reopening circles of participation necessary</td>
<td>---</td>
<td>---</td>
<td>Reopening participation circles required time.</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Widening circles of participation required temporal flexibility</td>
<td>---</td>
<td>---</td>
<td>Widening circles of participation require temporal flexibility.</td>
</tr>
</tbody>
</table>
The assumptions marked with a star (*) do not match the analytical scheme of the second-order analysis. The second-order analysis seeks to discern contextual factors facilitating a communicative process and contributing to leadership legitimacy. The assumptions marked with a star demonstrate that organization redesign cannot take place in an apolitical and ahistorical space without restrictions. Redesign processes

<table>
<thead>
<tr>
<th>Episode</th>
<th>Assumption</th>
<th>Respect for plurality</th>
<th>Heterogeneous circles of participation</th>
<th>Temporal flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Episode 5</strong></td>
<td>Structures of communication during the redesign process tended to be reproduced in the outcome of the redesign process*</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Episode 6</strong></td>
<td>Participants' insistence and unity increased the likeliness of asserting their interests</td>
<td>Respect for plurality manifested itself in opportunities for participants to assert their interests.</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Episode 7</strong></td>
<td>The outcome of the redesign process reflected the power positions of the different constituencies*</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Episode 8</strong></td>
<td>Respecting divergent interests throughout the process increased the acceptance of the final result of the redesign</td>
<td>The respect for plurality made the acceptance of the redesign result more likely.</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
cannot take place on neutral ground. Whereas the communicative process of organization redesign to regain leadership legitimacy may encourage open exchange and constructive conflicts, tendencies to preserve the existing power structures are likely to remain effective.
Part D: The proposition of a communicative framework
12 A communicative framework for organization redesign as process for rebuilding leadership legitimacy in pluralistic organizations

The communicative patterns of the observed redesign process provide the basis for a communicative framework of organization redesign as process for rebuilding leadership legitimacy in pluralistic organizations. The communicative framework builds on the empirical analysis (see chapter 10 and 11) and relevant literature (see chapter 2, 3, and 4). The overall goal of this chapter is to present the communicative framework.

The chapter is designed as follows: Building on the previous analyses (see chapter 10 and 11), the first section establishes balancing the duality of openness and closedness as the central challenge in organization redesign for rebuilding leadership legitimacy in pluralistic organizations. The second section presents the theoretical propositions and the communicative framework of organization redesign for rebuilding leadership legitimacy in pluralistic organizations.

12.1 The nexus of the communicative patterns: Balancing the duality of openness and closedness

Based on the second-order analysis I have discerned patterns of communication content and communication style. On the communication content level, I have discerned autonomy and integration articulations. With regard to the communication style, I have discerned differentiating and reconciling communication stances. Moreover, I have distinguished two important affordances of textual artifacts (i.e., material fixation and mutability) and contextual factors (i.e., respect for plurality, heterogeneous circles of participation, and temporal flexibility) in the redesign process.
In this sub-section I argue for conceiving the nexus between the discerned patterns of the second-order analysis as duality of openness and closedness. First, I introduce the tension of openness and closedness as defining characteristics of organizations. Second, I submit that the relationship between openness and closedness is a duality. Third, I characterize the tension between autonomy and integration articulations as duality of openness and closedness. Fourth, I depict the tension between differentiating and reconciling communication as duality of openness and closedness. Fifth, I suggest that the two affordances of textual artifacts facilitate balancing the duality of openness and closedness. Sixth, I explore how the contextual factors support balancing the duality of openness and closedness. Seventh, I summarize the previous arguments and elucidate the relationships between the patterns of communication content and style, the affordances of textual artifacts, and the contextual factors.

Organizational life is characterized by tensions (Bouchikhi, 1998; Eisenberg, 1984; Smith and Lewis, 2011). As a consequence, polar constructs such as differentiation-integration or stability-change are widespread in organization studies (Pettigrew and Fenton, 2000; Smith and Lewis, 2011). Gebert and colleagues (1999, 2002, 2010) suggest that the various polar constructs can be characterized as polarities between openness and closedness. They discern basic assumptions on the (1) anthropological, (2) social, and (3) epistemological dimension, which reflect the tension between openness and closedness. The anthropological dimension refers to the nature of human beings. Accordingly, humans can be conceived as either needing control (closedness) or autonomy (openness). The social dimension refers to the question of what requires more protection in social settings – consensus (closedness) or plurality (openness). The epistemological dimension refers to the nature of knowledge – that is, knowledge be assumed to be either certain (closedness) or uncertain (openness) (for a summary, see Table 27).
Table 27: Openness and closedness as defining polarities in organizations (based on Gebert and Boerner, 1999)

<table>
<thead>
<tr>
<th></th>
<th>Openness</th>
<th>Closedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Anthropological dimension</td>
<td>Humans need autonomy.</td>
<td>Humans need control.</td>
</tr>
<tr>
<td>2. Social dimension</td>
<td>Plurality is desirable.</td>
<td>Consensus is desirable.</td>
</tr>
<tr>
<td>3. Epistemological dimension</td>
<td>Knowledge is certain.</td>
<td>Knowledge is uncertain.</td>
</tr>
</tbody>
</table>

Based on this categorization scheme, Gebert and colleagues (1999, 2002, 2010) ascribe different organizational practices, structures, and phenomena to the poles of openness and closedness. For instance, delegative leadership corresponds to the open pole whereas directive leadership corresponds to the closed pole. Likewise, practices fostering dissent reflect the open pole and practices fostering consensus reflect the closed pole (Gebert, Boerner, and Kearney, 2010). Other scholars also point to the movement between openness and closedness as defining characteristics of organizations. Gräser (2001, p. 154) notes that “Jede menschliche Sozietät […] bewegt sich zwischen den Polen Geschlossenheit und Offenheit“ and posits that the striving for both openness and closedness shapes organizations. He argues that the organizational viability hinges upon the heedful timing of the processes of opening and closing (p. 156). Saar (2001) similarly suggests that systems require a balance between openness and closedness to ensure their viability. Rüegg-Stürm (2009, p. 97, italics in original) hints at the necessity of “die öffnende Reflexion von gewachsenen Selbstverständlichkeiten und […] die schliessende, verbindliche Festlegung von gemeinsamen Bezugspunkten des Entscheidens und Handelns.“

Openness and closedness co-exist (Gebert and Boerner, 1999; Gräser, 2001; Saar, 2001; Rüegg-Stürm, 2009). As there is no stable optimum between openness and closedness, continuous balancing is required (Gebert and Boerner, 1999). That is, openness and closedness stand in duality. Duality refers to two elements that seem
contradictory but are in fact complementary or compatible (Farjoun, 2010; Janssens and Steyaert, 1999). The polar construct is seen as consisting of interdependent elements (Graetz and Smith, 2009). The elements are not mutually exclusive or interfering but potentially enabling each other (Farjoun, 2010).

The tension between the autonomy and integration articulations reflects the duality of openness and closedness. The pole of openness refers to a positive attitude towards individual autonomy (Gebert and Boerner, 1999). Fostering autonomy articulations therefore corresponds to the pole of openness. Fostering autonomy articulations is important for rebuilding legitimacy because leadership legitimacy hinges upon the different constituencies’ evaluation of authority structures and leadership actions as appropriate. And members of pluralistic organizations tend to have high expectations of their degree of autonomy (Bunderson et al., 2000; Denis et al., 2001; Pusic, 1998; Strauss, 1998). On the other hand, the pole of closedness refers to the necessity of control and integration (Gebert and Boerner, 1999; for an illustration, Table 28). Accordingly, integration articulations correspond to the pole of closedness. Integration articulations are important for rebuilding leadership legitimacy because leadership legitimacy relies not only on meeting the expectations of specific constituencies but also on the broad credibility to act in the best interest of the organization when implementing organization-wide initiatives.

The tension between differentiating and reconciling stances represents a reflection of the duality of openness and closedness. While the pole of openness entails fostering plurality, the pole of closedness implies fostering consensus (Gebert and Boerner, 1999). Differentiating communication stance fuels the heterogeneities among the participants. Allowing for differentiating communication stances corresponds to the pole of openness. The differentiating communication stance is essential for rebuilding leadership legitimacy by organization redesign as it prevents the suppression of relevant conflicts. By contrast, the reconciling communication stance entails the willingness to develop consensual solutions and, thus, corresponds to the pole of
closedness (for an illustration, see Table 28). The reconciling communication stance is critical for rebuilding leadership legitimacy as it facilitates cooperation and the development of constructive solutions.

Table 28: Openness and closedness in the communicative process of organization redesign

<table>
<thead>
<tr>
<th>Openness</th>
<th>Closedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy articulation</td>
<td>Integration articulation</td>
</tr>
<tr>
<td>Differentiating stance</td>
<td>Reconciling stance</td>
</tr>
<tr>
<td>Mutability</td>
<td>Material fixation</td>
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</tbody>
</table>

The affordances of textual artifacts support balancing the duality of openness and closedness. The mutability of textual artifacts facilitates openness to contestations and changes. On the other hand, the ability of textual artifacts to offer material fixation facilitates closing. As textual artifacts fixate transitory conversations, they can materialize efforts of closing. The nature of textual artifacts is inherently dual and always entails moments of both openness and closedness. That is, the affordances of textual artifacts create space for enacting openness as well as closedness. Facilitating both openness and closedness, the heedful mobilization of textual artifacts is critical to the process of rebuilding leadership legitimacy in pluralistic organizations.

The contextual factors help to balance the duality of openness and closedness in different ways. Respect for plurality involves the participants’ readiness to engage with different positions (i.e., both autonomy and integration articulations) and to accept different kinds of communication styles and formats (i.e., differentiating and reconciling communication stances). Heterogeneous circles of participation ensure diversity in communication content and style. Temporal flexibility facilitates
mindfulness about when to allow for opening and when to drive the process towards closure.

In fact, the duality of openness and closedness is characterized by a fractal pattern. Fractals are self-similar patterns in the sense that they remain the same at every scale (Mandelbrot, 1991). Accordingly, the process of organization redesign as a whole can be conceptualized as balancing the duality of openness and closedness. Simultaneously, there are moments of balancing openness and closedness at every sub-level of the process.

The start of the redesign process represents openness, whereas the selection of a specific organization design can be understood as closedness. The crucial challenge is the movement from openness to closedness while retaining openness throughout the entire process. The eventual closure of the redesign process signals progress, yet retaining openness throughout the process is important. In this context, openness refers to possibilities of exerting influence on the final outcome. Members of pluralistic organizations tend to have high expectations concerning their degree of influence on decision-making processes (Bunderson et al., 2000; Denis et al., 2001; Pusic, 1998; Strauss, 1998). Whenever leadership legitimacy is the motive behind the redesign efforts, allowing for the organization members’ influence on the development of future leadership structures, and thereby their acceptance of the future leadership structures, is essential. An overly hasty closure makes it less likely that members accept the future leadership structures because of their perceived lack of influence. Thus, the process of organization redesign must continuously entail moments of balancing openness and closedness.

Hence, balancing the duality of openness and closedness as crucial challenge of the organization redesign process requires constant balancing openness and closedness on the levels of communication content and communication style. The tension between autonomy and integration articulations as well as the tension between differentiating
and reconciling stances are reflections of the duality of openness and closedness. Balancing openness and closedness is facilitated by the heedful mobilization of textual artifacts and the presence of three contextual factors – that is, respect for plurality, heterogeneous circles of participation, and temporal flexibility.

12.2 A theoretical framework of organization redesign as communicative process to rebuild leadership legitimacy in pluralistic organizations

Based on my empirical research and the application of the CCO perspective, I develop a communicative framework to conceptualize organization redesign as a process for rebuilding leadership legitimacy in pluralistic organizations. In this section, I present this communicative framework and, thereby, provide an answer to the guiding research question, namely:

How can organization redesign be conceptualized as communicative process for rebuilding leadership legitimacy in pluralistic organizations?

The framework presentation is organized as follows: First, I present the theoretical propositions (see sub-sections 12.2.1-12.2.5). Second, I provide a graphical illustration of the theoretical framework (see sub-section 12.2.6).

12.2.1 Proposition 1: Openness and closedness

Leadership legitimacy is a particular challenge for pluralistic organizations (Denis et al., 2000, 2001). Rebuilding lost leadership legitimacy can occur by organization redesign – that is, by changing the formal structures (Chakravarthy and Gargiulo, 1998; Suchman, 1995). Adopting the CCO perspective (Ashcraft et al., 2009; Cooren
et al., 2011) the study conceives organization redesign for rebuilding leadership legitimacy in pluralistic organizations as communicative process.

The communicative process consists of a series of interactional events (e.g., formal meetings, bilateral talks etc.), in which participants discuss and redefine the formal structures. In terms of the Montreal’s school model of co-orientation, the formal structures represent the common object towards which participants co-orient themselves. The initiation of a redesign process constitutes an opening movement. It allows organizational constituencies to question formalized procedures, rights of participation, and established meanings (Thackaberry, 2004). The end of a redesign process is marked by a selection of a specific organization design (Huber and McDaniel, 1986; Kimberly, 1984). Whereas the basic goal of redesign efforts may be the accomplishment of leadership legitimacy (Chakravarthy and Gargiulo, 1998; Selznick, [1949] 1966; Suchman, 1995), the tangible results of organization redesign are altered formal structures. The conclusive agreement on the future formal structures eventually closes the process of redesign. That is, organization redesign entails a movement from openness to closedness (for an illustration, see Figure 51).

*Figure 51: The communicative process of organization redesign as movement from openness to closedness*
While organization redesign involves the selection of a specific organization design (and thus requires closure), retaining openness throughout the redesign process is essential whenever leadership legitimacy represents the motive behind the redesign efforts. Leadership legitimacy entails the broad support of leadership actions (Denis et al., 2001; Suchman, 1995). Organization redesign is more likely to ensure the required support if the organizational constituencies are allowed to influence the redesign process and if they see their interests reflected in the future formal structures. That is, organization redesign is more likely to lead to leadership legitimacy in pluralistic organizations if important organizational constituencies are involved in the process and if they see their interests recognized (Chakravarthy and Gargiulo, 1998). As seen in the empirical case, closure is difficult when important organizational constituency see their interests neglected. The supervisory board’s selection of an executive board composition, which did not meet the physicians’ claim for more influence, led to the physicians’ overt resistance. Only the readiness of the CEO to re-open the process and to renegotiate a compromise in bilateral talks eventually led to the physicians’ acceptance of the future executive board composition. This example illustrates how openness and closedness co-exist (Gebert and Boerner, 1999) and stand in duality (for an illustration, see Figure 52). While openness and closedness seem contradictory, they are in fact complementary (Farjoun, 2002). This duality of openness and closedness applies to pluralistic organizations in particular because organizational members tend to have high expectations concerning their degree of influence (Bunderson et al., 2000; Pusic, 1998; Strauss, 1998) – both within the redesign process itself and with regard to the degree of influence to be inscribed in the future formal structures. As a consequence, the organization redesign for rebuilding leadership legitimacy must entail a balance of the duality of openness and closedness.
While organization redesign represents a movement from openness to closedness, it must entail a continuous balancing of the duality of openness and closedness. At first glance, (1) the need to move from openness to closedness seems contradictory to (2) the exigency to balance the duality of openness and closedness. To address both exigencies, a continuous balancing of openness and closedness becomes necessary. Retaining openness and tentatively moving towards closedness, the redesign process must enable continuous balancing of the duality of openness and closedness (for an illustration, see Figure 53).

The crucial challenge of organization redesign for rebuilding leadership legitimacy in pluralistic organization is the continuous balancing of openness and closedness. These deliberations lead to the following proposition:

**Proposition 1:** Continuous balancing of openness and closedness throughout the redesign process enhances the relationship between organization redesign and leadership legitimacy in pluralistic organizations.
The communicative process of organization redesign involves two dimensions – that is, the content (‘what’) and the style (‘how’) of the communication. Balancing openness and closedness must therefore occur on the level of communication content and communication style. Furthermore, the CCO perspective highlights the role of text in the communicative process and the need for considering the impact of contextual factors (Ashcroft et al., 2009; Cooren et al., 2011). The following sections offer a description of how the duality of openness and closedness unfolds on the levels of communication content and style and show the role of textual artifacts and contextual factors therein.

12.2.2 Proposition 2: Autonomy and integration articulations

Lawrence and Lorsch (1967) define organizational integration as “achieving unity of effort among the various subsystems in the accomplishment of the organization’s task” (p. 4). While leadership is responsible for ensuring organizational integration and competitiveness (Jarzabkowski and Fenton, 2006) the overall goal of the organization might not coincide with the goals of organizational subunits and members (Pondy, 1967). Clashes between goals are common in pluralistic organizations (Jarzabkowski and Fenton, 2006). The large degree of autonomy organizational members in pluralistic organizations can represent barriers to integrated organizational action (Denis et al., 2007). The conflict between autonomy and integration needs is inherent to pluralistic organizations and affects the acceptance of organization structures and leadership bodies.

In the examined process of organization redesign, participants had opportunities both to express their autonomy needs and to point to the necessity of integration. For instance, in the second period of the RLS project the chief physicians decidedly resisted the term ‘subordination’ as characterization of their relationship towards the MDHs. The MDHs, on the contrary, asserted the need for decision rights to coordinate
the clinics and departments headed by the chief physicians. Discussions on this topic were lengthy and at times unrewarding. Until the end, chief physicians opposed the term ‘subordination’ and made modification attempts. That is, until the last phases of the RLS project the chief physicians made autonomy articulations. The redesign project was not finished until the chief physicians formally expressed their consent. The tension between autonomy and integration was not suppressed at all but continuously argued out. While this mode of discussing contributed to a lengthy process, it facilitated a balance of the duality of openness and closedness.

The duality of openness and closedness unfolds on the content level as tension between autonomy and integration articulations (see Table 28). Efforts of rebuilding leadership legitimacy in pluralistic organizations by organization redesign must address this tension between autonomy and integration. Debates on the future organization design must allow for arguing out the tension between autonomy and integration.

Autonomy articulations are essential for leadership legitimacy in pluralistic organizations for two reasons. First, granting autonomy to organizational members or subunits allows for fulfilling the overall goal of pluralistic organizations. Second, different constituencies have different expectations on the appropriateness of specific authority structures.

Rebuilding leadership legitimacy also necessitates participants to engage in discussions that produce integration articulations. That is, not all must necessarily contribute to integration articulations. Rather, participants must at least accept integration articulations. Ideally, integration articulations lead participants to recognize their common interests and sensitize them for the need of collective action. Integration articulations are important for leadership legitimacy in pluralistic organizations for two reasons. First, leadership legitimacy relies on the successful implementation of
organization-wide initiatives. Second, it is integration that creates and stabilizes spaces for autonomy.

Both autonomy and integration articulations are important on the level of communication content. While the preservation of autonomy is critical to members of pluralistic organizations, it may be difficult to create a shared organizational identity and sensitize organizational members for the need of integration. As seen in the empirical case, not all organizational members were equally aware of the coordination needs across different organizational subunits. Denis and colleagues (2007) point out that the absence of an aligned orientation towards organizational goals and a high degree of individual autonomy might produce collective paralysis. Thus, spaces of autonomy need to be complemented with efforts of integration (Lawrence and Lorsch, 1967). Integration articulations contribute to recognizing common interests and achieving unity among organizational members.

Ultimately, the tensions between autonomy and integration needs cannot be resolved during the communicative process of organization redesign. In fact, these tensions are inherent to organizational structures. Organizations need both autonomy and integration. Whereas autonomy preserves freedom on how to perform and evaluate work, integration lends stability to spaces of autonomy. Integration is required for autonomy to unfold productively. Likewise, autonomy is essential for achieving organization-wide goals (Gebert and Boerner, 1999). Not resolving the tensions but balancing the tensions is critical to rebuilding leadership legitimacy. Reflecting the duality of openness and closedness, both autonomy and integration articulations are important requirements in the communicative process of organization redesign for rebuilding leadership legitimacy in pluralistic organizations. These deliberations lead to the next proposition:

**Proposition 2:** On the level of communication content, continuous balancing of autonomy and integration articulations enables balancing openness and closedness throughout the redesign process.
Rebuilding leadership legitimacy involves addressing not only issues of autonomy and integration but also the way participants interact with each other. Leadership legitimacy requires more than involving the right people. The communication style of those involved is as least as important.

Acknowledging that participants hold different views, the redesign process must allow for communication styles that constructively deal with conflicting views. A common position in the literature advocates dialogue as means to cope with conflicting views. A ‘simplistic’ opening and a focus on overcoming differences, however, might not be beneficial as they might lead to ignoring or suppressing important conflicts (Koschmann, Kuhn, and Pfarrer, 2012). In particular, as leadership legitimacy relies on a broad support of leadership actions and requires addressing interests of multiple constituencies (Chakravarthy and Gargiulo, 1998), arguing politely and avoiding direct confrontations will not be expedient in the redesign process (Koschmann et al., 2012).

The balance of the duality of openness and closedness must unfold on the level of communication style. That is, a continuous interplay between differentiating and reconciling stances is more likely to generate the communicative space required to negotiate the conflicting interests and rebuild leadership legitimacy.

A differentiating stance fuels the heterogeneities among participants. It ensures that autonomy articulations are brought forward – warranting that interests of organizational subunits and individual interests are represented in the discussion. Without a differentiating stance, autonomy articulations tend to remain peripheral and are thus less likely to be pursued and realized. As leadership legitimacy relies crucially on the organization members’ acceptance of leadership actions, the consideration of the different constituencies’ interest is important. In the empirically examined redesign process, the nurses achieved – at least, partially – to assert their interests in the second period by requesting a separate meeting with the CEO. In contrast to previous project
meetings in which the nurses tended to exhibit a reconciling stance, this separate meeting enabled the nurses to enact a differentiating stance and push their interests through.

A reconciling stance is associated with conversations in which participants signal the readiness to accommodate divergent interests and highlight their shared interests. It tends to encompass a tone and/or the usage of specific expressions, which imply reciprocal respect (see Woodilla, 1998). Adopting a reconciling style supports collective sensemaking by all participants. For instance, the chief physicians’ acceptance of the final version the organizational regulations’ second part (EB-DH OR) was enabled by the CEO’s reconciling stance. Throughout the RLS project and during the physicians’ conference, the CEO’s tone and demeanor expressed his respect towards the chief physicians and his willingness to seriously take their autonomy strivings into account. This approach possibly contributed to chief physicians’ eventual consent the last version of the EB-DH OR in the final phase of the project.

Skillful balancing of differentiating and reconciling stances has a positive effect on the relationship between organization redesign and leadership legitimacy. A differentiating stance tends to leverage autonomy articulations, whereas a reconciling stance ensures that integration articulations are advanced and the necessity of integration is recognized. That is, differentiating stances and autonomy articulations tend to co-occur, just as reconciling stances and integration articulations tend to co-occur. Of course, exceptions exist. For example, this was the case in the analyzed redesign process when the MDHs expressed their discontent about the first complete EB-DH OR draft. The MDHs opposed the removal of the term ‘subordination’ in the section describing the relationship between MDHs and chief physicians. The MDHs’ differentiating stance eventually resulted in a solution, which incorporated the necessity of coordinating activities across clinics.
Balancing openness and closedness on the communication style level therefore necessitates a continuous balancing of both differentiating and reconciling stances. Each stance plays an important role in the redesign process, and neither should be neglected. These deliberations lead to the following proposition:

**Proposition 3:** On the level of communication style, continuous balancing of differentiating and reconciling stances enables balancing openness and closedness throughout the redesign process.

### 12.2.4 Proposition 4: Material fixation and mutability

The empirical analysis has demonstrated the important role textual artifacts play in rebuilding leadership legitimacy. In the examined RLS project the production of textual artifacts – i.e., the organizational regulations – became the focus of the project meetings. As the co-orientation model postulates (Taylor & Robichaud, 1996; Kuhn, 2008), the participants oriented themselves towards the textual artifacts. The textual artifacts represented the common object of concern – namely, the formal structures. The concept of co-orientation, however, is insufficient to explain the communicative process of rebuilding leadership legitimacy. Rebuilding leadership legitimacy requires participants not only to co-orient themselves towards a common object but also the continuous balancing of openness and closedness (see sub-section 12.2.1).

The affordances of textual artifacts support balancing the duality of openness and closedness because the nature of textual artifacts is two-fold. On the one hand, textual artifacts are mutable and open for change and contestation. On the other hand, they offer material fixation to oral statements. While the mutability of textual artifacts facilitates opening, the material fixation leads to closure. The affordances of textual artifacts thus correspond to the poles of openness and closedness (for an illustration, see Figure 54).
The examined empirical case offered numerous intriguing examples of balancing openness and closedness through the heedful mobilization of textual artifacts. For instance, in the first period textual artifacts delineated the scope of decision. Only those leadership models depicted in the PowerPoint slides in the project meetings were discussed by the participants. Confining the choices, the textual artifacts represented a movement of closing. Yet, when the NDHs complained about the insufficient consideration of their interests, the CEO ordered his staff to create slides, which reflected the NDHs’ concerns. By displaying these slides in the subsequent meeting, he signaled responsiveness and openness to the NDHs, who now had the impression that their voices were ‘heard’. The slides lend materiality to not yet implemented ideas. In the following meeting – the crucial plenary assembly – the NDHs’ concerns were removed from the new slides and thus not further discussed, despite their prior public display. That is, the NDHs’ interests were delegitimized again. This example illustrates that the mutability and the ability of offering material fixation of textual artifacts thus allow balancing the duality of openness and closedness.

Figure 54: The affordances of textual artifacts enabling balancing openness and closedness

The examined empirical case offered numerous intriguing examples of balancing openness and closedness through the heedful mobilization of textual artifacts. For instance, in the first period textual artifacts delineated the scope of decision. Only those leadership models depicted in the PowerPoint slides in the project meetings were discussed by the participants. Confining the choices, the textual artifacts represented a movement of closing. Yet, when the NDHs complained about the insufficient consideration of their interests, the CEO ordered his staff to create slides, which reflected the NDHs’ concerns. By displaying these slides in the subsequent meeting, he signaled responsiveness and openness to the NDHs, who now had the impression that their voices were ‘heard’. The slides lend materiality to not yet implemented ideas. In the following meeting – the crucial plenary assembly – the NDHs’ concerns were removed from the new slides and thus not further discussed, despite their prior public display. That is, the NDHs’ interests were delegitimized again. This example illustrates that the mutability and the ability of offering material fixation of textual artifacts thus allow balancing the duality of openness and closedness.
Throughout the RLS project, textual artifacts supported balancing openness and closedness. Textual artifacts represented attempts of tentative closure. On the other hand, their mutability enabled openness. To the end of the project, textual artifacts were subject to modification attempts. The mutability, of course, decreased towards the end of the redesign process. Through multiple iterations the textual artifacts became increasingly fixated and eventually enabled closure.

Textual artifacts are important for rebuilding leadership legitimacy by organization redesign not only because they represent the common object of concern but also because their affordances facilitate balancing openness and closedness throughout the process. These deliberations lead to the following proposition:

**Proposition 4:** Balancing openness and closedness throughout the organization redesign process is facilitated by the affordances of textual artifacts (a) to enable material fixation and (b) to allow for mutability.

**12.2.5 Proposition 5: Respect for plurality, heterogeneous circle of participation, and temporal flexibility**

Balancing openness and closedness occurs on the levels of communication content and communication style (see sub-section 12.2.1). On the level of communication content the duality of openness and closedness unfolds as tension between autonomy and integration articulations (see sub-section 12.2.2). On the level of communication style the duality of openness and closedness unfolds as tension between differentiating and reconciling stances (see sub-section 12.2.3). The empirical analysis (see sub-section 11.4) suggests that, to assure the balance between different articulations and stances, three contextual factors must be present throughout the redesign process: (1) respect for plurality, (2) heterogeneous circles of participation, and (3) temporal flexibility.

When the process of redesign starts and participants engage in questioning established formal structures, the participants’ awareness of the divergent interests ensures open
and not predetermined debates in which conflicts are argued out constructively. A balance between autonomy and integration articulations is only possible if participants are aware of this tension and respect the plurality in terms of content that prevails in their organization. Similarly, the balance between differentiating and reconciling stances is enabled by the participants’ respect for the plurality in terms of divergent communication styles. This argument resonates with Taylor, Robichaud and colleagues’ proposition (e.g., Robichaud et al., 2004; Taylor and Robichaud, 2004) that – with a view to co-orientation – the participants’ commitment to the process and their aspiration to fair play are crucial, not the actual resolution of the tensions. While acceptance of the result of the redesign process is more likely if the participants see their interests recognized, the participants’ respect for plurality makes them aware of the need for compromises.

Allowing for heterogeneous circles of participation ensures the balance both between autonomy and integration articulations and between differentiating and reconciling stances. Different identities tend to be associated with different communication styles, formats, and interests. For instance, in the RLS project the chief physicians tended to demonstrate a differentiating stance, whereas the CEO tended to show a reconciling stance. Generally, the more heterogeneity the circles of participation entail the more heterogeneity of communication content and style the communication process will exhibit and, thereby, contribute to the continuous balancing of openness and closedness.

While involving many organizational members with different professional backgrounds and from different hierarchical levels makes the acceptance of the result of the organization redesign more likely, the process tends to require more time. In fact, continuous balancing openness and closedness is a time-consuming effort. Open debates in which both autonomy articulations and integration articulations are balanced requires a lot of time; and an interplay between differentiating and reconciling stances necessitates more time than if, for instance, the CEO as RLS
project leader had inhibited differentiating stances and dominated discussions with his reconciling stance. Heterogeneous circles of participation therefore need to be complemented with temporal flexibility. That is, the redesign process should not entail strict temporal boundaries prompting premature closure. Temporal flexibility ensures the temporal space needed for balancing openness and closedness in the organization redesign process.

These deliberations result in the following proposition:

**Proposition 5**: Balancing openness and closedness in the organization redesign process is supported by the presence of three contextual factors: (a) respect for plurality, (b) heterogeneous circles of participation, and (c) temporal flexibility.

### 12.2.6 A graphical illustration of the framework

The previous sub-sections have outlined the theoretical propositions, which together form the theoretical framework. Figure 55 offers a graphical illustration of the theoretical framework.

Chakravarthy and Gargiulo (1998) suggest that it is not only the specific outcome of organization redesign, which contributes to leadership legitimacy, but also the process of redesign itself. In line with this suggestion, the framework elucidates how the communicative process of organization redesign contributes to leadership legitimacy. Instead of a mere transmitter of information, communication is conceptualized as a complex process, which produces leadership legitimacy by balancing openness and closedness on different levels. The framework seeks to capture the complexities and challenges of organization redesign as communicative process for rebuilding leadership legitimacy.
Figure 55: A communicative framework for organization redesign as process for rebuilding leadership legitimacy in pluralistic organizations
13 Discussion: Central argument, contributions and limitations

This chapter provides a critical discussion of the study. First, I recapture the central argument of the study. Second, I summarize on the contributions of the study. Third, I discuss the limitations of the study.

13.1 Central argument of the study

The study suggests that an advancement of the understanding of the relationship between organization redesign and leadership legitimacy in pluralistic organizations requires an investigation of the communicative process. While scientific debates link leadership legitimacy to communicative processes (Massey, 2001; Suchman, 1995) and propositions that rebuilding leadership legitimacy represents a purpose of organization redesign have been made (Chakravarthy and Gargiulo, 1998; Selznick, 1948, [1949] 1966), empirical studies that focus on the constitutive role of communication in rebuilding leadership legitimacy in pluralistic organizations by organization redesign do not exist. Indeed, Neilsen and Rao (1987) call for processual research on leadership legitimacy remained largely unanswered to date. The guiding research question of the study in hand was:

How can organization redesign be conceptualized as communicative process for rebuilding leadership legitimacy in pluralistic organizations?

Seeking a conclusive answer to this research question, the study has examined a redesign process at a Swiss cantonal hospital in-depth. The study heavily drew upon the CCO perspective (Ashcraft et al., 2009; Cooren et al., 2011) to analyze the communicative process constituting the redesign process. It focuses on the communicative process constituting the organization redesign, rather than on specific design choices. Based on the empirical analysis, the study proposes a theoretical framework, which carves out the intricate communicative patterns that enable a
pluralistic organization to rebuild leadership legitimacy by organization redesign. Following Pettigrew (1990), the goal has been to construct a framework “that allows for an appreciation of conflicting rationalities, objectives and behaviors” (p. 268).

The central argument is that, for rebuilding leadership legitimacy in pluralistic organizations, the communicative process is crucial – not the specific design resulting from the organization redesign process per se. The theoretical framework provides a conceptualization of this communicative process. I submit that for rebuilding leadership legitimacy in pluralistic organizations the communicative process of organization redesign must entail a continuous balancing of the duality of openness and closedness. The duality of openness and closedness unfolds on two different levels of the communication process (i.e., on the levels of communication content and communication style). On the level of communication content, a continuous balancing of autonomy and integration articulations contributes to leadership legitimacy. On the level of communication style, a continuous balancing of differentiating and reconciling stances enhances the potential for rebuilding leadership legitimacy by organization redesign. Moreover, the framework highlights the role of textual artifacts in balancing the duality of openness and closedness and emphasizes the importance of contextual factors (i.e., respect for plurality, heterogeneous circles of participation, and temporal flexibility) in enhancing the potential of rebuilding leadership legitimacy in pluralistic organization by means of organization redesign.

13.2 Contributions of the study

Whetten (2009) discerns two ways to make scientific contributions – that is, contribution of and contribution to theory (italics in original). Contribution of theory refers to “the use of accepted theory to guide scholarly investigation” (p. 35). The goal of theory-led investigation is to change the prevailing conception of a specific phenomenon by studying it from a novel perspective. This goal is attained by applying
a theoretical perspective which is widely accepted within a research area but which has not been used to study the phenomenon of interest. Contribution of theory produces novel insights into the targeted phenomenon. By contrast, contribution to theory refers to improving or adding new explanations to an existing theory corpus. While contribution of theory can be understood as “looking through the lens” contribution to theory can be understood as “improving the lens” (p. 35). Contribution of theory implies “theory informing observation”, and contribution to theory implies “observation informing theory” (p. 36). Both types of research are combinable (Whetten, 2009) (for a summary, see Table 30).

Table 29: The difference between contribution of theory and contribution to theory

<table>
<thead>
<tr>
<th></th>
<th>Contribution of theory</th>
<th>Contribution to theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship between</td>
<td>Theory informs observation</td>
<td>Observation informs theory</td>
</tr>
<tr>
<td>theory and observation</td>
<td>Changing prevailing conception of the targeted phenomenon</td>
<td>Generating or improving theory by</td>
</tr>
<tr>
<td></td>
<td>by employing a novel theoretical</td>
<td>empirical observation</td>
</tr>
<tr>
<td></td>
<td>perspective</td>
<td></td>
</tr>
<tr>
<td>Research goal</td>
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</tbody>
</table>

The phenomenon under study has been a process of organization redesign, and the accepted theory applied to examine the phenomenon has been the CCO perspective (for an illustration, see Figure 56). In conceptualizing organization redesign as communicative process for rebuilding leadership legitimacy, the study makes both types of contributions. It makes contributions of theory with regard to the organization redesign literature, and it makes contribution to theory with regard to the CCO perspective. Moreover, it contributes to the literature bodies of legitimacy, pluralistic organizations, and duality. In the following, I discuss the study’s different types of contributions in detail.
First, the study contributes to an alternative view on organization redesign which foregrounds aspects of processuality and emergence (Kimberly, 1984; Orton, 2000; Whittington, 2002). The study represents an empirical falsification of the conventional view of organization redesign. The observed redesign process did not follow the simple “design-implement” scheme most studies on organization redesign implicitly rely on (Kimberly, 1984). Instead, the organization redesign in examined the case turned out to be an iterative and emergent process. The study departs from the conventional view of organization redesign regarding the following points (for a summary, see Table 30):

- While conventional studies on organization redesign focus on the specific outcome of redesign processes (see Orton, 2000; Whittington, 2002), the study attends to the communicative process constituting organization redesign.
- The conventional view of organization redesign invokes imagery of intentionality and mastery of cause and effect (see Kimberly, 1984). By contrast, the study analyzes organization redesign as collective and emergent process entailing contradictory intentions and ambiguous relationships.
- Whereas the conventional view conceptualizes environmental changes as trigger for organization redesign (see Kimberly, 1984; Orton, 2000), the study examines organization redesign as a consequence of an internal leadership legitimacy crisis.

- Conventional studies on organization redesign regard efficiency gains and performance enhancement as primary goals of redesign efforts (e.g., Huber and Glick, 1993). This study analyzes organization redesign as effort to rebuild leadership legitimacy.

- While the research foci of conventional redesign studies are performance advantages of specific organization designs (see Whittington, 2002), the study aims at a process understanding of organization redesign.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Conventional view</th>
<th>Alternative view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mindset</td>
<td>&quot;Design-Implement&quot;</td>
<td>Collective and emergent process</td>
</tr>
<tr>
<td>Connotations</td>
<td>Intentionality, mastery of cause and effect, clear definitions</td>
<td>Contradictory intentions, emergence, ambiguous relationships</td>
</tr>
<tr>
<td>Reason for organization redesign</td>
<td>Environmental variable (e.g., hyperturbulence)</td>
<td>Internal issues (e.g., loss of leadership legitimacy)</td>
</tr>
<tr>
<td>Goal of redesign</td>
<td>Structural alignment to environment, efficiency gains, performance enhancement</td>
<td>Rebuilding leadership legitimacy or consolidating power</td>
</tr>
<tr>
<td>Research focus</td>
<td>Performance advantages of specific organization designs</td>
<td>Process understanding of organization redesign</td>
</tr>
</tbody>
</table>

The study offers a communicative framework of organization redesign as communicative process for rebuilding leadership legitimacy. By doing so, the study
represents not merely a departure from the conventional view of organization redesign but primarily contributes to the redesign literature with regard to the following aspects:

- **It substantiates the claim that organization redesign does not follow a “design-implement” scheme.** Chakravarthy and Gargiulo (1998) suggest that both the actual outcome of the redesign and the *process* of the redesign contribute to rebuilding leadership legitimacy. Based on this suggestion, this study has examined how the process of organization redesign leads to leadership legitimacy. It highlights the role of communication and details the communicative patterns important for rebuilding legitimacy. It demonstrates that for rebuilding leadership legitimacy the communicative process of organization redesign must involve a continuous balancing of the duality of openness and closedness, requiring respect for plurality, heterogeneous circles of participation and temporal flexibility. An organization redesign following the “design-implement” scheme is less likely to contribute to rebuilding leadership legitimacy. Rather, whenever leadership legitimacy is the primary motive for redesign efforts, the redesign process requires especially time and the participants’ willingness to negotiate compromises.

- **It points to the role of communication in organization redesign.** If organization redesign is targeted at rebuilding leadership legitimacy in pluralistic organizations, not only the tangible outcome, such as a new organization chart or a new set of organizational regulations defining the formal structures, is important. Leadership legitimacy stems from the communicative process of altering the formal structures, rather than from the altered formal structures itself. Organization redesign is not a one-off event in which a new organizational chart is drawn. It needs to be composed of a series of interactional events which enable the organization’s constituencies to constructively address and argue out the tensions inherent to pluralistic organizations.
- *It substantiates a redesign motive beyond performance enhancement.* While some scholars propose that the purpose of organization redesign might be rebuilding leadership legitimacy, few studies examine the relationship between organization redesign and leadership legitimacy (Chakravarthy and Gargiulo, 1998; Selznick, 1948, [1949] 1966). The theoretical framework presented in this study offers a conceptualization of the relationship between organization redesign and leadership legitimacy.

- *It bridges the gap between redesign theory and redesign practice.* Despite keen management interest in organization redesign, there is no theoretical framework to inform the redesign practice yet (Douglas, 1999). As the proposed framework is grounded on empirical research from the inside of a Swiss cantonal hospital and, thus, on insights of actual redesign practice, it represents a bridge between redesign theory and redesign practice.

- *It advances the understanding of organization redesign in a specific context.* By definition, process research is context-specific (Langley, 2009). Certainly, the examined case of redesign constitutes no exception. Still, the framework’s valuable insights are especially transferable to similar contexts – that is, pluralistic organizations with diffuse power structures and divergent goals (cf. Denis et al., 1996, 2000, 2001).

Besides its contributions to the redesign literature, the study also enriches the CCO perspective. Taking Putnam and colleagues’ (2010) contention that “CCO is a question” as starting point, the study examines how communicative processes facilitated rebuilding leadership legitimacy by organization redesign. It makes contributions to the CCO perspective with regard to the following aspects:

- *It applies the CCO perspective to a management problem.* The CCO perspective has been advocated predominantly by communication scholars (Bisel, 2010). Management studies employing a CCO perspective are still
rare. Highlighting the constitutive role of communication in rebuilding leadership in pluralistic organizations by organization redesign, this study represents an application of the CCO perspective to a specific management problem. First, it argues and demonstrates that organization redesign is a communicative process. Second, it shows how communication creates leadership legitimacy.

- **It refines the Montreal school’s model of co-orientation.** The study of a redesign process at a Swiss cantonal hospital reveals that working on a common object is insufficient for rebuilding leadership legitimacy. While co-orientation towards a common object – in this case, to the hospital’s formal structures – enables actors to interchange with each other (Taylor and Robichaud, 2004; Kuhn, 2008), the communicative process for rebuilding leadership legitimacy must entail a continuous balancing of openness and closedness. With regard to rebuilding leadership by organization redesign, co-orientation therefore needs to be complemented with the notion of continuous balancing of openness and closedness.

- **It helps understanding the role of textual artifacts.** The CCO perspective emphasizes the performative effects of textual artifacts and conceptualizes communication as interaction between texts and conversations (Cooren et al., 2011; Taylor et al., 1996). Yet, to date few studies have attended to the role of text in organizing (e.g., Anderson, 2004; Smith, 2001; Spee and Jarzabkowski, 2011; Sorsa, 2012). This study elucidates the role of textual artifacts in organization redesign. It suggests that the dual nature of textual artifacts – that is, their affordances of both offering material fixation and mutability – makes them essential in the redesign process.

- **It provides a longitudinal examination of communicative processes.** Longitudinal studies are rare in communication research (Spee and Jarzabkowski, 2011). Based on an extensive real-time study of a redesign
project over 15 months, the study shows how leadership legitimacy was rebuilt by organization redesign. By analyzing the communication content and style over time, the study identified the patterns crucial for rebuilding leadership legitimacy. It shows that the communicative process, while moving from openness to closedness, must entail a continuous balancing of the duality of openness and closedness.

Besides its contributions to the literature of organization redesign and the CCO perspective, the study additionally contributes to the literature on pluralistic organizations, on leadership legitimacy, and on dualities in organizations (for an overview of the different contributions, see Table 31):

- *It advances knowledge on management of pluralistic organizations.* While studies on pluralistic organizations consistently imply that leadership legitimacy represents a major challenge (e.g., Denis et al., 2000, 2001), studies explicitly examining leadership legitimacy in pluralistic organizations do not exist. This study submits that organization redesign can represent a means to rebuild leadership legitimacy in pluralistic organizations. It specifies the communicative patterns essential for rebuilding leadership legitimacy in pluralistic organizations. More specifically, it suggests that to rebuild leadership the inherent conflict of pluralistic organizations between autonomy and integration needs should ideally be argued out in the process of organization redesign. The study also elaborates on the role of textual artifacts and the contextual conditions. Thereby the study contributes to stream of literature on pluralistic organizations (e.g., Denis et al., 1996, 2001, 2001, 2007; Fjellvaer, 2010; Jarzabkowski and Fenton, 2006).

- *It re-animates the debate about leadership legitimacy.* Barnard (1938) and Selznick (1948) have emphasized that leadership requires the consent of the led. It is leadership legitimacy, rather than formal authority, that makes
organizational constituencies comply with the decisions of leadership bodies. Legitimacy research, has been primarily concerned with legitimacy of individuals (e.g., Read, 1974; Tyler, 1997) or organizations (e.g., Kostova and Zaheer, 1999; Suchman, 1995), but not with legitimacy of leadership bodies (see Johnson, Dowd and Ridgeway, 2006; Neilsen and Rao, 1987). Particularly in pluralistic organizations, leadership legitimacy cannot be taken for granted (e.g., Denis et al., 2001; Jarzabkowski, 2008). As situations in pluralistic organizations with diffuse power and divergent objectives become increasingly important in other industries as well (Denis et al., 2001, 2007), research on leadership legitimacy gains relevance.

- It enhances understanding of leadership legitimacy. Massey (2001) suggests that research on legitimacy management should depart from a simplistic transmission view of communication, which invokes the imagery that legitimacy arises from the strategic manipulation of symbols. In line with Massey’s (2001) suggestion, this study applies the CCO perspective to investigate rebuilding leadership legitimacy by organization design. While Massey (2001) argues for a dialogic approach to legitimacy management, this study urges more caution and suggests refining this argument as the empirical material and related theoretical considerations show that an overly simplistic dialogic approach (Koschmann et al., 2012) is insufficient to rebuild leadership legitimacy. Leadership legitimacy relies on a broad acceptance of leadership actions (Chakravarthy and Gargiulo, 1998; Selznick, 1948) but a social norm of continuously arguing in a polite and non-confrontational way is not necessarily expedient in the redesign process. Particularly in pluralistic organizations the tension between autonomy and integration needs must be addressed and argued out.

- It provides a promising avenue for researching dualities in organizing. The proposed framework submits that the communicative process of organization
redesign must – to rebuild leadership legitimacy – involve a continuous balancing of the duality of openness and closedness. Moreover, it suggests that the duality of openness and closedness represents a characteristic fractal pattern, which is to be found at every scale (Mandelbrot, 1991). That is, the duality of openness and closedness as fractal pattern unfolds on every level of communication. In the examined case of organization redesign, the duality unfolds on the communication content level in the form of tensions between autonomy and integration articulations and on the communication style level as tensions between differentiating and reconciling stances. To advance the literature body on dualities (Achtenhagen and Melin, 2003; Farjoun, 2010; Graetz and Smith, 2008; Janssens and Steyaert, 1999; Sanchéz-Runde and Pettigrew, 2003), future studies could examine dualities as fractal patterns and study dualities on different levels of organizing.

Table 31: Overview of the different contributions of the study

<table>
<thead>
<tr>
<th>Body of literature</th>
<th>Research need</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization redesign</td>
<td>Conceptualizing redesign as process (Kimberly, 1984; Orton, 2000; Whittington, 2002)</td>
<td>- Providing a theoretical framework incorporating processual aspects</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Highlighting the constitutive role of communication in redesign</td>
</tr>
<tr>
<td></td>
<td>Bridging redesign theory and practice (Kimberly, 1984; Orton, 2000)</td>
<td>- Providing a theoretical framework informed by research ‘from the inside’</td>
</tr>
<tr>
<td>Organization redesign</td>
<td>Examining redesign motives beyond performance enhancement motives (Kimberly, 1984; Orton, 2000)</td>
<td>- Analyzing organization redesign as effort to rebuild leadership legitimacy</td>
</tr>
</tbody>
</table>
### Body of literature

<table>
<thead>
<tr>
<th>Research need</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applying the CCO perspective to specific management problems (Ashcraft et al., 2009)</td>
<td>- Showing how the communicative process of organization redesign generates leadership legitimacy</td>
</tr>
<tr>
<td>Conducting longitudinal studies from a CCO perspective (Spee and Jarzabkowski, 2011)</td>
<td>- Providing a longitudinal study of a redesign process</td>
</tr>
<tr>
<td>Examining the interplay between human and non-human agency (Ashcraft et al., 2009; Cooren, 2004)</td>
<td>- Providing a conceptualization of the role of textual artifacts in organization redesign</td>
</tr>
<tr>
<td>Addressing specific challenges of managing pluralistic organizations (Denis et al., 2007; Jarzabkowski and Fenton, 2006)</td>
<td>- Suggesting that organization redesign represents a viable means for rebuilding leadership legitimacy in pluralistic organizations</td>
</tr>
<tr>
<td>- Elucidating the communicative process of rebuilding leadership legitimacy in pluralistic organizations</td>
<td></td>
</tr>
<tr>
<td>Conducting process studies on leadership legitimacy management (Neilsen and Rao, 1987)</td>
<td>- Shedding light on the process of rebuilding leadership legitimacy by organization redesign</td>
</tr>
<tr>
<td>Moving away from a simplistic transmission view of communication in researching legitimacy (Massey, 2001)</td>
<td>- Arguing that managing leadership legitimacy involves a communicative process which productively deals with conflicts</td>
</tr>
<tr>
<td>Examining how dualities are balanced in organizations (Farjoun, 2010; Sanchéz-Runde and Pettigrew, 2003)</td>
<td>- Demonstrating that the duality of openness and closedness represents a fractal pattern unfolding on different levels of communication and requires a continuous balancing</td>
</tr>
</tbody>
</table>

### 13.3 Limitations of the study

Some of the strengths of this study may be weaknesses as well. First, it is based on empirical research within a single site only. A generally held opinion is that single case studies disallow for generalization (Dubois and Gadde, 2002). Second, the presented case description relies on inside research, based on a privileged access to the
researched organization. ‘Blending into’ the researched organization, however, might lead to a limited perspective and compromise the ability to produce a reliable account (Angrosino, 2010). Third, the study is not about specific design choices but focuses on the communicative process of organization redesign. Fourth, the proposed framework exhibits a high level of abstraction. Readers might criticize the loss of contextual details in the process of theorizing (see Langley and Abdallah, 2011). In the following, I elaborate on each shortcoming.

The single-case based research. A generally held opinion is that multiple cases provide better explanations than single cases (see Langley and Abdallah, 2011; Miles and Huberman, 1994; Yin, 1994). The crucial question is: To which extent do single case studies allow for generalization? Several scholars argue that while single case studies might lack generalizability, their very strength lies in their ability to represent an illustrative example (Flyvbjerg, 2006; Maxwell, 2012). That is, the value of single case studies typically stems from generating an in-depth understanding (Tsoukas, 1989). Dubois and Gadde (2002) suggest that researchers who argue for the use of multiple cases implicitly rely on the notion of statistical significance. While increasing the number of cases might lead to more breadth, it tends to entail less depth (ibid). In fact, generalization is possible, however, not in the statistical sense. The question is if the conceptual findings of a single case are transferrable to other cases (Maxwell, 2012). Yin (1994, cited by Maxwell, 2012, p. 245) explicitly differentiates this form of ‘analytic generalization’ from ‘statistical generalization’. Payne and Williams (2005) refer to ‘moderatum generalization’ to describe the moderate transferability of single case study findings in the sense of (1) the scope of what is claimed, and in the sense that (2) the claims are open to change (ibid, p. 297).

Admittedly, this study makes moderatum generalizations only. First, hospitals are clearly, a special type of organization. Yet, hospitals are also an almost prototypical form of pluralistic organization. While the case clearly entails various idiosyncrasies, the proposed framework might apply to organizations with similar characteristics –
namely, pluralistic organizations with multiple powerful stakeholders, divergent goals, and knowledge-based work (Denis et al., 2001; Jarzabkowski and Fenton, 2007). In this sense, the scope of generalization should be considerable. Second, the proposed framework relating organization redesign to leadership legitimacy represents a first conceptualization. The conceptualization, certainly, leaves opportunities for refinement.

The insider perspective. If research is understood as a learning process, most is to be learned if the researcher places him- or herself in the context under study (Evered and Louis, 1981; Flyvbjerg, 2006). That is why Gioia (2004) does not hesitate to study his ‘home organization’:

“No organization is more salient or more important to me than my own organization, so that helps to explain why I sometimes study my own university” (Gioia, 2004, p. 102, cited by Langley and Abdallah, 2011, p. 214).

‘Research from the inside’ allows for a rich appreciation of the phenomenon of interest (Evered and Louis, 1981). Simultaneously, the risk to ‘go native’ (Angrosino, 2010) and become

“a prisoner of a single perspective with a particular interest, rather than an objective observer of the whole process” (Taylor and Van Every, 2011, p. 155)

is not avoidable altogether. Certainly, it is a continuous challenge to balance the inherent tension between the closeness to the phenomenon under study and the detachment needed to conduct the research (Angrosino, 2010).

Through my work as project assistant of the researched redesign project I became an organizational actor. Particularly, my involvement in the production of project documents contributed to an inside perspective. Yet, while I was allowed to participate in all project meetings, I never took the role of an active participant of these meetings. Combining the inside perspective with a more detached participant observer role enabled me to balance the tension between the closeness to the researched phenomenon and the required detachment for research. Moreover, meetings with my
supervisor and co-advisor helped to increase my reflexivity and to adopt a supplementary outside perspective (see Tuckermann, 2013). Thus, I could ensure a sufficient degree of detachment, while being able to benefit from the richness of an inside perspective. Admittedly, a researcher can only observe the organization from one single perspective – that is, the researcher’s perspective (Taylor and Van Every, 2011). It is impossible to completely eliminate the researcher’s bias resulting from his or her specific assumptions, values, and role in the organization (Maxwell, 1992, 2012).

The focus on the communicative process. As formal structures define authority relationships (e.g., Abernethy and Vagnoni, 2004; McPhee and Poole, 2001), enable coordination (e.g., McPhee, 1985; Ouchi, 1979), and facilitate decision-making (e.g., Huber and McDaniel, 1986; March and Simon, 1958, cited by McPhee, 1985), studies examining the effects of specific structural arrangements on organizational communication (e.g., Hage, Aiken, and Marett, 1971), strategy (Chandler, 1962), and performance (e.g., Bowman et al., 1999) have a long tradition (for a review, see Whittington, 2002). In this context, several scholars urge caution with regard to an overly narrow research focus on specific design choices. Although Selznick (1948, [1949] 1966) suggests that changes in formal structures can lead to leadership legitimacy, he notes that organization designs cannot describe reality. Blau and Scott (1963) point out that formal structures alone do not guarantee authority and legitimacy. Both Barnard (1938) and Selznick (1948) emphasize the role of informal communication taking place beyond the lines of command defined by organization charts. Similarly, Weick (1993) notes that organization designs represent mere blueprints, which abstract from organizational reality. Arguing that resourceful organizational actors are able to make use of what is at hand (i.e., ‘bricolage’), he questions the traditional view of organization designs as determinants of communication and resource flows. Whittington (2002) suggests moving beyond the
focus on structural arrangements as this type of research fails to capture the complexities of organization design and, thus, yields only limited insights.

This study does not challenge the central role of organizational design to facilitate coordination and decision-making per se. Rather, it follows Chakravarthy and Gargiulo’s (1998) contention that, while changes in organization designs can contribute to leadership legitimacy, it is the process of organization redesign that produces substantial leadership legitimacy. Seeking to respond to Neilsen and Rao’s (1987) call for more process research on leadership legitimation processes, the study in hand has focused on the communicative process, and not on specific design choices. Further research developing processual frameworks could attempt to consider specific redesign choices.

The high level abstraction of the proposed framework. The very affordance of case studies is to provide contextual details (Langley and Abdallah, 2011). Flyvbjerg (2006) therefore urges caution of summarizing case studies. He notes that “the case story itself is the result” (ibid, p. 238). From his viewpoint, the reader should ‘enter the reality’ captured by the case study to gain a sensitiveness which is not obtainable from theoretical propositions (ibid). Peattie (2001, p. 260, cited by Flyvbjerg, 2006, p. 238) states:

“It is simply that the very value of the case study, the contextual and interpenetrating nature of forces, is lost when one tries to sum up in large and mutually exclusive concepts”.

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85Similarly, Bate and colleagues (2000), who examined a redesign process in a hospital from a cultural perspective, submit that design choices are too context-specific. Instead, they highlight the need for studying the process of designing.
In a similar vein, Langley and Abdallah (2011) submit that abstract models might compromise the complete understanding of the researched phenomenon. By contrast, while Siggelow (2007) acknowledges the value of research focusing on how processes play out, he emphasizes that the very purpose of research is to develop theory. He notes:

“[T]heory is only helpful if it can rise above the idiosyncratic case. Thus, one will have to make choices and simplifications in order to create useful theory.” (ibid, p. 21)

Whereas focusing on the details and yielding knowledge of specific situations tends to more directly serve the practitioners’ needs (Evered and Louis, 1981, p. 392) and corresponds to the idea of ‘research as learning process’ (Flyvbjerg, 2006), the development of theoretical concepts lies at the heart of scholarly practice (Siggelow, 2007).

This study attempts to achieve a balance between developing relevant theoretical contributions and following the idea of conceiving research as learning process. The proposed framework exhibits a high level of abstraction, making the contextual details invisible. Although the framework tries to capture the complexities of the redesign process, many details became lost in the process of generalizing (Langley and Abdallah, 2011). Yet, the case description pays attention to the rich details, inviting the reader to learn about subtleties of the observed redesign process and to develop different interpretations.

14 Conclusion: Implications for research and practice

The objective of the study was to open the black box of organization redesign as communicative process for rebuilding leadership legitimacy. The proposed framework identifies the communicative patterns important for rebuilding leadership legitimacy. To conclude, I offer a discussion of the study’s implications for research and practice.
14.1 Implications for research

A first research implication concerns the research of organization redesign. Traditionally, research on organization redesign has focused on the structural configurations. The study responds to recent calls to move beyond structural issues and investigate the processes of organization redesign (Kimberly, 1984; Orton, 2000; Whittington, 2002). By using the CCO perspective (Ashcraft et al., 2009; Cooren et al., 2011), I focus on which issues are negotiated (communication content), how these issues are negotiated (communication style) and what role textual artifacts play in the communicative process of organization redesign. The developed communication-based framework shows that if organization redesign represents an effort to rebuild leadership legitimacy, organization redesign should be reconceived as a dynamic process that involves the continuous balancing between the duality of openness and closedness. The study demonstrates the inherently communicative nature of organization redesign. It provides compelling arguments that to understand organization redesign as process, researchers should direct their attention to the communicative constitution and the communicative patterns shaping the organization redesign process. A communication perspective puts emphasis to the processual and temporal aspects of organization redesign, appreciating organization redesign as a social and iterative accomplishment.

The study has also implications for the research on legitimacy. Although the importance of leadership legitimacy has been long recognized in the organizational literature (Barnard, 1938; Chakravarthy and Gargiulo, 1998; Denis et al., 2001; Pfeffer, 1981; Selznick, 1948), it remains open to scrutiny how leadership legitimacy can be managed effectively (Neilsen and Rao, 1987). Traditionally, research has been concerned with the legitimacy of organizations (e.g., Elsbach and Sutton, 1992; Kostova and Zaheer, 1999; Suchman, 1995; Suddaby and Greenwood, 2005) and individual leaders (e.g., Johnson, 1994; Read, 1974; Tyler, 1997) but not with the legitimacy of leadership bodies. Particularly in pluralistic organizations, which are
characterized by divergent goals, multiple stakeholders, and knowledge-intensive processes, however, leadership legitimacy is vital (Denis et al., 2001; Denis et al., 2012). The study therefore strongly suggests that researchers interested in the workings of pluralistic organizations should examine leadership legitimacy. As knowledge-intensive processes and situations characterized by diffuse power and divergent goals become increasingly important across industries (Alvesson, 1993; Blackler, 1995; Denis et al., 2001; Lowendahl and Revang, 1998), research on leadership legitimacy provides valuable insights on future organizational arrangements in general.

A third implication concerns the research from a CCO perspective (e.g., Ashcraft et al., 2009; Cooren et al., 2011). The study demonstrates the applicability of the CCO perspective to specific management problems (e.g., strategic planning, organization redesign). Drawing on the empirical case as well as the debate on dualities in organizations (Farjoun, 2010; Gebert and Boerner, 1999; Gebert et al., 2007), the study complements the model of co-orientation (Robichaud et al., 2004; Taylor and Robichaud, 2004; Kuhn, 2008) with the notion of balancing the duality of openness and closedness. The study demonstrates that, for rebuilding leadership legitimacy by organization redesign, the orientation towards one object of concern is a necessary but not sufficient condition. Rather, the communicative process must entail a continuous balancing of openness and closedness. Further research adopting the CCO perspective could study how different practices affect the balancing of the duality of openness and closedness and examine whether the notion of balancing the duality of openness and closedness is applicable to other organizational phenomena and contexts.

A fourth implication concerns the research on dualities (Farjoun, 2010; Graetz and Smith, 2009; Sanchéz-Runde and Pettigrew, 2003). While the notion that organizations are exposed to a wide range of dualities has stimulated plenty of theoretical work on these dualities (e.g., Evans, 1999; Farjoun, 2010; Janssens and Steyaert, 1999), respective empirical work on managing dualities is still rare (see
Sanchéz-Runde and Pettigrew, 2003). Previous studies on dualities tend to view duality as an abstract theoretical concept and refrain from applying duality thinking to a specific management problem. This study suggests that organization redesign for rebuilding leadership legitimacy in pluralistic organizations is shaped by the duality of openness and closedness and that this duality represents a fractal pattern, unfolding on different levels of communication. Future research could investigate more closely the activities of balancing dualities and explore the unfolding of dualities on different levels of organizing.

14.2 Implications for practice

The study has important practical implications for organizational actors interested in organization redesign as means for rebuilding leadership legitimacy in pluralistic organizations. Despite its high level of abstraction, the proposed communicative framework is strongly driven by practical concerns.

If organization redesign is targeted at rebuilding leadership legitimacy, organization redesign is not to be reduced to the drawing of a new organizational chart. Rather, it involves a dynamic and intricate communicative process, facilitated by a series of meetings. Ideally, it enables the maintenance of the tension between autonomy and integration articulations, the tension between differentiating and reconciling stances, and the heedful mobilization of textual artifacts. The presence of contextual factors – that is, temporal flexibility, heterogeneity of participation circles, and respect for plurality – significantly support this communicative process. Consequently, organizational actors should pay heedful attention to the structuring of the communicative process. Questions of structuring the interactional events that constitute the communicative process of organization redesign are crucial. In the following, I elaborate on the practical implications in more detail.
First, the proposed framework suggests that it is important to enable both repeated autonomy and integration articulations during the communicative process of organization redesign. Practically speaking, the framework argues that participants should be encouraged to express their striving for autonomy and the necessity for integration. Those concerns should not be suppressed. Rather, they should come up for discussion and be argued out. Those responsible for the redesign process should introduce procedures that sustain the tension between autonomy and integration articulations to prevent a premature closure.

Second, the communicative framework shows that it is not only important which issues come up for discussion but how the participants discuss these issues. Organizational actors responsible for the design of the communicative setting in which the redesign process takes place should ensure that both differentiating and reconciling communication stances are possible – for instance, by allowing for different meeting forms (e.g., plenary assembly or private deliberations) or by adding new participants to the redesign process.

Third, textual artifacts are not only important as tangible outcome of the redesign process. While the tangible outcome of the organization redesign tends to be an altered organizational chart or a revised set of organizational regulations, textual artifacts also serve as mediator of the communicative process. Textual artifacts help to offer tangibility to not yet implemented ideas and to drive the communicative process towards closure. Participation in the production of textual artifacts induces the participants’ feeling of collectively deciding on the future organization design. Particularly in pluralistic organizations, in which interests are diverse and contradictory, working on textual artifacts provides a sense of security, as they represent a material fixation of the discussion outcome. The heedful mobilization of textual artifacts is therefore important for rebuilding leadership legitimacy by organization redesign.
Finally, the presence of three contextual factors supports the process of rebuilding leadership legitimacy by organization redesign: (1) temporal flexibility, (2) heterogeneity of circles of participation, and (3) respect for plurality. When organization redesign is targeted at rebuilding leadership legitimacy, the redesign process tends to be time-consuming because many conflicts (re-)surface and need to be addressed. Temporal flexibility prevents a premature closure and the neglect or suppression of important conflicts. Heterogeneous circles of participation tend to exhibit a wider range of different communication stances than homogenous circles. Ensuring the heterogeneity of participation circles by introducing new discussion groups or by adding new participants to the redesign may therefore help to maintain the necessary tension between differentiating and reconciling communication stances. The articulation of both autonomy and integration needs is supported by the respect for plurality. Only if participants respect the different interests, different articulations and constructive solutions become possible. The communicative process, while allowing for constructively arguing out conflicts, should therefore always be shaped by a respect for plurality.
References


References


## Table 32: Overview of sources informing the case description

<table>
<thead>
<tr>
<th>Source</th>
<th>Observations</th>
<th>Interviews</th>
<th>Organizational documents</th>
<th>Press articles</th>
<th>Shadowing</th>
<th>Informal conversations</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLS project related</td>
<td>26</td>
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<td>50</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Informing contextual knowledge</td>
<td>19</td>
<td></td>
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<td>5</td>
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<td><strong>49</strong></td>
<td><strong>57</strong></td>
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<td><strong>8</strong></td>
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</tr>
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## Table 33: List of observations related to the RLS project

<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Meeting/Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLS-O01</td>
<td>08/09-Nov-2011</td>
<td>Workshop on leadership structures</td>
</tr>
<tr>
<td>RLS-O02</td>
<td>14-Dec-2011</td>
<td>1\textsuperscript{st} project group meeting</td>
</tr>
<tr>
<td>RLS-O03</td>
<td>09-Jan-2012</td>
<td>2\textsuperscript{nd} project group meeting</td>
</tr>
<tr>
<td>RLS-O04</td>
<td>25-Jan-2012</td>
<td>Meeting of NDHs and CEO</td>
</tr>
<tr>
<td>RLS-O05</td>
<td>30-Jan-2012</td>
<td>3\textsuperscript{rd} project group meeting</td>
</tr>
<tr>
<td>RLS-O06</td>
<td>15-Feb-2012</td>
<td>Plenary assembly</td>
</tr>
<tr>
<td>RLS-O07</td>
<td>18-Apr-2012</td>
<td>Supervisory board meeting</td>
</tr>
<tr>
<td>RLS-O08</td>
<td>21-Apr-2012</td>
<td>4\textsuperscript{th} project group meeting</td>
</tr>
</tbody>
</table>

^6 \text{Number refers to the days of shadowing.}
<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Meeting/Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLS-O09</td>
<td>23-Apr-2012</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
</tr>
<tr>
<td>RLS-O10</td>
<td>07-May-2012</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
</tr>
<tr>
<td>RLS-O11</td>
<td>30-May-2012</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O12</td>
<td>31-May-2012</td>
<td>Supervisory board meeting</td>
</tr>
<tr>
<td>RLS-O13</td>
<td>05/06-Jun-2012</td>
<td>Strategy workshop</td>
</tr>
<tr>
<td>RLS-O14</td>
<td>27-Jun-2012</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O15</td>
<td>10-Jul-2012</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O16</td>
<td>21-Aug-2012</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O17</td>
<td>27-Aug-2012</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
</tr>
<tr>
<td>RLS-O18</td>
<td>30-Aug-2012</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O19</td>
<td>05-Sep-2012</td>
<td>Meeting of NDHs, nursing director and CEO</td>
</tr>
<tr>
<td>RLS-O20</td>
<td>05-Sep-2012</td>
<td>8&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
</tr>
<tr>
<td>RLS-O21</td>
<td>12-Sep-2012</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; subgroup meeting</td>
</tr>
<tr>
<td>RLS-O22</td>
<td>31-Oct-2012</td>
<td>9&lt;sup&gt;th&lt;/sup&gt; project group meeting</td>
</tr>
<tr>
<td>RLS-O23</td>
<td>13/14-Nov-2012</td>
<td>Executive board meeting/strategy workshop</td>
</tr>
<tr>
<td>RLS-O24</td>
<td>04-Dec-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>RLS-O25</td>
<td>12-Dec-2012</td>
<td>Physicians’ conference</td>
</tr>
<tr>
<td>RLS-O26</td>
<td>22-Jan-2013</td>
<td>Executive board meeting</td>
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</tbody>
</table>
Table 34: List of observations informing contextual knowledge

<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHA-O01</td>
<td>22-Nov-2011</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O02</td>
<td>24-Apr-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O03</td>
<td>15-May-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O04</td>
<td>19-Jun-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O05</td>
<td>03-Jul-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O06</td>
<td>18-Jul 2012</td>
<td>Meeting of a strategic initiative</td>
</tr>
<tr>
<td>CHA-O07</td>
<td>28-Aug-2012</td>
<td>Meeting of a strategic initiative</td>
</tr>
<tr>
<td>CHA-O08</td>
<td>28-Aug-2012</td>
<td>Executive board meeting</td>
</tr>
<tr>
<td>CHA-O09</td>
<td>10-Sep-2012</td>
<td>Division heads’ conference</td>
</tr>
<tr>
<td>CHA-O10</td>
<td>10-Sep-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O11</td>
<td>17-Sep-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O12</td>
<td>22-Oct-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O13</td>
<td>05-Nov-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O14</td>
<td>19-Nov-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O15</td>
<td>26-Nov-2012</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O16</td>
<td>30-Nov-2012</td>
<td>Strategic goals 2013</td>
</tr>
<tr>
<td>CHA-O17</td>
<td>07-Jan-2013</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O18</td>
<td>14-Jan-2013</td>
<td>CEO-conference</td>
</tr>
<tr>
<td>CHA-O19</td>
<td>21-Jan-2013</td>
<td>CEO-conference</td>
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Table 35: List of interviews

<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Professional Group</th>
<th>Hierarchical level(^{87}) (^{88})</th>
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</thead>
<tbody>
<tr>
<td>I01</td>
<td>28-Feb-2012</td>
<td>Nursing</td>
<td>3</td>
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<tr>
<td>I02</td>
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<td>I03</td>
<td>29-Feb-2012</td>
<td>Administration</td>
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<tr>
<td>I04</td>
<td>29-Feb-2012</td>
<td>Administration</td>
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<td>I05</td>
<td>29-Feb-2012</td>
<td>Administration</td>
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<tr>
<td>I06</td>
<td>01-Mar-2012</td>
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<td>I07</td>
<td>02-Mar-2012</td>
<td>Administration</td>
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</tr>
<tr>
<td>I08</td>
<td>05-Mar-2012</td>
<td>Medicine</td>
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<tr>
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<td>05-Mar-2012</td>
<td>Medicine</td>
<td>5</td>
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<td>I10</td>
<td>05-Mar-2012</td>
<td>Medicine</td>
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<tr>
<td>I11</td>
<td>06-Mar-2012</td>
<td>Medicine</td>
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<td>06-Mar-2012</td>
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<td>13-Mar-2012</td>
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<tr>
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<td>14-Mar-2012</td>
<td>Administration</td>
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<td>14-Mar-2012</td>
<td>Medicine</td>
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<tr>
<td>I20</td>
<td>15-Mar-2012</td>
<td>Medicine</td>
<td>3</td>
</tr>
</tbody>
</table>

\(^{87}\)Legend: 1 = Supervisory board member, 2 = Executive board member, 3 = Division head, 4 = Chief physician, 5 = Executive employee, 6 = Other employee

\(^{88}\)Hierarchical level at the point in time when the interview was conducted.
<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Professional Group</th>
<th>Hierarchical level&lt;sup&gt;89 90&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>I21</td>
<td>15-Mar-2012</td>
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<td>20-Mar-2012</td>
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<td>21-Mar-2012</td>
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<td>I31</td>
<td>27-Mar-2012</td>
<td>Medicine</td>
<td>6</td>
</tr>
<tr>
<td>I32</td>
<td>02-Apr-2012</td>
<td>Nursing</td>
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<tr>
<td>I33</td>
<td>02-Apr-2012</td>
<td>Medicine</td>
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<td>I34</td>
<td>10-Apr-2012</td>
<td>Administration</td>
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</tr>
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<td>I36</td>
<td>11-Apr-2012</td>
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<tr>
<td>I37</td>
<td>11-Apr-2012</td>
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<td>I38</td>
<td>17-Apr-2012</td>
<td>Medicine</td>
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<tr>
<td>I39</td>
<td>17-Apr-2012</td>
<td>Nursing</td>
<td>6</td>
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<tr>
<td>I40</td>
<td>18-Apr-2012</td>
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<td>I41</td>
<td>09-May-2012</td>
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</tr>
<tr>
<td>I42</td>
<td>13-Nov-2012</td>
<td>Administration</td>
<td>2</td>
</tr>
</tbody>
</table>

<sup>89</sup>Legend: 1 = Supervisory board member, 2 = Executive board member, 3 = Division head, 4 = Chief physician, 5 = Executive employee, 6 = Other employee

<sup>90</sup>Hierarchical level at the point in time when the interview was conducted.
<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Professional Group</th>
<th>Hierarchical level</th>
</tr>
</thead>
<tbody>
<tr>
<td>I43</td>
<td>13-Feb-2012</td>
<td>Administration</td>
<td>2</td>
</tr>
<tr>
<td>I44</td>
<td>06-Mar-2013</td>
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</tr>
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<td>I45</td>
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<td>Medicine</td>
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</tr>
<tr>
<td>I46</td>
<td>23-Apr-2012</td>
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<tr>
<td>I47</td>
<td>23-Apr-2012</td>
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<td>24-Apr-2012</td>
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</tr>
<tr>
<td>I49</td>
<td>15-May-2012</td>
<td>Medicine</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 36: List of documents related to the RLS project

<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Type</th>
<th>Topic (Function)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLS-D01</td>
<td>18-Aug-2011</td>
<td>Meeting minutes</td>
<td>Definition of the RLS project setup</td>
</tr>
<tr>
<td>RLS-D02</td>
<td>24-Aug-2011</td>
<td>Meeting minutes</td>
<td>Results of the 1st preparation meeting of RLS project</td>
</tr>
<tr>
<td>RLS-D03</td>
<td>03-Oct-2011</td>
<td>White paper</td>
<td>Leadership in hospitals (discussion base of the 2nd preparation meeting)</td>
</tr>
<tr>
<td>RLS-D04</td>
<td>03-Oct-2011</td>
<td>White paper</td>
<td>Hospital management (discussion base of the 2nd preparation meeting)</td>
</tr>
<tr>
<td>RLS-D05</td>
<td>03-Oct-2011</td>
<td>White paper</td>
<td>Management ethics in hospitals (discussion base of the 2nd preparation meeting)</td>
</tr>
</tbody>
</table>

91Legend: 1 = Supervisory board member, 2 = Executive board member, 3 = Division head, 4 = Chief physician, 5 = Executive employee, 6 = Other employee

92Hierarchical level of the interviewee at the point in time when the interview was conducted.
<table>
<thead>
<tr>
<th>Index</th>
<th>Date</th>
<th>Type</th>
<th>Topic (Function)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLS-D06</td>
<td>05-Oct-2011</td>
<td>Meeting minutes</td>
<td>Results of the 2\textsuperscript{nd} preparation meeting of RLS project</td>
</tr>
<tr>
<td>RLS-D07</td>
<td>28-Oct-2011</td>
<td>E-Mail</td>
<td>Outline of the workshop on leadership structures</td>
</tr>
<tr>
<td>RLS-D08</td>
<td>08-Nov-2011</td>
<td>PowerPoint slides</td>
<td>The CEO’s first 100 days at CHA</td>
</tr>
<tr>
<td>RLS-D09</td>
<td>09-Nov-2011</td>
<td>Meeting minutes</td>
<td>Results of the workshop on leadership structures</td>
</tr>
<tr>
<td>RLS-D10</td>
<td>11-Nov-2011</td>
<td>E-mail</td>
<td>Composition of the project group</td>
</tr>
<tr>
<td>RLS-D11</td>
<td>14-Dec-2011</td>
<td>PowerPoint slides</td>
<td>Executive board composition (discussion base of 1\textsuperscript{st} project group meeting)</td>
</tr>
<tr>
<td>RLS-D12</td>
<td>20-Dec-2011</td>
<td>Meeting minutes</td>
<td>Results of the 1\textsuperscript{st} project group meeting</td>
</tr>
<tr>
<td>RLS-D13</td>
<td>20-Dec-2011</td>
<td>List of criteria</td>
<td>List of criteria for executive board membership</td>
</tr>
<tr>
<td>RLS-D14</td>
<td>29-Dec-2011</td>
<td>E-mail</td>
<td>Comments on the meeting minutes of the 1\textsuperscript{st} project group meeting</td>
</tr>
<tr>
<td>RLS-D15</td>
<td>05-Jan-2012</td>
<td>PowerPoint slides</td>
<td>Leadership models (discussion base of 2\textsuperscript{nd} project group meeting)</td>
</tr>
<tr>
<td>RLS-D16</td>
<td>26-Jan-2012</td>
<td>PowerPoint slides</td>
<td>Preliminary results of the project group meetings</td>
</tr>
<tr>
<td>RLS-D17</td>
<td>30-Jan-2012</td>
<td>PowerPoint slides</td>
<td>Leadership models (discussion base of the 3\textsuperscript{rd} project group meeting)</td>
</tr>
<tr>
<td>RLS-D18</td>
<td>15-Feb-2012</td>
<td>PowerPoint slides</td>
<td>Leadership models (discussion base of the plenary assembly)</td>
</tr>
<tr>
<td>RLS-D19</td>
<td>16-Feb-2012</td>
<td>Meeting minutes</td>
<td>The plenary assembly’s preliminary decision on the executive board composition (results of the plenary assembly)</td>
</tr>
<tr>
<td>RLS-D20</td>
<td>08-Mar-2012</td>
<td>E-mail</td>
<td>The supervisory board’s decision on the executive board composition</td>
</tr>
<tr>
<td>RLS-D21</td>
<td>21-Apr-2012</td>
<td>OR draft</td>
<td>First OR draft (discussion base of the 4\textsuperscript{th} project group meeting)</td>
</tr>
<tr>
<td>Index</td>
<td>Date</td>
<td>Type</td>
<td>Topic (Function)</td>
</tr>
<tr>
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<td>------------</td>
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</tr>
<tr>
<td>RLS-D22</td>
<td>23-Apr-2012</td>
<td>OR draft</td>
<td>First OR draft with minor revisions (discussion base of the 5&lt;sup&gt;th&lt;/sup&gt; project group meeting)</td>
</tr>
<tr>
<td>RLS-D23</td>
<td>23-Apr-2012</td>
<td>PowerPoint slides</td>
<td>Agenda of the RLS project (discussion base of the 5&lt;sup&gt;th&lt;/sup&gt; project group meeting)</td>
</tr>
<tr>
<td>RLS-D24</td>
<td>05-May-2012</td>
<td>Discussion paper</td>
<td>The NDHs’ double subordination (discussion base of the 6&lt;sup&gt;th&lt;/sup&gt; project group meeting)</td>
</tr>
<tr>
<td>RLS-D25</td>
<td>07-May-2012</td>
<td>OR draft</td>
<td>First version of SB-EB OR (discussion base of the 6&lt;sup&gt;th&lt;/sup&gt; project group meeting)</td>
</tr>
<tr>
<td>RLS-D26</td>
<td>07-May-2012</td>
<td>OR draft</td>
<td>First version of EB-DH OR (discussion base of the 6&lt;sup&gt;th&lt;/sup&gt; project group meeting)</td>
</tr>
<tr>
<td>RLS-D27</td>
<td>08-May-2012</td>
<td>OR draft</td>
<td>Revised version SB-EB OR</td>
</tr>
<tr>
<td>RLS-D28</td>
<td>08-May-2012</td>
<td>OR draft</td>
<td>Revised version EB-DH OR</td>
</tr>
<tr>
<td>RLS-D29</td>
<td>30-May-2012</td>
<td>PowerPoint slides</td>
<td>RLS project status (discussion base of the 1&lt;sup&gt;st&lt;/sup&gt; subgroup meeting)</td>
</tr>
<tr>
<td>RLS-D30</td>
<td>20-Jun-2012</td>
<td>OR draft</td>
<td>EB-DH OR draft excerpt concerning task description of division and clinic heads (discussion base of the 2&lt;sup&gt;nd&lt;/sup&gt; subgroup meeting)</td>
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<tr>
<td>RLS-D31</td>
<td>05-Jul-2012</td>
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<td>SB-EB OR draft passed by the supervisory board</td>
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<td>RLS-D32</td>
<td>09-Jul-2012</td>
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<td>RLS-D33</td>
<td>10-Jul-2012</td>
<td>OR draft</td>
<td>Revised version of the EB-DH OR draft excerpt with comments of the MDHs (discussion base of the 3&lt;sup&gt;rd&lt;/sup&gt; subgroup meeting)</td>
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<tr>
<td>RLS-D34</td>
<td>11-Jul-2012</td>
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<td>Revised version of the EB-DH OR draft excerpt (results of the 3&lt;sup&gt;rd&lt;/sup&gt; subgroup meeting)</td>
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<td>RLS-D35</td>
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<td>E-Mail</td>
<td>Description of the difference between clinic and department (discussion base of the 4&lt;sup&gt;th&lt;/sup&gt; subgroup meeting)</td>
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<tr>
<td>RLS-D36</td>
<td>21-Aug-2012</td>
<td>PowerPoint slides</td>
<td>Description of the difference between clinic and department (discussion base of the 4&lt;sup&gt;th&lt;/sup&gt; subgroup meeting)</td>
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<td>Index</td>
<td>Date</td>
<td>Type</td>
<td>Topic (Function)</td>
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<td>RLS-D37</td>
<td>30-Aug-2012</td>
<td>OR draft</td>
<td>Definition of the formal difference between clinic and department (discussion base of the 5th subgroup meeting)</td>
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<td>RLS-D38</td>
<td>30-Aug-2012</td>
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<td>Revised version of the EB-DH OR draft excerpt (discussion base of the 5th subgroup meeting)</td>
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<tr>
<td>RLS-D39</td>
<td>05-Sep-2012</td>
<td>OR draft</td>
<td>Revised version of the EB-DH OR draft excerpt (discussion base of the 8th project group meeting/of the 6th subgroup meeting)</td>
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<td>RLS-D40</td>
<td>12-Sep-2012</td>
<td>OR draft</td>
<td>Revised version of the EB-DH OR (version 15 incl. OR draft excerpt, discussion outcome of the 6th subgroup meeting)</td>
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<tr>
<td>RLS-D41</td>
<td>12-Sep-2012</td>
<td>E-Mail</td>
<td>The new EB-DH OR draft</td>
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<tr>
<td>RLS-D42</td>
<td>13-Sep-2012</td>
<td>E-Mail</td>
<td>The MDHs’ dissatisfaction about the current version of the EB-DH OR</td>
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<tr>
<td>RLS-D43</td>
<td>17-Sep-2012</td>
<td>E-Mail</td>
<td>The CEO’s decision to halt the RLS project</td>
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<tr>
<td>RLS-D44</td>
<td>17-Oct-2012</td>
<td>OR draft</td>
<td>Revised version of the EB-DH OR (version 21 – to be passed by the executive board in November 2012)</td>
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<td>RLS-D45</td>
<td>30-Oct-2012</td>
<td>OR draft</td>
<td>Alternative version of the EB-DH OR (for discussion in the executive board meeting in November 2012)</td>
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<tr>
<td>RLS-D46</td>
<td>05-Nov-2012</td>
<td>E-Mail</td>
<td>The chief physicians’ reaction to the alternative version of the EB-DH OR</td>
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<tr>
<td>RLS-D47</td>
<td>14-Nov-2012</td>
<td>Meeting minutes</td>
<td>The executive board’s decision to revise the EB-OR version 21</td>
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<tr>
<td>RLS-D48</td>
<td>03-Dec-2012</td>
<td>OR draft</td>
<td>Revised version of the EB-DH OR (version 22 for the consultation process in the advisory bodies and passage in the executive board in January 2013)</td>
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<tr>
<td>RLS-D49</td>
<td>03-Dec-2012</td>
<td>OR draft</td>
<td>The chief physicians’ modification proposal</td>
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<tr>
<td>RLS-D50</td>
<td>12-Dec-2012</td>
<td>PowerPoint slides</td>
<td>The CEO’s remarks on the EB-DH OR version 22</td>
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Table 37: List of documents informing contextual knowledge

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<th>Year</th>
<th>Topic</th>
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<tbody>
<tr>
<td>CHA-D01</td>
<td>2008</td>
<td>Organizational regulations (former ‘VR-EB OR’)</td>
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<td>CHA-D02</td>
<td>2009</td>
<td>Strategy document</td>
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<tr>
<td>CHA-D03</td>
<td>2010</td>
<td>Internal organizational regulations (former ‘EB-DH OR’)</td>
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<tr>
<td>CHA-D04</td>
<td>2011</td>
<td>Annual report 2010</td>
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<tr>
<td>CHA-D05</td>
<td>2012</td>
<td>Annual report 2011</td>
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<tr>
<td>CHA-D06</td>
<td>2012</td>
<td>Anniversary publication</td>
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<td>CHA-D07</td>
<td>2013</td>
<td>Annual report 2012</td>
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</table>

Table 38: List of press articles informing contextual knowledge

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<tr>
<th>Index</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>P01</td>
<td>12-May-2011</td>
<td>The joint venture between CHA and the POP</td>
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<td>P02</td>
<td>03-Jun-2011</td>
<td>The physicians’ resistance against the planned collaboration with the POP</td>
</tr>
<tr>
<td>P03</td>
<td>03-Jun-2011</td>
<td>The cancellation of the planned joint venture between CHA and the POP</td>
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<tr>
<td>P04</td>
<td>12-Jun-2011</td>
<td>The physicians’ discontent with CHA’s top management</td>
</tr>
<tr>
<td>P05</td>
<td>09-Jul-2011</td>
<td>The CEO’s resignation</td>
</tr>
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93The titles of the press articles are intentionally omitted to preserve confidentiality. I shall disclose the details on request.
Alexandra Viet-Huong Lai

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