



**The dialectic model of organizational change and the phenomena of resistance to the established order in Brazil: a critical analysis of systemic strategies to maintain the *status quo***

Isabella Freitas Gouveia de Vasconcelos, Flávio Carvalho de Vasconcelos

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*Profa. Dra. Isabella Freitas Gouveia de Vasconcelos, Ph at HEC/France, Associate professor at FEI – Fundação Educacional Inaciana, São Paulo, Brazil*

*Prof. Dr. Flávio Carvalho de Vasconcelos, PHd at HEC/France, Full Professor, FGV-EAESP, São Paulo, Brazil*

**Abstract:** *Our case study deals with an emerging virtual organization in a research laboratory belonging to a large, extremely bureaucratic, high-technology company. This virtual organization discussed and challenged the existing bureaucratic order, acting as an “escape valve” and an “evasion” for researchers involved in the innovation process at this company. This paper will show how this virtual organization, an apparent source of insubordination, in fact helped maintain the company’s prevailing social order, because it allowed researchers to “temporarily invert the bureaucratic order” for a few hours a week, helping them to tolerate the bureaucratic system the rest of the time. We will compare this virtual organization to the Brazilian Carnival, which acts as an “escape valve” and an “evasion” for society’s less-privileged classes, as some social anthropology studies show (Da Matta, 1987). We will use the neo-institutional theory and introduce the dialectic model of organizational change, showing how tolerance of apparently challenging social systems and rites can be a strategy for maintaining the existing social order.*

### **1. Introduction**

In their article *Institutional Contradictions, Praxis and Institutional Change: A Dialectical Perspective*, Seo and Creed (2002) suggest an organizational change model using organizational paradoxes and dialectics, and employing the neo-institutional theory.

We will describe this model and compare it to other theories and studies, and review a case study in which we will suggest a codification using the model suggested by Seo and Creed.

Our case study deals with an emerging virtual organization in a research laboratory belonging to a large, extremely bureaucratic, high-technology company. This virtual organization discussed and challenged the existing bureaucratic order, acting as an “escape valve” and an “evasion” for researchers involved in the innovation process at this company. We will show how this virtual organization, an apparent source of insubordination, in fact helped maintain the company’s prevailing social order, because it allowed researchers to “temporarily invert the bureaucratic order” for a few hours a week, helping them to tolerate the bureaucratic system the rest of the time. We will compare this virtual organization to the Brazilian Carnival, which acts as an “escape valve” and an “evasion” for society’s less-privileged classes, as some social anthropology studies show (Da Matta, 1987).

In the last part, we will review the case study based on the theories presented.

### **2. The Basic Paradox of Organizational Change and the Principles of the Dialectic Change Model**

In their book “*Social Construction of Reality*,” Peter Berger and Thomas Luckmann (1989) raise the following question within the perspective of symbolic interactionism: “How can social actors change institutions if their actions, intentions, and rationality are conditioned by the very institution they wish to transform?” Seo and Creed (2002) describe their model using this fundamental issue of symbolic interactionism. According to these authors, four basic principles guide organizational analysis under the dialectic model: **social construction,**

**totality, contradiction, and praxis.** Benson also uses this analysis, inspiring Seo and Creed to build their model (Benson, 1977).

The first level of the model, **social construction**, focuses on social processes that produce a new social order (e.g., the founding of a new organization) and on new social interactions that gradually define routines and rules. These, in turn, guide the social interactions that follow and define social roles and their scripts, as well as the social expectations social actors have in regard to each new social interaction. Thus, an organization's newcomers are socialized in recently created rules, reproducing this social order to some extent. This happens because these recently created rules are institutionalized. This establishes a new social system, with its own rules, forms of behavior, culture and subcultures, social roles, symbols, and so on.

Thus we have a new **totality**, that is, an organizational system with many subcultures interconnected by general rules into a "loosely coupled" system (Weick, 1976; Seo and Creed, 2002; Berger and Luckmann, 1989).

An organizational system thus has multiple levels of interpreting these rules, values, and expectations of roles, according to the principles of Simon's Bounded rationality. Many rationalities permeate an organization; yet, as mentioned above, these multiple interpretation systems comprise a larger system and are interconnected by general rules that characterize this totality, and its historical contingency and unique characteristics.

Third, the model suggests that **contradictions** represent the various ruptures and inconsistencies of interpretation among the various systemic levels and subcultures that comprise the totality. We will see this further below (Seo and Creed, 2002). The existence of contradictions that accumulate and are perceived by the social actors is, in fact, what drives the organization's historical change, according to dialectics.

With time, the contradictions between theory and practice increase, resulting in new forms to question the system, which generate new social practices (**praxis**), the objective of which is to transform the pre-existing social system according to this model. The praxis corresponds to various levels of group action, of greater or lesser impact, organized by the social actors whose task is to use the system's existing gaps (contradictions) to shape them according to their interests.

### **3. Decoupling – Separation of Theory and Practice as a Source of Contradictions in Totality or in the Social System**

The studies of DiMaggio and Powell (1983) and Meyer and Rowan (1977) in the new institutionalism show that organizations conform to institutionalized myths, rules, and models in a productive sector, and that they adopt them to obtain social legitimacy and symbolic efficiency, which can represent a source of resources. However, these same authors show that many times the sector's institutionalized models, discourses, and tools deemed "the best," and which the organizations should adopt to secure social legitimacy and resources, are not always adapted to the organizations' technical characteristics. Furthermore, if they are adopted "in depth," they can jeopardize the system's technical efficiency. For example, some middle-sized organizations do not need ISO 9000 to manage their manufacturing processes, because these standards are recommended for companies of a certain size, employing a certain number of people. ISO 9000 demands the implementation of a sophisticated management system and document management, which could bureaucratize the system. In a small organization, in which communication flows more organically and informally, the smaller system is quite suitable. However, the business environment has institutionalized ISO 9000 certification as a minimum requirement; it symbolizes an efficient and up-to-date organization, in line with the practices of large corporations. The ISO 9000 brand symbolizes value in itself. A number of small and medium-sized organizations adopted ISO 9000 "in theory;" they "are approved" in the certification process, but in practice do not employ the

standards in their systems because if they used them throughout they could jeopardize their business, forfeiting flexibility and efficiency in their manufacturing process. Using this strategy, they combine symbolic efficiency and technical efficiency.

Therefore, according to the above authors, “decoupling” – somewhat separating the discourse from the organizational practice – is necessary for the organization to achieve symbolic efficiency and the technical efficiency it needs.

### **3.1. The Effects of Excessive Separation Between Professed Values and Organizational Practice**

However, Seo and Creed (2002) show us that beyond a certain level decoupling starts having undesirable effects for the status quo. An example of this would be the realization of some of the social actors of the system’s excessive contradictions, which could generate phenomena such as **cognitive dissonance** (Festinger, 1972). Cognitive dissonance refers to the shock of beliefs resulting from theory and practice growing excessively apart. Thus, social actors hear they will be assessed according to the latest management models implemented, receive training, and work with the most advanced management tools. Then, this either doesn’t happen or falls short of expectations. When this sort of situation is extended over time, it produces disbelief, skepticism, and frustration because of unmet expectations. This situation can bring psychological discomfort, frequently leading social actors to change whatever situation bothers them, and changing the system, either through organized or individual action, to reduce cognitive discomfort (Festinger, 1972).

Other authors, including Ketz De Vries (1995), Eisenhardt (2000), Lewis (2000), and Brown and Starkey (2000), studied the concept of paradoxes and analyzed their effects. Their studies show a dichotomy between organizational discourse and practice; exceedingly generous promises that are not fulfilled bring negative consequences to the organization. According to these authors, these effects include:

- Greater stress and a deterioration in the organizational climate (De Vries, 1995);
- Higher resistance to change and lower productivity (Eisenhardt, 2000; Lewis, 2000);
- Waste of invested assets, mainly in technology, because individuals are not actually trained (Eisenhardt, 2000; Brown and Starkey, 2000; Lewis, 2000);
- Anomie and role conflicts (Berger and Luckmann, 1989; Argyris, 1995).

Generally, studies dealing with paradoxes show that to attribute meaning and understand the contradictory and ambiguous systems of which they are part, individuals tend to polarize their perceptions around opposite elements (Lewis, 2000). These opposite perceptions generate defensive reactions and frustration that can produce an organized collective action to change the system in question, thus transforming it. Consequently, Seo and Creed (2002) suggest an important correlation in their model. **The greater the decoupling between organizational theory and practice, the greater and more frequent will be the contradictions and paradoxes the organization’s members perceive, and the greater the possibility of a praxis (an organized collective action for change) and consequent system transformation, by questioning the status quo.**

### **4. Strategies Employed by Agents of the Established Order to Avoid an Organized Action, and the Resulting Praxis that Transforms the Social System**

From the perspective of those defending the status quo and the established order, a question arises. How to keep the growing contradictions between the industry’s and the organization’s institutionalized myths and organizational practice from generating a praxis that drives concrete changes in the social system?

Roberto da Matta (1987) shows that *one of the ways the status quo can avoid transformations in the social system is by preventing social actors – unhappy with their perception of the*

*excessive contradictions in the broader system – from transforming this discontent into praxis (i.e., an organized action aimed at changing the system itself), thus breaking the transformation dialectic.* To counter this, the status quo establishes spaces where it tolerates temporary manifestations or social rites of criticism, or a *symbolic inversion of the established order*.

Da Matta (1987) explains that the Brazilian Carnival is one of those social rites whose manifestations the military dictatorship tolerated precisely for this reason. The Carnival was a form of “evasion” and acted as an “escape valve” to express dissatisfaction, frustration, and relief of suffering through symbolic inversion and euphoria. It thus enabled less-privileged social groups to “put up with” the injustice and contradictions in the social system they had to bear for the rest of the year. It released accumulated tension from perceiving the excessive paradoxes and contradictions in an unequal and authoritarian society. This was one of many social rites that allowed a temporary release of tensions, reducing reactions and maintaining social order, ultimately avoiding praxis.

Besides tolerating the social rite itself, another strategy agents of the established order employ is creating spaces where social actors are “authorized” to temporarily release their tensions, frustrations, and defensive reactions resulting from their perception of increased contradictions in the existing social system, particularly in light of the wide gap between the hyped up models and those the organization employs. This is a strategy that prevents organized collective action from transforming the system and establishing a new order from the previous one.

There are also situations in which the system cannot explicitly “create” or “authorize” these social spaces for expressing dissatisfaction and reaction to paradoxes and contradictions. They can naturally “emerge” (as the virtual, apparently challenging organization described in this case study did) and be “partially tolerated” by the status quo, through a strategy of “overlooking” (Meyer and Rowan, 1991), or a strategy of “turning a blind eye” to non-compliance of the rule. Social actors that represent the order can identify that these emerging social spaces act as a “voice” (Hirschmann, 1970), which enables social actors to express their discontent, relieve their tensions, and restore themselves, to “put up with” the established order in their everyday lives. Indeed, as illustrated by the Brazilian Carnival, these organizational spaces, even if incipient, ensure no actual changes take place. What we see is only a simulation and a representation of change, where, apparently, everything changes and, in fact, nothing changes. Agents of the established order see these spaces as supposedly “irrational” rites, but regard them as functional for the system because they allow social actors to “better tolerate” the “proper rules that must be followed.” In fact, they are complementary to the status quo.

In some cases, these social spaces “break loose” and can become outbreaks of collective action and social praxis, to transform the larger system. Thus, social spaces that apparently harbor “questioning” and “insubordination” can, in fact, be social spaces designed to “empty out” tensions resulting from the contradictions of the larger system and, consequently, a way to block praxis and “subversive” organizational change.

We will present below the methodology and the case study, whose objective is to introduce and explore this discussion, illustrating the issue above.

## **5. Research Methodology**

### **5.1. Ethnographical Methodology and Phenomenological and Symbolical Interactionism: general principles**

Ethnomethodology studies social interaction, which is not unlike symbolic interactionism. According to Berger and Luckmann, individuals apprehend meanings and relate to each other through typified schemes or social roles, veritable “scripts” and codes of conduct. Roles

regulate the interaction between individuals and supply mutual expectations considering the various social contexts they experience in their everyday lives (Berger and Luckmann, 1989). This paradigm holds that behavioral roles are habitual in given situations and social interactions. Actors tend to perform their roles according to socially pre-established patterns, which they have incorporated in their primary social behavior. These patterns pre-structure their actions but do not determine them, according to the Weberian paradigm that underpins this line of thinking. Social actors identify the type of social context they currently experience, interpret the situation, and seek within their references the appropriate role, code of conduct, and language for the relevant scenario, acting according to these references (Goffman, 1953). Goffman (1953) also refers to the existence of shared patterns that enable different layers of society to live together and comprise a larger social system.

Ethnomethodology considers that each social group or subgroup has its particular ways of interacting, debating, and negotiating, creating its own personal “world” or “sub-world.” Each social world has peculiar social practices and habits, as well as forms of struggle and political negotiation (Goffman, 1953).

According to this line of thinking, the organization is a place where various unique social worlds intersect; it is a complex political arena, where we witness various forms of debate and action.

According to Peter Berger (1989), the study of organizations enables us to observe the conflicts between different views of the world and diverging interests, and the political processes that characterize this phenomenon. According to Berger,

*“a researcher should not merely investigate which social worlds are represented in this broader arena (the organization), but also which segments belong to each of these social worlds (...) The understanding of evolution, change, and the operation of an organization requires an examination of the ingrained relations in these social worlds and mini-worlds and their intersections. Some organizations – undoubtedly most of them – should be seen as “arenas” where members of different social worlds have diverse interests, pursue specific objectives, and struggle, suggesting or dismantling political alliances to achieve their objectives. A theory of organizations that disregards these concerns could lead us to false conclusions” (Berger, 1989:50).*

Based on symbolic interactionism and ethnomethodology, a researcher will question the following: What are these different social worlds inherent in an organization to be studied? What are their origins? How are each organizational group’s cultural patterns and vision of the world formed? How are they formed as groups in order to collaborate with other segments of the organization? What are the conflicts between the different groups, what are the possible and probable reasons for these conflicts, and what are the solutions and forms of negotiations sought by the various groups? In short, one has to unravel the various forms of social identity found in the organization and their interrelation in the organizational political arena.

The researcher must try to clarify how the social system of the organization he or she is studying is regulated. Among others, the researcher must clarify the following questions:

- What are the organizational criteria for legitimacy and authority?
- What is the most frequent type of threat in the organization, considering the use of force and other coercive means? What behavioral aspects are most suppressed in the organization investigated?
- What values prevail in the organization, i.e., what is its dominant culture? What is the culture of the leading group?
- How do the cultures and interests of the other groups relate to the organization’s predominant vision of the world?
- What perceptions, representations of reality, and criteria for decision and action (i.e., the form of “enactment”) prevail in the system? Is it possible to describe this process?

- What other forms of “enactment” exist in the organization which are characteristic of the other groups?
- What is the origin of the different roles and expectations of roles, considering the organizational culture?
- What are the key forms of social control in the organization investigated? How do the different groups react to these forms of control?

These are some of the many issues that can emerge during the research process.

Peter Berger and Thomas Luckmann (1989) also define the roles as a form of organizational control.

*“As of the moment the behaviors of social actors are typified to some roles, the obedience or non-obedience to socially defined roles is no longer optional, although of course the severity of the punishment can vary from case to case. Roles represent institutional order. Only when actors perform their roles does the institution become an actual experience. The institution, with its set of programmed actions, is like an unwritten script for a theater play. The play depends on the repeated performance of the live actors. Actors assume their roles and carry out the play, performing a given scene. Neither the play nor the institution empirically exist outside this context.”* (Berger, 1989:70).

Similarly to Berger and Luckmann, Goffman (1953) defines social role as the updating of rights and duties associated with a given status. According to the first two authors, “social role” refers to a set of roles (pre-established action models performed during a presentation).

Under symbolic interactionism, the building of a typology of roles is a necessary correlation to the institutionalization of behavior. Institutions are incorporated into the individual experience through roles. Linguistically objective, roles represent an essential element of the objective world available to all of society. By performing these roles, the individual takes part in a social world. When the individual incorporates these roles, this same world becomes subjectively real.

Within the common inventory of knowledge pertaining to a social group there are types of roles that are accessible to all members of society, or at least to the actors best endowed to perform these roles. The origin of roles is similar to the process through which reality becomes objective routine, which is the origin of all institutions. All institutionalized behavior implies the existence of roles. Consequently, roles as well as institutions are a form of controlling and regulating human behavior in society.

Depending on the roles an individual performs, he or she incorporates some specific forms of knowledge and accumulates some information, not only from the cognitive perspective but also from the emotional perspective. The individual absorbs some types of emotion, ethics, values, and norms characteristic of the roles this individual performs and has incorporated. This results in the social distribution of knowledge.

A society’s inventory of knowledge is structured in terms of what is pertinent and what is not pertinent for some specific types of roles, corresponding to certain types of social actors.

Thus, to understand organizations through the paradigm of symbolic interactionism, a researcher should study the political system, the negotiations, and the strategies of each group, as well as the transmission processes of a given symbolic universe (such as the culture prevailing in the company or the ideological action of a leading group).

Symbolic interactionism leads to ethnographic research (Burrell and Morgan, 1994).

## **5.2. A Researcher’s Attitude During Field Work**

Generally, a researcher’s first attitude should be to question reality from an external perspective. To this effect, Sainsaulieu says that *after initially stepping back to ensure autonomy and a “fresh look,” i.e., a critical look upon the field of study, a researcher should then fully focus on the field of study, to put himself or herself in the position of the different*

*social actors to rebuild the logic of the various situations faced by the social actors. Then, after having “dived within” the organization, a researcher may and should regain the external perspective, facing and comparing the multiple contingent rationalities he or she has witnessed” (Sainsaulieu, 1977:55).*

When using the above method, a researcher must be aware that the concrete experience of the social actors will be the main research instrument. Therefore, this type of study relies on interviews to obtain information about the organization. To be useful, interviews must supply a researcher with an “immersion” in the experience of the interviewees.

The research process deals with paradoxes. Each interview reproduces the tension between the internal and external poles, between interiority and exteriority. A researcher must try to understand the subjectivity of the interviewee, but must not become involved with him or her; the researcher must acknowledge patterns and deal with subjective elements gathered from the interaction. For the researcher, the field is uncharted territory, ready to be explored. To do so, the researcher must have an open attitude before the interviewee, showing interest in what the interviewee says and, using open questions, let the latter talk about his or her work, describe situations from his or her own perspective, and so on.

Passivity is not a desirable attitude in this paradigm. A researcher must have an “active-listening” attitude, showing the interviewee that he or she is an attentive listener; to do so, the researcher must ask questions and clarify doubts.

A possible criticism of this attitude of the researcher is the fact that the material collected during these interviews might not reflect “objective” reality, but rather a subjective view of the interviewee. To this effect, Berger and Luckmann say:

*“The world of everyday life is not regarded solely as part of an objective reality by members of a society, from the perspective of their seeking meaning for their lives. This world (of everyday life) also originates in their thoughts and actions, and is kept in reality through them. A researcher should try to clarify the origin of knowledge in everyday life, i.e., the aims of objective processes and of the meanings that build the world of inter-subjective common sense” (Berger and Luckmann, 1989:35).*

According to Linda Smircich (1983b), the knowledge generated by this methodology can be classified as “subjective knowledge.” In this type of method, that which characterizes positivist science, i.e., relations of the subject/object type, is replaced by relations of the subject/subject type, in which the researcher focuses his or her attention on the meaning shared inter-subjectively.

This method assumes that knowledge is not independent of the cognoscenti. This is confirmed by the fact that the researcher analyzes and interprets data and that the outcome expresses how this researcher perceives reality. This method results in an interpretative study, which does not intend to be neutral.

The objective is an interactive approach. A researcher understands the meanings of the group’s actions by interacting with the organization’s members. Thus, a researcher will have a global view of the meanings and images members of an organization have on this organization. A researcher gets this view by reviewing the data collected from various sources of information: interviews, documents, active observation, drawings, and so on. The researcher must develop the key issues to be studied and establish the categories for analysis and research.

It is very important to point out that case studies contribute valuable information, which allows us to fine tune a theory or refute it. Yet, since interviews do not follow statistical techniques, one cannot make generic statements regarding organizations in general. The discourse might point towards trends, but one cannot generalize (Smircich, 1983b).

This study took place at a high-technology laboratory, based in Nice, which belongs to an American corporation with a subsidiary in France. The corporation manufactures mainframe computers and provides consulting services for assembling and maintaining IT systems. Since this company prefers to remain anonymous, we will call it "Company B." We interviewed 33 people working for the research laboratory under investigation. They included two directors and 20 software development engineers who worked in the areas of software testing, codification and validation, and IT systems areas. All interviews employed semi-structured questions and confidentiality was assured to all interviewees.

The study also resorted to observations of the participants and analysis of documents.

The study took place between February and September 1996.

## **6. Introducing the Case Study**

Company B is a large American corporation in the information technology and information systems business, with offices in France and other European countries. One of the global leaders in the IT industry until the late 1980s, Company B faced a serious financial crisis in the early 1990s and suffered considerable losses (tens of millions of dollars). The advent of the personal computer and "open systems" such as Unix, i.e., interchangeable systems that let customers choose among various available systems, forced Company B to adapt to a price-sensitive market for IT systems. For more than 40 years Company B's proprietary technology enjoyed an overwhelming market share, ensured customer loyalty (open systems did not exist), recorded huge profits from the sales of mainframe computers and maintenance contracts for equipment and systems, and helped build a prestigious brand. With the arrival of open, interchangeable systems, even if a customer purchased a mainframe computer from a given manufacturer, it could acquire software and hire maintenance from another supplier. Clients gradually shifted to interchangeable systems that allowed them to choose a supplier and not have to pay for the costly maintenance contracts Company B had imposed on them because they had been bound to a proprietary system up to that time. In this new environment, competition increased, and Company B lost customer loyalty. Then, after initiating a price war, crisis set in.

In late 1995 the company recorded its first profits after implementing a deep restructuring process in the early 1990s during which the CEO was ousted (1992) and 45 percent of the staff were retrenched. Thus, a company that in 1991 had employed 600,000 people around the world, was reduced to 330,000 in 1997.

The advent of the internet and the information highways gave mainframes a new lease on life. This study took place at Company B's Research and Development Laboratory, which specializes in developing new communication and networking products. Globally speaking, this laboratory was strategically important to the organization, because Company B used technologies developed at this site to provide its internet and information highway services.

In 1996 this laboratory underwent restructuring that reduced its staff from 1,600 to 1,000.

Basically, the organization comprised two groups:

- a) The technical group (R&D researchers), who consisted of software programming engineers and high-level technicians;**
- b) "Administrators" or "bureaucrats," comprising executives and managers** in charge of specific areas, such as the total quality program and implementation of standards and procedures.

These two groups were always at odds with each other. The first group, which worked directly with R&D, had a hard time accepting bureaucratic controls and regulations, which they deemed nonsense. According to them, the "bureaucrats" lacked technical knowledge to

impose authoritarian regulations and did not speak “their [R&D] language”; consequently, they were in no position to impose anything. Clearly, for this group, legitimate authority would have to spring from technical knowledge and skill.

For the second group, there were formal rules and regulations that had to be followed, and consequently the technical group had to adhere to them.

Three engineers who were interviewed, “Development,” “Integration,” and “Test,” pointed out that after the laboratory implemented ISO 9001 certification, the organization’s formalism and bureaucracy increased substantially, even though Company B’s organizational systems were already extremely bureaucratic before the implementation of the ISO 9001 standards. Company B’s organizational culture, particularly at this laboratory, was extremely bureaucratic, hierarchical, and authoritarian. Software encoding engineers who worked in research and development did not adapt well to this environment, particularly in view of the nature of their work, technological innovation. In time, engineers gradually gave in to the burgeoning bureaucracy of processes and procedures at this organization, but relations between the two groups were always highly strung. On the one hand, while engineers sought more autonomy and freedom of expression, on the other hand, managers and administrators tried to impose even more bureaucratic controls. Technicians had to submit to a number of “nonsense reports,” and “formal evaluations,” which were not necessarily associated with the productivity or technical quality of the work they performed. Moreover, procedures for the implementation of ISO 9000 certification were viewed as excessively controlling and not suited to the work performed at the laboratory. Managers promised to cut back on bureaucratic controls, but according to the technicians the restraints always increased. *“Every three months they would come up with a new nonsense report, evaluation, training, or procedure that only sought to legitimate the existence of the bureaucratic jobs; it would make no difference to the company’s core business if they simply disappeared,”* said one interviewee, a systems engineer called “Integration.” The organizational climate was thus considered “overbearing” and “controlling,” based on threats and sanctions by the managers, according to the technicians interviewed, who had only felt at ease “among themselves.” There was a basic dichotomy here: The technicians were the group in charge of the main work at the laboratory, which was associated with innovation. According to these technicians, managers used the company’s rules and bureaucracy to control them and gain status in the system, implementing a culture based on control and fear. They used rules to “negotiate,” “relieve,” and suspend some controls, yet, in practice, negotiation and relief never came and there was no suspension of controls. Technicians felt bound to formal promises of “improvement” of the system, but, in reality, the opposite happened, in spite of the company’s restructuring. This system produced frustration, disbelief, and lack of credibility regarding managers.

One of the consequences of this struggle was the rise of an informal organization among R&D engineers at the technical discussion forums that took place on the company’s intranet. At first, these technical forums were used only for discussing new techniques associated with technological innovation between the engineers at the French laboratory and the engineers at the laboratory in Raleigh, United States. Each forum had a sort of “censor,” a technical researcher who would mediate the discussions and ensure that engineers would not talk about matters other than new techniques for software codification.

Rapidly, however, the discussions drifted from technical issues to political ones. Researchers complained of excessive authoritarianism, unwarranted bureaucracy, and an overbearing working environment, which was unsuitable for producing innovative work; they exchanged information on hierarchy, suggested measures that should be taken, and so on.

In these discussion forums, the researchers participants respected the most were those possessing the greatest technical and organizational knowledge. That is, forum leadership was

achieved regardless of age, hierarchy, or seniority. It was achieved by those having the greatest technical competence and skill, which challenged the logic of the formal bureaucracy. Consequently, the most respected participants in the discussions were not necessarily those who held the highest positions in the company.

The “censors” joined the debate and “turned a blind eye” to the fact that the forums were developing a political character and were challenging the existing hierarchy. Below, we reproduce some excerpts from interviews with researchers that illustrate this well.

According to a software engineer in charge of “integrating” codes:

*“The financial crisis our company experienced in the past five years is not attributable to the fact that the company became a huge ‘dinosaur,’ as suggested by the specialized press. The crisis resulted mainly from bad management brought about by excessive bureaucracy and irrelevant information that was ‘tied up’ with middle management and never reached the top, obstructing efficiency of the system as a whole. A reaction to this excessive bureaucracy was the possibility of using the intranet to question these bureaucratic procedures, exchange information, and carry out technical work. Before they were ‘caught,’ these discussion forums helped us bear with the excessively bureaucratic controls and let information flow freely. We established an actual ‘parallel organization.’ The economic crisis experienced by our company was more than a market problem; it was the result of management problems and excessive bureaucratic controls. This ‘parallel’ organization showed that people were unhappy with this excessive control and did not work well in this environment.”*

Several interviewees explained how this “emerging” information organization was established in the discussion forums. According to a software development engineer:

*In 1991 Company B’s CEO declared that the organization’s rigid hierarchical structure had provoked a counter reaction. Middle management blocked and filtered information they got from their subordinates according to their own personal interests. Thus, information did not flow from the bottom to the top, and vice-versa. At that time, the CEO found out about the discussion forums (“the emerging organization”) and their use for questioning the organization, an activity which managers considered “subversive.” When the CEO learnt about the discussion forums, he took an unexpected decision. Rather than “punishing” participants, he decided to officially “open” the network for discussions of all sorts. Before that, the rules were clear: The forums could not include discussions on salaries, political opinions, criticism, views on the company, and any exchange of information that was not strictly of a technical nature. After the CEO’s decision, for 15 days everyone was allowed to discuss whatever they wished in the forums. More than 30,000 people joined the debate. The CEO’s idea was to gather the main complaints and provide an official reply. According to the discussions and suggestions of forum participants, it was necessary to break up the organization’s rigid hierarchical structure and reduce the power of the apparatchik hierarchy.*

*For this hierarchy, the discussion forums were “subversive.” However, when the CEO decided to “open” the debate to everyone for all topics for 15 days, making a survey of the key issues, providing official responses, and not punishing the perpetrators, he managed to make the emerging organization “official” for some time, remove its “subversive” nature, “open” the debate to all, “dilute” the emerging organization, and finally destroy it. After 15 days, the CEO once again banned political discussions in the forums, imposed stricter control procedures, and promised to open the forums for debate a few times a year, under official control, considering the information and suggestions received.*

*During the “good times,” the forums allowed discussions between most engineers at Nice and its sister lab in Raleigh, United States. When they found out that people of the same organization, who held the same kind of function, in another part of the world, shared the same problems, faced the same frustrations, and experienced the same everyday problems,*

*this relieved tension because they realized that the problem “was not us,” it was systemic. Sharing these perceptions and having the support of others created a network of support and exchange of experiences that enabled them to better “bear” management controls and despotism .*

## **8. Analysis of the Case Study and Conclusions**

This “emerging organization” the technicians spoke about turned out to be not a subversive virtual organization, but rather an instrument for evading and releasing tension caused by the excessively bureaucratic system, the highly controlling hierarchy, and the controls enforced by the application of rules. That is, because the engineers could use their virtual organization to debate issues concerning their organization that affected everyone, they were better able to tolerate the unavoidable bureaucratic controls in their everyday lives. This tolerance came largely from the fact that they felt “they were not alone” in perceiving contradictions and problems and in their desire to change the organization. In practice, the virtual organization was more useful as an information exchange and release valve than as a venue to organize occasional acts of insubordination or organized action against the hierarchy. In an organization this rigid, “talk” and the “exchange of ideas and information” was in itself a considerable act of insubordination. The technicians felt the hierarchy was constantly watching them and even attributed the KGB metaphor (referring to the Soviet secret police) to it. In a system such as this, “even the mere exchange of information in the forums” was considered “a great act of rebellion.” The organization was suffering from what Merton classified as problems related to an excess of “bureaucratic personality,” when managers apply the rule for the sake of the rule, because it is there. They enforce the rule by habit, by tradition, because it was incorporated into its personality. Even blind compliance to the rule is against the organization’s efficiency (Merton, 1949). The researchers, who worked with innovation, which was the company’s chief activity, were really aware of that and saw themselves as victims of this syndrome, described by Merton as early as the 1940s. Managers of the technical areas noticed the problems that affected their staff and simply “turned a blind eye” to these debates. They tolerated these discussions because they noticed that the forums would not have greater consequences in terms of collective actions against management. The forums performed the essential psychological role of allowing a discussion of the likelihood of change and simulating it. It enabled those affected to discuss new possibilities, share their particular rationality, and see their issues acknowledged by others, even if, in practice, changes would not take place, or would only take place superficially.

To this effect, Hirschmann (1970) describes three possible strategies of action for the organizational actor: voice, exit, or loyalty. That is, the organizational actor is loyal to the dominant culture for some time. This actor identifies with this culture and defends it (loyalty). If the actor does not manage to adapt to the culture, he or she ends up leaving the organization (exit). Alternatively, the actor resorts to the “voice” strategy. He or she uses the organizational space to try to change the procedures surrounding him or her, or at least to discuss the issues, although the actor “remains” in the system, tolerating it after releasing some tension. This last strategy allows the actor to remain in the system, even if the system bothers this actor in some essential aspects. Thus, the organizational actors find ways of evading and “releasing the tension” to remain in the system, in spite of their intolerance regarding its procedures and discrepancies.

If the social actors find ways of evasion, which, in fact, helps them tolerate the status quo and not change it, we can conclude that this type of emerging virtual organization, when not used in devising initiatives to change the status quo, is, in fact, helping to maintain it.

In the case in question, the discussion forums performed a similar role to that the Rio Carnival plays in Brazil, as described by Da Matta (1987). In a particularly hierarchical and unequal

society, particularly during a military dictatorship, the Carnival allowed people to invert the social order. During the four days of Carnival, the poor population who inhabit the Rio de Janeiro *favelas* (shantytowns) parade conspicuously down the city's main streets and avenues, gaily dressed up as kings, queens, and chorus girls. The middle class and the rich buy expensive tickets to see these people parade during the Carnival, and so, "the last become the first" for a while, "taking over the city" with their colorful costumes, music, merrymaking, and traditions. Residents of Rio de Janeiro's rich "South Zone" and foreigners arriving from the "First World" generously pay to admire the talent and beauty of the prancing and twirling *mulatas* (Afro-descendants). They gape at the lavish costumes sewn by *favela*-dwelling seamstresses, and the imaginative floats built by equally poor carpenters and craftspeople. They listen to the music written by the lower classes and the paced rhythm of the percussion group, which comprises humble musicians playing Afro-Brazilian music like no one else.

It is a time of evasion, joy, and glory for the less-privileged social classes, who are usually left out of the prosperous economy. While preparing the show and during the parade itself they feel appreciated and receive a symbolic acknowledgement from the community.

After the Carnival, the *mulata* chorus girls and samba queens once again become the maids of the "madams" in the "South Zone," where they earn their scant wages. Musicians, carpenters, craftspeople, and seamstresses, mostly *favela* dwellers, survive on underpaid jobs and occasional work. In their spare time, apart from playing soccer and going to the beach, they spend the year preparing for the next Carnival parade, when, once again, they will enjoy the brief feeling of "being someone" in the city, receiving acknowledgement for their art. Thus, the "disorder" helps maintain the order, because it allows for a temporary, symbolic inversion of the different social layers.

In our analysis, the virtual organization described in the case study performed the same role as the Rio de Janeiro Carnival: When things are apparently changing, they in fact do not change. Everyone discusses change and its whys and wherefores; they exchange information, establish networks of joint suffering and new forms of social regulation other than bureaucratic, but the everyday working life remains the same, with its controls and "burden." These "discussion networks" are controlled and at least in this case are functional for some time. It is a limited expression of "irrationality," focusing on the status quo, which allows members to tolerate the dominant "rational system." This is similar to the Quality Circles Program, which, in many organizations, was a "non-Taylorist pause" in otherwise imminently Taylorist organizations; nothing more than that. Indeed, controls were relaxed somewhat, but nothing else changed much.

This type of strategy, the deliberate demarcation of spaces for the symbolic release of tensions in a controlled environment, or a discreet, watchful tolerance of emerging organizations that are apparent "sources of insubordination" can be a way of keeping in check any insubordination and criticism of the existing system, and preventing organized action (praxis) that can change the system. At this time, change is delayed and contradictions are no longer a driving force of change, as seen under the dialectic model.

Thus, in spite of the excessive decoupling and erosion suffered by the social system, considering the wide gap between theory and practice, the system's transformation has been blocked and does not take place as suggested in the model of Seo and Creeg (2002).

Our exploratory case study has allowed us to draft the following hypothesis, which can be tested in future studies: Representatives of the status quo can become aware that an excessive decoupling between deeply ingrained myths in the organization (high degree of embeddedness) and actual organizational practice is exacerbating the contradictions perceived by organizational actors in some sectors. This produces some outbreaks of resistance and dissatisfaction, which, in turn, can bring organized action for social transformation. Representatives can then provide established spaces for controlled expression or even tolerate

informal – but controlled – manifestation, to “release” or “dilute” tension generated within the system. While representatives provide all that, they do not try to change the system, but rather try to monitor and control these “discharge” systems. Consequently, rising contradiction and a high level of decoupling will not generate the transformations suggested by the dialectics. We encourage other studies in this area which can show that apparently challenging and liberating spaces can, in fact, be venues for the control and preservation of the established order.

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