Reactions to CEO’s strategy discourse:  
A case study  
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Abstract.  
The paper aims to investigate the constitutive effects of CEO’s strategy discourse as shown by reactions of recipients to the discourse. The case study is on the reactions of recipients to the discourses of the bank’s CEO, who announced the year ‘2020 Vision’ along with strategy to transform traditional banking to digital banking. The premise that discourse is a process that represents and relates to other social elements is drawn upon Fairclough’s (2003) notion. The search for the CEO’s discourses was conducted through the search engine on key words (the bank’s name with additional words such as future vision or staff layoff) and related documents. The study analyses discourses at an organizational level in terms of the consistency among discourses and the alignment of discourses with context. The findings show that the CEO’s strategy discourses can be identified into discourse of organization, discourse of change, and discourse of future, and that the perceived incongruence of discourses, as indicated by the inconsistency among discourses and a misfit of discourses and organizational context, induced unintended interpretations and negative reactions from recipients. Research implication is that the relations among leaders’ strategy discourses as well as the relations between leaders’ discourse and context can be studied to determine the reactions of recipients. Practical implication is that leaders need to be effective sense-givers for recipients to facilitate the emergence of new shared, intended meanings that support strategic change.  

Keywords: strategy discourse, CEO, reactions, consistency, alignment
1. Introduction

Leadership discourse is one area that has gained more interest among leadership studies (e.g. Hosking, 2006; Hall, 2011; Takala, Tanttu, Lamsa, & Virtanen, 2013). The area has been approached from the micro to macro level, respectively such as textual analysis (e.g. Amernic & Craig, 2013), organizational-level analysis (e.g. Aritz, Walker, Cardon, & Li, 2017), institutional level analysis (e.g. Maguire & Hardy, 2006), and so forth. At the organizational level, the study on the constitutive effects of discourse is still lacking. For instance, according to Alvesson & Kärreman (2011: 1121), ‘discourse continues to be used in vague and all-embracing ways, where the constitutive effects of discourse are taken for granted…’ The issue of ‘What discourses constitute’ has been addressed with different focal points. Foucauldian discourse, for example, views that discourses constitute organizational reality. Foucault (1977) traces the role of discourses in wider social processes of legitimating and power, emphasizing the construction of current truths, how they are maintained and what power relations they carry with them. Fairclough (2003), while being influenced by the work of Foucault, sees that discourses constitute part of the resources people use to relate to one another. Discourses are distinguished by their ways of representing, and by their relationship to other social elements (Fairclough, 2003).

This study, which aims to add on to studies on the constitutive effects of discourse, draws upon Fairclough (2003)’s view of discourse as the representation of relations to social elements. As such, discourses of leaders represent the relations between leaders and audiences. The paper proposes that the relations among strategy discourses of the leader (CEO in this case) and the relations between strategy discourse and context influence the outcome of discourses. The relations among strategy discourses of the CEO is analysed from the consistency among discourses while the relations between strategy discourses and organizational context is analysed from the alignment of discourses with context. The outcome of discourses is analysed from the reactions of audiences to the CEO’s discourses.

The paper could make the following contributions. Firstly, the paper could increase understandings about the relations between social elements, i.e., leader, recipients, and organizational context, having discourse of the leader as the key construct. Secondly, the paper shows that the constitutive effects of discourses can be alternatively determined from the consistency among discourses and alignment of discourses with context. Thirdly, the paper could highlight the important role of leader as sense-giver to facilitate strategic change in organizations. The paper is organized as follows: the concepts of discourse and context are firstly presented, followed by the conceptual framework and literature review. Then the research methodology is presented, followed by the case, and the analyses and findings. Finally, the discussion and the conclusion/implementations/recommendations are addressed.

1.1 Discourse and context

According to the work of Fairclough (1998) and others such as Phillips & Hardy (2002), discourse is a relatively integrated system of meanings which are constructed in language use. Language use does not operate in a vacuum, but rather it maintains and perhaps transforms the social contexts from which it emerges, although the links between language use and social contexts are complex (Phillips & Hardy, 2002). Following from this notion, the discourse of the CEO in this study is seen as a system of meanings that emerges in the context of a corporate entity.
Discourse is used in a general sense for language as an element of social life which is dialectically related to other elements (Fairclough, 1998). The dialectic relationship between language and society consists of three levels of analysis, namely (1) the text itself (micro-level), (2) the context of producing, distributing, receiving and possibly adapting texts within a discourse community (meso-level) and (3) the dynamic socio-economic and political context in which the discourse community can be located (macro-level) (Fairclough, 1995, 2003). While the macro-level analysis involves taking the wider social formation into account and the micro-level analysis focuses on the specific linguistic features, the meso-level analysis investigates the discourse practice context (the production, distribution, reception and possible adaptation of texts). An analysis of the discourse practice context focuses on the roles of members of a discourse community and the relationship between them (Beelitz & Merkl-Davies, 2012).

2. Conceptual framework

While the perspectives regarding ‘constitutive’ feature of communication have been brought up (e.g. Ashcraft, Khun, & Corren, 2009), the analytical options and possible empirical claims about constitutive effects of discourse are seldom explored (Alvesson & Kärreman, 2011). Discourses in the Foucauldian sense constitute organizational reality. That is Foucault understands discourses as bodies of knowledge, and thus expression of power/knowledge-relations ‘that systematically form the object of what they speak’ (Foucault, 1977:49). Foucaudian discourse was viewed to be less about everyday linguistic interaction, but more about systems of ideas that forms ways of addressing a topic to regimes of truth. For example, Alvesson & Kärreman (2011: 1130) point out that Foucaudian discourse ‘does not include a clear idea on how discourses influence people to act in a prescribed way’ and that Foucault underscored the individual possibility to exercise resistance, which is an outcome of discourse.

Fairclough (2003) sees that discourses constitute part of the resources people use to relate to one another, i.e. either keeping separate from one another, cooperating or competing with one another, or dominating one another, and to seek to change the ways in which they relate to one another. Discourses are conceptualized as ‘ways of representing aspects of the world- the processes, relations and structures of the material world, the ‘mental world’ of thoughts..., and the social world’ (Fairclough, 2003:124). Discourses are distinguished ‘both by their ways of representing, and by their relationship to other social elements’ (Fairclough, 2003:129) while the ‘representing’ way of discourse is described by Fairclough (2003:124) as ‘a degree of repetition, commonality in the sense that they are shared by groups of people, and stability over time.’

Embracing the concept of discourses as the processes of representing and relating to other social elements (Fairclough, 2003) and the notion of constitutive effects of discourse (Alvesson & Kärreman, 2011), this paper proposes that discourse constitutes relations among themselves and relations with context and such relations influence the reaction of recipients. As discourses are distinguished in ‘representing’ social elements, which refers to repetition and commonality, the study analyses the consistency of discourses from recipients’ view in two aspects: (1) the consistency of discourses about particular matter in the event, (2) the relevance between stated consequence and future expectations. When discourses are placed in relation to one another, recipients determine whether discourse are consistent or non-contradictory in the meanings and whether discourses indicate future consequence in accordance with their expectation. Alternatively, recipients interpret whether discourses ‘conform’ in their meanings in the present and future situation.
With regard to the notion that discourses ‘relate’ to social elements, this reflects the view that discourse ‘connects’ - discourse provide terminals for avenues of meanings, thus making it possible to connect social elements (Alvesson & Kärreman, 2011). Chouliaraki & Fairclough (2010: 1215), for example, propose that ‘we should keep a constant analytical focus not just upon discourse as such, but on the relations between discursive and other social elements’. To analyse the relation of discourses to social elements, this paper focuses on the alignment of strategy discourses with internal and external context.

Under the assumption that discourses ‘represent’ and ‘relate to’ context, the paper suggests the term ‘congruence’ or ‘incongruence’ to capture the ideas, that is the congruence of discourses indicates whether discourses consistently represent shared meanings and align well with the context (as perceived by audiences). The proposition is that the congruence/incongruence of discourse affects responses of audience. Discourses are congruent when (1) there is consistency when putting discourses together or there is no gap between stated consequence and recipients’ expected consequence and/or (2) there is a fit or an alignment of discourses with context. On the contrary, discourses are perceived to be incongruent when (1) there is inconsistency when putting discourses together, or there is a gap between stated consequence and recipients’ expected consequence and/or (2) there is a misfit or no alignment of discourses with context. Either inconsistency among discourses or unaligned discourse with context tends not to make sense to recipients, thus leading to negative responses, and vice versa.

2.1. Literature review
Previous studies that examine the relations among discourses include, for example, that of McClellan (2014) who used the meso-level approach to study discourse and change. The author examined relationships among discourses in the days following a formal change announcement that the ‘flagship subsidiary’, which provides money transfer and payment services (MTPS), would separate from an international data solutions company to become an independent, publicly traded company. Three salient meso-level discourses emerged from the conversations with the members of MTPS’s Global Operations. The discourse of organization presented participants’ normalized way of knowing MTPS as more financially viable than its parent company. The discourse of change presented participants’ way of how understandings of change moved from anticipation to surprise and then to uncertainty. The discourse of the future revealed an overwhelmingly positive reaction to the announcement of change with much hope expressed for the future of MTPS and Global Operations. The finding shows how particular articulations of the future aligned with existing organizational meanings to constitute a discursive constellation that maintained (rather than changed) organizational meaning systems. The findings reimagine organizational control as a process of discursive alignments that further naturalize organizational understandings by suppressing alternative ways to know an uncertain future.

Other studies found leadership discourse to be relational and contradictory. For instance, Koivunen (2007) demonstrated that versatile and paradoxical nature of the leadership discourses (art as against business, dislike of authority, need for heroic leadership and shared leadership) were inherent in symphony orchestras. The processual nature of discourses in terms of their relational, contradictory, and translocal nature were illustrated. Discourses are relational in that all four discourses are needed to produce a coherent description of how leadership is constructed in symphony orchestras. Discourses are contradictory (or are alternatives) to other discourses. (e.g. ‘heroic leadership’ and ‘shared leadership’ may appear contradictory). Discourses are translocal since it makes connections between different localized time/spaces. Discourses travelled between current and previous time and between different
local cultures. Leadership discourses such as heroic leadership have varied and changed over time but have remained surprisingly stable.

Studies also found that leadership discourse could be used to manage incongruent interpretations of past discourses. For example, Beelitz & Merkl-Davies (2012) analysed managerial discourse in corporate communication (CEO-speak) during a 6-month period following a legitimacy threatening incident in a nuclear power plant in Germany. Using an analytical framework based on legitimacy as a process of reciprocal sense-making and the analysis which captures the relationship between text and context, Beelitz & Merkl-Davies’ (2012) findings were that the CEOs switched from technocratic discourse to a discourse of stakeholder engagement to resolve a conflict between the organization and its audience. The study shows that discourse may be deployed strategically to redefine an organization’s relationship with its stakeholders.

The previous review of selectively relevant studies has shown the analysis of relations among leaders’ discourses and the analysis of relation between discourses and context. This study adds on to the previous studies by subsuming the relations among discourses and the relation between discourses and context under the constituents of discourses and argue that such relations have impact on the reactions of recipients.

3. Discourse analysis and research methodology

This study uses a meso-level analysis, which attends to discourse at an intermediate or organizational level (Alvesson, 2004). Meso-level analysis explains the reasons for the presence of specific discourses in the texts under investigation by recourse to the discourse practice context which includes the production, distribution, reception and possible adaptation of texts. Since the approach has distinctive benefit in that it does not ‘over pack’ the concept of discourse by attempting to have it account for everything (Alvesson & Kårreman, 2011), the approach suitably offers a way for the study to explore organizational meanings (from the discourses of the CEO) in external and internal context. In this paper, the external context refers to technological change and change in customers’ behaviors in particular whereas the internal context refers to corporate vision/mission, organizational structure, and culture.

The case is concerned with the strategy discourses of the CEO of one leading, local bank. The CEO declares ‘2020 VISION’ during early 2018 (a particular event) to transform traditional banking to digital banking. The core recipients are bank employees. The search in newspapers for the CEO’s discourses and reactions from employees was conducted through the search engine on key words (the bank’s name with additional words such as future vision or staff layoff, etc.). The search timing is up to one month after the announcement date. Related documents such as the bank’s annual reports or annual registration statements are also gathered for an analytical use.

3.1 Illustrative case-Sunny Bank (Pseudonym)

Background. Sunny Bank is a local bank which was established around a century ago. The bank provides a full range of financial services, including corporate and personal lending, retail and wholesale banking, and other banking services, through its head office and its extensive branch network. The vision of the bank is to be ‘the most admired bank’. At the end of year 2017, Sunny Bank had the staff number of 27,000 and 1,161 branches, compared with the largest local bank which had the staff number of around 26,000 and 1,166 branches. Sunny Bank reported consolidated net profit of Baht 43,152 million (US$ 1.34 billion) for 2017, a decline by 9.4 per cent from year 2016 primarily due to its higher prudent provisions and an 11.6 per cent rise in operating expenses from the investment in digital banking.
Around the end of January 2018, the bank’s CEO announced the vision for year 2020 with the business strategy ‘Going Upside Down’, which focuses on improving performance via five key approaches: Lean the Bank, High-Margin Lending, Digital Acquisition, Data Capabilities, and New Business Model (Bank as a Platform). Sunny Bank would adjust its working style, adopt new technologies to enhance efficiency, and groom its staff by giving them new capabilities and skills to facilitate strategy implementation.

Organizational Context. Sunny bank operates in three core businesses: business lending, consumer lending and wealth management. The bank’s culture can be deduced from its vision and values. During the year 2010-2015, the bank had set its vision to be the ‘bank of choices for customers, shareholders, employees and the community’ with the mission ‘to be the ‘best’ universal bank in the country’. The structure that aligned with the mission was the tall hierarchies and the large ‘size’ of the bank. The bank had a lot of branches and huge work force to serve the customers in the same old way.

Around three years ago (since mid-2016), the bank has started to transform its organization and technology to align with the new financial technology to serve the customers whose behaviors have changed. The bank’s new vision was ‘to be the most admired bank’ with the stated values that cover innovation, social responsibility, customer focus, and building people.

The bank’s CEO has laid out the strategic roadmap for year 2018-2020 as: to lean the bank. The implication is that the structure of the bank is ‘fat’ or hierarchical/mechanistic with a large number of employees (27,000 employees). The tall hierarchical structure with huge and aging work force would be transformed to be less hierarchical and leaner in staff number. The development of new skills for current employees and the joining of new staff who have technological skills have been ongoing. The strategic shift was driven by the change in the external context and the aim for organizational sustainability.

Discursive practice context. The discourse producer in this case is the bank’s CEO while the discourses under study are the CEO’s future [2020] vision/strategy. The distribution of the CEO’s strategy discourse appeared in the hall meeting, having the employees as core recipients. The discourses of the bank’s CEO attracted high interest from media probably because of the announced radical change. The headings in the newspapers and digital news for the announced strategy of the bank include, for example, ‘Sunny Bank seeks to trim staff in digital era’, ‘Sunny Bank’s digital transition to spur cost cuts’, ‘Digital era shakes bank. ‘Sunny Bank’ closes branches to 400’, ‘Sunny Bank to shut 750 branches by 2020 but no layoffs’.

4. Analysis of the CEO’s strategy discourses and findings

The study analyses three key issues: (1) the relations among the CEO’s discourses, (2) the relations between the CEO’s discourses and context, and (3) the reactions (or outcome) of the CEO’s discourses. The findings provide support to the proposition that the incongruence of discourse negatively affects responses of audience.

4.1 Relations among the CEO’s strategy discourses

The analysis could identify three salient discourses and the inconsistency of the salient discourses when placing them together.

4.1.1 Three meso-level discourses. Three salient discourses at meso-level, though not mutually exclusive, emerged as follows: the discourse of organization covers the new corporate structure and business model; the discourse of change focuses on the new strategy and other changes such as the approach to serve customers, the discourse of the future focuses on future activities such as future investment as well as expected consequences. In other words, the discourse of organization is about structural change, the discourse of change is about strategic change, and
the discourse of the future is about future activities and expected results from structural or strategic change.

**Discourse of Organization**

The first prominent meso-level discourse that emerged from the analysis was a discourse of organization. The CEO announced among others the strategy of leaning the bank and having a new business model. The CEO’s strategy about organization was to make the bank leaner by reducing the number of employees from 27,000 to 15,000 employees (or a reduction of 12,000) over the next three years (year 2018 to 2020) with no layoff and the transformation of more than 600 bank branches to ready itself for the digital banking era while reducing its traditional branches from 1,153 to 400. The CEO stated that the bank did not plan to lay off workers as 3,000 employees, on average, resign annually (natural attrition rate). The CEO pointed out that the bank size was less important, that is, ‘In the digital age, size does not matter. We will be smaller as a physical organization, but larger in customer experiences.’

The bank had a plan to close 99 traditional branches in year 2018 and opened a new branch model called Express, which was an automated branch with a handful of employees, and 150-200 Express outlets are targeted by year-end [of 2018], up from 15 at present. The other three branch models have been classified as business centers (three outlets in operation), investment centers (four outlets), and service centers (one outlet). The new branch model seeks to strengthen its relationships with customers, especially personal and small and medium-sized enterprises (SMEs) account holders nationwide. The bank would offer training to existing counter staff and move them to advisory operations such as in wealth management or supporting SMEs. According to the CEO, ‘Our staff will be relationship managers ... who could add value and enhance capabilities of their customers…’

**Discourse of Change**

The second prominent meso-level discourse of the bank’s CEO was a discourse of change. The CEO stated that Sunny Bank used to emphasize rules/discipline, big size in terms of employees and physical footprints (a lot of branches), and corporate survival with no new creativity, resulting in slow work speed and a lack of creativity and spirituality. The CEO said that by pursuing the same previous path was not a fault but did not fit with the modern world. Hence, the new strategy of ‘Going Upside Down’ was announced to public early 2018. The CEO said that

‘this strategy runs against and is in opposite direction of the bank’s identity in the past 111 years; however, it will make the organization be more active, be more imaginary and creative, be energized by new generations, and the creativity gathering will drive the organization forward.’

The CEO said that commercial banks could not avoid making significant changes in how they provide financial services, given stiff competition within the industry and the coming global impact of new financial technologies (or fintech). As consumers increasingly embrace technology, fintech platforms and companies are becoming major competitors to banks. The bank has been shifting to digital banking to improve its services in wealth management, transaction banking, and lending, as part of a reorganization to cut business costs by up to 30 per cent by year 2020. The bank would expand into riskier loans with higher margins such as consumer loans and credit card loans. The CEO stated that the bank has been adopting data analytics in preparation for high yield loan offerings, particularly unsecured and small-sized enterprise lending.

The CEO states that the bank aims to be a platform connecting all segments of society together. This means that digital acquisition and data capabilities play critical roles. For digital acquisition, the bank has acquired a lot of customers through its QR code (payment) product
offerings. For data capabilities, the bank would gain a lot of customers’ data, through its digital channels, to use to expand other services and offerings.

The statement of the bank’s CEO shows his perception of external changes that will lead to internal change in the bank. The external changes include the change in behaviors of consumers who adopt new financial technology and the threat from non-bank competitors in providing payment services in particular. The internal change is the customer service process which will use technology rather than employees to serve customers.

**Discourse of the Future**

The CEO said its move was intended to strengthen the organization in the long-run. The bank has invested in IT for Baht 40,000 million (US$ 1,239.2 mil.) during the 5-year (2016-2020). The IT investment has affected the year 2017 performance for Baht 4,000 mil. (US$ 123.9 mil.) and the effects would increase to year 2020. The CEO said that if the bank had not adapted for now and still ran business by traditional ways, this might negatively affect the bank in the future. Hence, the bank had to cut costs and be lean, to simply say, to go upside down requires slim and not fatty persons.

With regard to future customers, the focus would shift to high margin lending and wealth management. The CEO stated that digital banking platform would gradually reduce the bank's fee-based income by 20% over the next three years, but the platform would also simultaneously reduce operating expenses. Declining fee-based income will be compensated by higher interest income, so the bank expects to maintain profitability in the long run.

**4.1.2 Inconsistency among CEO’s strategy discourses**

Upon placing together the discourses of the bank’s CEO about the organization, the change, and the future, the discourses are found to be inconsistent. That is, the discourses on new business model (discourse of organization) with a shift to digital technology (discourse of change) are inconsistent in terms of key issues such as layoff and operating cost cut (discourse of the future). For example, the CEO spoke about leaning the bank and branch closure but insisted on no staff layoff, citing that 3,000 employees, on average, resign annually. According to the CEO, ‘This means we do not have any program to lay off staff. With this pattern of natural attrition, we will be able to reduce our staff numbers to match our target of 15,000 [from 27,000] in 2020…’

The fact is that the number of natural attrition does not match the target number of staff in year 2020. That is, the number of employees that are estimated to resign naturally in the next three years are 9,000 employees whereas the CEO intends to reduce 12,000 employees (from 27,000 to 15,000), implying a difference of 3,000 employees will be a layoff.

As for the expected cost cut, this could not convince audiences. For example, the analyst of one of the leading securities company indicated that the impact on the bottom line of Sunny bank may be only 20% reduction in operation costs by year 2020 (compared with the bank CEO’s expected operation cost cut of 30%) since the outgoing staff will mostly be tellers in branches with lower salaries while the bank would need more IT staff who tend to command much higher salaries than those leaving. In addition, branch closures must also be made up by more investments in IT infrastructure.

**4.2 Relations between the CEO’s discourses and discursive practice context**

The discourses of the bank’s CEO showed an attempt to align with external context since the CEO spoke that the same old path did not fit with the modern world. The CEO stated that digital banking transactions have increased by five times over the past few years, while transactions via traditional branches was still growing, but at a lower rate. If the bank chose to wait in the time of new technology rather than change, the bank would lose some revenue and profit in the
future and may be dissolved. The CEO proposed the new strategy and stated that the bank needed to adjust under the digital platform.

Regardless of the CEO’s attempt to align the bank with the external context, some staff did not agree with this. For instance, some said that:

‘The bank is financially healthy, as far as I am concerned, and is adapting well to the digital technologies that are disrupting other players in the industry. I am unsure as to the motivation of the move. More than half of us within three years…’

With regard to the internal context, there is a gap between the CEO’s discourses and internal context since the ‘going upside down’ strategy (which implies a radical change) ran contrary to the traditional pattern of the bank (conservative culture). Though the CEO seemed to be aware of this gap, judging from his saying that the [‘upside down’] strategy runs in opposite direction of the bank’s identity in the past, the CEO’s discourses did not cover a plan that makes much sense to employees.

4.3. Reactions (or outcome) of the CEO’s strategy discourses.

The analysis of the CEO’s discourses on the bank’s 2020 vision shows confusion/ambiguity and negative reactions from a number of employees. For example, some employees interpreted or adapted the discourse of the CEO from ‘no layoff’ to ‘layoff’ and ‘massive layoff’ policy as follows:

‘I have worked at the bank for more than 10 years in the retail division. I was shocked to learn about the downsizing program. Management did not at any point indicate that a massive layoff was in sight. We have been given little to no guidance as to which staff are more vulnerable moving forward.’

Although the CEO said that the bank would retrain excess staff and recruit new staff to serve the needs of the bank’s new business model, it was not much a relief to employees. The bank staff showed concern that their skill may not fit for the future: ‘Banks are hiring less and less, particularly for employees that have grown professionally in the bank, the skills we bring to the table may no longer be needed.’ Some other staff indicated their intention to look for new jobs:

‘I knew this day would come sooner or later. Fortunately, the bank gave a three-year notice, which will allow us to upgrade our skills and adapt to the rapidly changing financial industry. Hopefully three years will be enough to find a new job.’

5. Discussion

The study found that the incongruence of the bank’s CEO discourses, which arises from the inconsistency among the discourses and the perceived misfit between discourses and context, induce concerns, distorted interpretations, and negative reactions from employees who are recipients. To handle the concerns of recipients, the discussion addresses the issue of sense-giving of leaders and the issue of organizational identity.

5.1 Leader’s sense-giving as a process

Sense-giving is defined as ‘the process of attempting to influence the sense-making and meaning construction of others toward a preferred redefinition of organizational reality’ (Gioia & Chittipeddi, 1991: 442). Although sense-giving occurs on various hierarchical levels, leaders are institutionally empowered for sensegiving (Brown & Humphreys, 2003) as they act as official representatives of the organization and have privileged access to internal information (Ravasi & Schultz, 2006). Leader as a sense giver can influence the sense-making and meaning construction of employees towards a redefinition of organizational reality. Sense-giving of leaders is important since relevant sense-giving can facilitate the production of shared accounts
among organizational members. Leader sense-giving is successful if employees develop the intended interpretive schemas (Mantere, Schildt, & Sillince, 2012).

The case of Sunny Bank shows that the production of shared accounts (such as a lean, digital bank) has not been occurred yet and the inadequate sense-giving of the leader’s discourses can be deduced (from the audiences’ reactions) as the key underlying reason. The bank’s CEO could not give good senses to employees who tried to make sense of the new vision, the ‘going upside-down’ strategy and the expected consequences. In other words, the bank employees could not make much sense about the strategy initiative, the strategy implementation, and future consequences associated with organizational change. As a result, the employees interpreted the CEO’s discourses differently from the intended meanings (e.g. from no layout to massive layout) and a number of employees (including the bank’s union) responded negatively to the announced strategy. During the change initiative, some staff could not understand why strategic change was needed. Looking forward, the staff could not be assured of their status during the implementation stage since the number of staff reduction did not match the natural attrition rate. The existing staff could not make sense of their future since they were uncertain about the bank’s plan to develop new required skills for them.

In addition to giving relevant senses to employees about intended strategic changes and expected consequences, leaders should recognize that sense-making evolves over time (Balogun & Johnson 2004) and entails different needs and desires in each phase of a change process (Isabella, 1990). Looking at sense-giving from the process perspective helps to identify the interaction between employees’ sense-making and leaders’ sense-giving and the outcomes, which include the specific sense (or non-sense) and the restored organizational activities (or further interrupted activities) that ensue (Sandberg & Tsouka, 2015). The specific sense generated is seen as a spring board for the actions actors take to reinstate an interrupted activity.

5.2 Leadership discourses and organizational identity.

Organization identity (OI) is the members’ collective and shared meaning of who the organization is, or who they are as an organization (Albert & Whetten, 1985). In the case of Sunny Bank, its vision (during year 2010-2015) as ‘a bank of choices’ reflects the identity of being a big-sized traditional bank that emphasized on serving customers and other stakeholders such as shareholders, employees, and community. However, when the CEO announced the new strategy of ‘going upside down’ and ‘leaning the bank’ for the year 2018-2020, the existing organizational identity were in conflict with the new strategy. Although the CEO’s discourse addressed the positive future (such as ‘sustainability’) of the bank, the employees were not convinced and not seeing themselves in the picture.

In order to facilitate the emerging new shared meanings that supports new strategy, leaders are suggested to initially understand current organizational identity and identify its elements that are consistent or in conflict with the desired change. Leaders can then make the change of the required elements of OI and embed the changed elements within the organizations (Brown, Manning, & Ludema, 2016). The resources that can be used to make the change are those that construct OI such as founder’s philosophy, organization past experience, and organization narratives (Gioia, Patvardhan, Hamilton, & Corley, 2013). Leaders need to act by incorporating new strategy into these resources. Elements of organizational culture can be used to operationalize identity into specific behaviors through devices such as human resources policies, internal communications (Dhalla, 2007) to facilitate strategic change. Leaders need to make sure that the elements are supportive of the required change. Drawing upon this notion, the bank’s CEO should identify elements of OI that support strategic change and embed the elements within the bank. For example, human resources policy may prioritize the recruitment of new employees with advanced skills in information technology (IT), the development
program of IT skills for existing employees, and so forth. If management at different levels cooperate continuously in embedding the change elements into rules, policies, and discursive activities such as narratives and story-telling, new organizational identity can emerge and the success of change in strategy is enhanced.

6. Conclusion/Implications/Recommendations

The paper uses Sunny bank’s CEO strategy discourses to explore the constitutive effects of discourses. The premise is that strategy discourses constitute relations among discourses and relations between discourse and context. The study proposes that discourse congruence (or incongruence) influences the outcome, i.e., reactions of the recipients. The findings identified three meso-level discourses: discourse of organization, discourse of change, and discourse of the future. The findings also support the proposition that the incongruence of CEO’s discourses induces negative responses from recipients. Such negative responses reflect the weak role of the CEO as a sense-giver and as a facilitator for new alternative meanings that support the strategic change.

Though the study has limited generalizability since it is one illustrative case, the case study is necessary since it could provide a more in-depth analysis of a manageable quantity of data. The research implication is that the relations among discourses and relations between discourses and context can be used to explore constitutive effects of discourse. The practical implication is that leaders need to effectively manage sense-giving as a process and effectively uses resources to enable the new organizational identity to emerge and support change. Future studies could compare the effects of discourses of leaders in organizations that have different identities.

References


