

# Emergence of Ethical Issues During Strategic Change Implementation

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Using qualitative data from a Fortune 500 company undergoing a strategic change, I describe the emergence of three ethical issues and build a theory to explain how this emergence unfolds. I find that some employees reframe the meaning of strategic issues as involving ethical implications because of trigger points, ambiguity, and the use of an available employee welfare frame. These employees take the meaning of strategic issues and reinterpret them as either leading to harmful consequences or the violation of a right. I conclude by discussing the theoretical implications for business ethics and sensemaking research, and the practical implications for responding to ethical issues.

*Key words:* interpretation; sensemaking; business ethics; justice

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Scholars are becoming increasingly interested in examining ethical issues inside organizations. This attention follows a recent spate of corporate malfeasance and greater calls for increased public responsibilities of organizations (Donaldson 2003, Veiga 2004). Accordingly, organizational scholars have dedicated significant effort to understanding how individuals resolve ethical issues at work, using lenses such as decision making (Fritzsche 1995, Street et al. 2001) and justice theory (Bies 1987, Greenberg 1987, Shapiro 1991). Although these literatures offer important insights for understanding how organizational actors determine what is ethical and fair, this research has overlooked a more foundational question: Where do ethical issues come from in the first place? Existing research often assumes an objectivist approach to ethical issues by claiming that ethical issues exist as external objects that individuals judge. Scholars have accordingly dedicated substantial empirical effort to understanding how individuals judge these external issues (O'Fallon and Butterfield 2005). Building on recent research that has started to question aspects of this objectivist approach (e.g., Butterfield et al. 2000, Sonenshein 2007) along with sensemaking research (e.g., Weick 1995), I develop theory about how scholars can also view ethical issues as being created from the sensemaking of employees parsing and interpreting ordinary organizational events.

Using a case study at a Fortune 500 retailer undergoing a major strategic change, I find that some employees reinterpret strategic issues as ethical ones when four conditions get met. First, managers present *starting issues* in which they frame a key business issue in ways that do not emphasize ethical content. Second, *trigger points* interrupt employees' expectations set by managerially prescribed meaning and prod employees to construct

new meaning. Third, *ambiguity* prevents employees from creating meaning that resolves the interruption in ways consistent with the managerial view. Fourth, given the inability to construct meaning using a managerial view, employees rely on an available *employee welfare frame* to construct meaning. This frame emphasizes how an issue will affect employees' own outcomes (consequential perspective) or violate their rights (deontological perspective).

## Literature Review

Two primary literatures address how ethical issues arise: decision making about ethical issues and justice. Although coming from different perspectives, these literatures converge on primarily treating ethical issues (1) as objective properties, that is, as existing in the environment independent of individuals' meaning constructions, and (2) as something individuals respond to rather than create. I review these assumptions and then discuss research that has started to question these assumptions.

## Decision-Making Approaches

Jones (1991) provides one of the most influential decision-making models for ethical issues at work. Following Rest (1986), Jones (1991) proposes that responses to ethical issues contain four components: recognition of a moral issue, ethical judgment, moral intent, and ethical behavior. A recent review finds that the majority of findings from 174 studies on decision making about ethical issues at work concentrate on the judgment stage (O'Fallon and Butterfield 2005). These approaches explain responses (usually judgments) to ethical issues based on levels of moral development (Jones 1991, Trevino 1986), types of cognition (Street et al. 2001),

values or dispositions (Fritzsche 1995, Trevino 1986), or the use of philosophical theories (Hunt and Vitell 1986, Premeaux 2004). Whereas the decision-making lens explains how individuals judge ethical issues, this research assumes that such issues are independent of individuals' meaning constructions (Sonenshein 2007). That is, "the individual reacts to an ethical dilemma" (Trevino 1986, p. 602) rather than creating that dilemma through sensemaking. Scholars then study variation in these reactions (or judgments) to ethical issues primarily using scenario studies that already construct the issue (Marshall and Dewe 1997, Paolillo and Vitell 2002) and do not examine the processes used to create that issue in the first place.

Previous research has implied some sensemaking processes in responses to ethical issues. For example, research on the "moral recognition phase" focuses on how individuals encode information about issues using moral schemata that recognize that a decision or action will affect others (Jones 1991, Rest 1986). In an empirical test of moral awareness, Butterfield et al. (2000) find that issues with greater consequences are more likely to be recognized as a moral issue than those with fewer consequences. Whereas moral recognition pushes scholarship to account for different determinations over whether an issue is an "ethical" one, this work still remains wedded to objectivist principles. Information about issues is processed (Jones 1991) rather than created by individuals. Instead, employees can give meaning to events in the environment, and this meaning guides behavior regardless of its accuracy (Bruner 1990). Put another way, objectivist approaches emphasize questions such as "have I processed this issue as having ethical implications?" whereas a sensemaking view focuses on questions such as "what story am I telling?" and how these stories may differ across individuals and time (e.g., Mishler 2004).

### Justice Approaches

Similar to the decision-making literature, the justice literature primarily concentrates on explaining judgments (in this case, fairness) about issues (Greenberg 1987, Mullen and Skitka 2006) and the subsequent behavioral implications of these judgments (Bies 1987, Lind et al. 2000). Despite common concerns, there is little integration between the justice and ethics literatures (Schminke et al. 1997).

Distributive justice focuses on the fairness of outcomes, whereas procedural justice addresses the ways in which those outcomes are distributed (Greenberg 1987). The justice literature measures perceptions of justice by asking participants about features a priori theorized to constitute justice, such as advanced notice of layoffs and amount of severance packages in downsizing cases (Brockner et al. 1994). Other approaches use more general measures, such as the degree to which rewards

were distributed fairly and fair workplace procedures were used (Folger and Konovsky 1989, McFarlin and Sweeney 1992). But these studies ask participants to judge whether an event was fair. They do not yield adequate insight into how individuals construct the issue in the first place, for example, do participants label the event as "downsizing" and why? Moreover, asking participants to judge the fairness of events already frames that issue as being about fairness. Thus, this research provides strong interpretive signals about the meaning of issues, without observing how meanings are shaped more directly by participants.

One area of justice scholarship that increasingly appreciates more of a sensemaking perspective involves justice accounts. This literature focuses on how individuals interpret responses (such as apologies) intended to mitigate the effects of misdeeds (Shapiro 1991). For example, Elsbach and Eloffson (2000) find that explanations about decisions are more likely to be judged as fair if those explanations include language that conveys a just procedure. Robinson and Friedman (1995) find that individuals are likely to misinterpret each other's motives in offering accounts that explain misdeeds. Although the literature on justice accounts offers a promising avenue for focusing on more interpretive aspects of misdeeds, this approach falls short of fully embracing meaning construction. First, justice accounts are already constructed and packaged statements about an issue. Although individuals further interpret these accounts, the accounts nevertheless already contain strong sensegiving about the meaning of an issue. The parsing of ambiguous cues in the environment is already significantly accomplished by the scenarios themselves. Second, justice accounts, by definition, have precoded the meaning of an issue as one that contains a moral impropriety. The justice literature *emphasizes the effects of explaining* the misdeed as opposed to the processes by which individuals *interpret the act as a misdeed*.

### An Emergence Perspective

Whereas the decision-making and justice literatures help explain when individuals make determinations that something is morally wrong or unfair, this work primarily focuses on judgments about issues assumed to exist independent of sensemaking. Studies use positivist methodologies, especially scenario designs, to examine the factors that influence judgments about right and wrong and fair and unfair. A shift to an emergence perspective contrasts in three important ways. First, an emergence view recognizes that, before making judgments about issues, employees cobble together cues from the internal and external environment to create interpretations of organizational reality (Weick 1995). This sensemaking may or may not highlight ethical aspects about an issue. Even research such as moral awareness, which has started to recognize a greater role for interpretations,

stops short of fully embracing a sensemaking perspective. Sensemaking includes not only interpretations, but also a creation part in which employees construct and bracket the cues they interpret (Weick 1995). Existing research focuses on *discovering* the ethical implications of preexisting issues whereas an emergence view also highlights construction processes that alter the meaning of issues. Second, a focus on issue emergence addresses how meanings are contested and situated in a larger social space. Employees navigate between their own emerging interpretations of issues as being ethical and managers' attempts to tell other stories (and quell employees' stories). This offers a more socially embedded approach to research on ethical issues.

Third, an emergence perspective suggests how meanings are mutable and always transforming. Issue selling research claims that no issues are inherently strategic (Dutton et al. 2001). Instead, issues are made strategic through the discursive claims of employees, such as through selling issues about the environment, diversity, and employee rights by framing these issues as having strategic value (Sonenshein 2006). Similarly, issues are not inherently perceived as *ethical*, but rather are given meaning to be ethical through sensemaking. An emergence approach is similar to the concept of framing in social movements research (Benford and Snow 2000); employees use interpretive frames to locate, perceive, identify, and label events in meaningful ways to influence others (Goffman 1973).

Finally, I offer one caveat. Whether ethical issues truly exist independent of employees' sensemaking necessitates philosophical debate between realist and antirealist ontologies. I bracket this important question and make the more moderate epistemological claim that, regardless of whether ethical issues exist in a mind-independent way, employees will differ in how they make sense of organizational life, something that can create the belief that an ethical issue exists.

## Methods

To develop an emergence perspective on ethical issues, I use a case study at a Fortune 500 retailer undergoing a strategic change. Case studies are useful for answering “how” types of questions about phenomena in their natural contexts (Yin 1994).

### Research Site and Context

Retail, Inc. (all names are pseudonyms) is a Fortune 500 retailer consisting of two main divisions that sell entertainment products: MallCo (small, mall-based stores) and BigBoxCo (large, freestanding stores). The organization contains headquarters employees (e.g., senior/corporate managers) and store/field employees (e.g., store managers and retail clerks). In the early 1990s, MallCo achieved steady profits that allowed Retail, Inc. to fund

growth at BigBoxCo, which had a much smaller presence than MallCo. BigBoxCo stores started to achieve strong profits in the mid-1990s, but sales at the MallCo division started to flounder. MallCo stores, many of which had not seen renovations for 20 years, were viewed as outdated. Retail, Inc. responded by closing underperforming MallCo stores, but with little investment being put into the MallCo division, those stores that sustained operations continued to have performance declines. To address this decline, Retail, Inc. initiated a strategic change, “Project Convert,” which involved changing the name and look of MallCo stores, expanding products, and updating routines.

### Sources of Data

One of the central principles of case study research is to triangulate multiple sources of data (Yin 1994). In this study, I rely on interviews, documents, and survey responses (see Tables 1 and 2).

*Interviews.* I conducted 42 interviews with store/field employees and headquarters employees at Retail, Inc. Interviews took place during work hours and averaged around 40 minutes. Most interviews were recorded and professionally transcribed. For interviews in stores, I used a stratified purposeful sample to facilitate comparison between different positions (e.g., store manager, assistant manager, retail clerk) and participation levels (e.g., not participating/participating in the change) (Miles and Huberman 1994). The participants within the store included all those who had time free from immediate work responsibilities, whereas the stores were based on a random selection within geographic regions in which the author was traveling. For headquarters employees, I used a snowball sample to identify key individuals responsible for managing Project Convert (Miles and Huberman 1994).

*Documents.* I collected 115 documents representing over 2,000 pages of text. This data set primarily contains internal documents (strategy plans, communications, etc.) but also includes public documents. I obtained internal documents from informants and public documents from online databases. I use the documents to help trace how managers construct the meaning of issues over time.

*Survey Responses.* I collected responses to four open-ended questions sent to store employees at stores both participating ( $n = 160$  employees) and not participating ( $n = 51$ ) in the change. Responses to these questions, which were anonymous, provide a way of understanding how employees view the change across a wider range of individuals in a way not possible with an interview format. I asked four questions covering topics about employees' feelings about the change, the reasons for the change, the type of changes involved, and how the

**Table 1** Document Data

D-007	Customer e-mail letter (8/04): Prepared by marketing department; sent to customers in participating markets to encourage visits to new BigBoxCo Light stores.
D-010	Project Convert business plan (9/04): Prepared by project manager for senior managers. Includes summary of marketing research and articulation of strategy, costs, and financial projections.
D-024	Online marketing strategy document (6/04): Prepared by marketing department and sent to store employees at participating stores.
D-031	Manager conversion guide (9/04): Prepared by project manager, marketing, and operations departments. Includes FAQ about conversion, including strategy and operational and marketing changes. Sent to store managers at participating stores.
D-035	Visual guide (9/04): Prepared by project manager, marketing and operations departments. Articulates strategy and visual presentation guidelines for changes. Sent to store managers at converting stores.
D-041	Communications plan (4/05): Prepared by communications department. Sent to field managers and store employees.
D-048	Store conversion guide (2/05): Update of D-031 sent to converting stores.
D-067	Congratulations letter (2/05, ongoing): Prepared on behalf of senior management. Sent to stores upon converting to a BigBoxCo Light.
D-078	CEO update (2/05): Prepared on behalf of CEO. Includes updated on strategic initiative plans. Sent to all Retail, Inc. employees.
D-104	Corporate-field meeting slides (8/05). Prepared by project manager. Presented to East Coast market stores participating in change.
D-114	Report on MallCo from consulting company (2002): Prepared by outside consulting company for senior management.
D-119	Marketing research (8/03): Prepared by research vendor for senior management and marketing department. Includes report from consultants on Retail, Inc. branding.

*Note.* Only documents quoted in manuscript are included in the above table due to space limitations. “D” refers to document, “I” refers to interviews, and “S” refers to surveys.

changes will affect employees’ jobs and workplace. I derived these four questions through an exploratory analysis of my interview data.

### Data Analysis Approach

*Identification of Issues.* The original purpose of this research was to inform broader theories of strategic change implementation. However, in reading my data, I observed that respondents were calling attention (e.g., making claims) to issues in ways that highlighted ethical content. In my analytic notes, I recorded words (such as “deception”) and phrases (such as “lose my job”) that suggested sensemaking about ethical issues. I returned to examine the entire data set more systematically to see if there were any themes. I located three emerging issues, described in detail below. To verify the presence of these issues, an independent research assistant inspected all of the open-ended survey data for ethics and nonethics-related themes, indicated by terms such as “fairness,” “inequity,” and “deception.” All three of the ethics issues I identified were coded in at least 10% of participants’ responses, and 40% of participants’ responses included at least one of the three ethical issues.

*Analysis of Issues.* I first engaged in a descriptive account of the data and captured first-order terms used by informants and summarized with quotes. Next, I moved to increasing levels of theoretical abstraction by comparing within and across the data for dominant themes and blending with existing theory. The content of the issues (including the types of claims employees made) were primarily found in survey responses and

documents, whereas the interview data provided additional insight into the meaning construction processes. Working from all this data, I used a constant comparison method, moving between the data and themes to build a grounded theory (Glaser and Strauss 1967).

*Assessment of Findings.* Although I recognize my own role in reconstructing the data through parsing and interpreting (Riessman 1993), I follow techniques from Lincoln and Guba (1985) to establish the credibility of my findings. First, I used a prolonged engagement with my research site (15 months collecting data through multiple waves of interviews and surveys). I also had the support of the company’s management and provided constant feedback about the project, including leading a three-hour feedback session with senior managers to explain my findings. Attendees at the meeting agreed with most of my findings and helped to elaborate explanations. Second, I used triangulation by collecting multiple types of data (interviews, documents, and surveys) from multiple sources. Third, many of my materials have strong referential adequacy; they provide a holistic view of the context of the change. For example, interviews help provide the contextual background for interpreting documents and survey responses. Finally, I relied on peer debriefing to bounce ideas off of outsiders and get their perspectives on the data.

### Descriptive Findings

#### Issue 1: Allocating Resources for the Change

In 2002, Retail, Inc. hired a management consulting company to explore strategic options for the MallCo

**Table 2 List of Participants**

I or S #	Position	Store convert?	# of interviews
I-0	Senior manager	N/A	1
I-1	Field director	Y	1
I-2	Field manager	Y	1
I-3	Stars manager	Y	1
I-4	Senior manager	N/A	1
I-5	Corporate manager	N/A	6
I-6	Corporate manager	N/A	1
I-7	Corporate manager	N/A	3
I-8	Store manager	N	1
I-9	Retail clerk	N	1
I-10	Store manager	Y	1
I-11	Asst. store manager	Y	1
I-12	Corporate manager	N/A	2
I-13	Store manager	N	1
I-14	Store manager	Y	1
I-15	Retail clerk	Y	1
I-16	Corporate employee	N/A	1
I-17	Corporate manager	N/A	1
I-18	Corporate employee	N/A	1
I-19	Retail clerk	N	1
I-20	Store manager	N	1
I-21	Corporate manager	N/A	1
I-22	Field manager	Y	1
I-23	Field manager	Y	1
I-24	Field manager	Y	1
I-25	Field director	Y	1
I-26	Store manager	Y	1
I-27	Asst. store manager	Y	1
I-28	Store manager	Y	1
I-29	Asst. store manager	Y	1
I-30	Senior manager	N/A	1
I-31	Senior manager	N/A	1
I-32	Senior manager	N/A	1
I-33	Senior manager	N/A	1
S-11008	Asst. store manager	Y	N/A
S-11109	Retail clerk	Y	N/A
S-11325	Retail clerk	Y	N/A
S-11576	Retail clerk	N	N/A
S-11629	Retail clerk	N	N/A
S-11632	Retail clerk	N	N/A
S-11752	Retail clerk	N	N/A
S-11753	Retail clerk	N	N/A
S-11754	Retail clerk	N	N/A
S-12130	Retail clerk	Y	N/A
S-12135	Retail clerk	Y	N/A
S-190380	Retail clerk	Y	N/A
S-31106	Asst. store manager	Y	N/A
S-31149	Store manager	Y	N/A
S-31280	Asst. store manager	N	N/A
S-31372	Store manager	Y	N/A
S-31417	Store manager	Y	N/A

Notes. Only survey responses quoted in manuscript are included in the above table due to space limitations. "D" refers to document, "I" refers to interviews, and "S" refers to surveys.

division to turn around declining sales (D-114).<sup>1</sup> Following this research in 2003, Retail, Inc.'s design firm developed a new prototype for MallCo stores. A redesign initiative started, which called for updates to the stores' interiors (e.g., new paint colors and layout). Despite its limited scope, MallCo store employees welcomed the

redesign initiative because it provided needed resources to remodel stores, many of which had not seen renovations for decades. One corporate manager, who worked previously in a store, explains: "I worked in a store that...hadn't been remodeled in upwards of 20 years and that's the norm (*laughs*); that's not the exception" (I-7). A store manager echoed this sentiment, noting, "I've been with the company for over 30 years.... We have needed an image update for years" (S-31417).

Retail, Inc. piloted the redesign initiative in several stores but promised that all stores within the MallCo division would eventually participate in the project. At a February 2004 meeting for all MallCo store managers, executives touted the redesign initiative as an important strategy for turning around the MallCo division. One corporate manager notes, "We went out in February with a great vision and...[the project] would eventually...hit all stores" (I-17). But shortly after promising that all MallCo stores would receive at least some resources under the redesign initiative, corporate managers shifted courses. Instead of providing modest resources across the entire MallCo division, they provided more substantial resources to a limited set of stores: "We told everybody, 'Yes, we are going to paint in your stores and some of the stores...will get more because we are testing this redesign initiative'...until the day we said, 'No. We are going to do Project Convert'" (I-12). Another corporate manager notes, "in '04-February [we said], 'as a company, we're going to put a lot of money into the MallCo side equitably,'...hit all stores. Not all stores would get everything, but all stores would get something, and then in April-May it became, 'Mm-mm. We've changed our mind'.... We had a lot of people very excited, then all of a sudden, 'Oh, not us'" (I-17). Employees at stores who were promised but never received resources were "frustrated" because these stores now "didn't get anything" (I-12). The movement to select participation signaled the transition from the redesign initiative in which all stores would participate to Project Convert. Project Convert was one of the company's "Big Six" strategic initiatives in 2004 and 2005.

Due to the shift from the redesign initiative to Project Convert, only about one-sixth of stores would participate in the change. Initial stores were chosen "based on a combination of relative isolation (thus avoiding any customer confusion), and 'representiveness' of competitive (number of retailers other than BigBoxCo and MallCo) and demographic mix" (D-010; also D-031). However, after testing the project with these stores, no direct explanation for selection about future stores was provided in the change documents (D-048). Senior managers talked about converting an entire geographic market—using a "market by market approach" (D-041)—while glossing over that some stores within many of those markets were *not* selected to participate.

The reneged promise that all stores would participate in Project Convert coupled with the absence of a clear explanation of selection criteria prompted employees to start considering their employment status in the organization. A field manager, who supervises 10 store managers, recounts, “I think some of the stores that maybe weren’t picked to be on the project, some of the store managers are wondering, you know, ‘What’s going to happen to my store? What does this mean to me?’” (I-23). These concerns about job stability and subsequent downsizing of their jobs/stores were also echoed by store employees working at MallCos. For example, a store manager expresses that the concerns of

myself or any people in my staff... was, “Okay, are we all going to become one big company, and are we all going to lose our jobs?” Because you think, “Okay, it’s all going to be blended, or what [is] it going to do to our management structure... do we all then go under the BigBoxCo umbrella, or do we stay two distinctive visions?” So all those things kind of went through people’s heads pretty quickly... “[were] we as MallCo going away completely?” That was the biggest concern most people were having. You know, a name going away, okay, that’s one thing. But in functionality and who we are as a company, is that also going to go away? (I-13)

Another employee at a nonparticipating store asked, “us not changing into a BigBoxCo Light raises the questions are we going to close?... Or will I lose my job all together?” (S-11752).

There was also a distinction between messages sent to participating and nonparticipating stores. Participating stores received adulation from corporate managers, exemplified by a “congratulations letter” which read: “I know that each of you is committed to driving your store’s post conversion sales. You’ve discussed why it’s important for BigBoxCo Light stores to have higher sales expectations than the company... I am confident that you will be able to drive the additional sales needed as BigBoxCo Light!” (D-67). Whereas praise was bestowed upon participating stores, little direct messaging about Project Convert was sent to nonparticipating stores. A corporate manager notes, “The emphasis on communicating to the balance of the chain... I don’t think we really paid enough attention to that...” (I-5).

Given the messages from corporate managers (praising converting stores and ignoring nonconverting stores), some employees at nonparticipating stores started to answer the “will I keep my job” question informed by the larger context of the change project. These employees assumed that a lack of immediate investment by Retail, Inc. would result in their store’s closure and their subsequent job loss: “Our store isn’t getting converted... aren’t we going to be closed down?” (S-11753). Another store employee remarks, “The longer our store goes without a conversion date, the more certain I become that we will be closing immediately after

Christmas” (S-31280). Not participating in Project Convert “concerns me. I wonder whether the store, which is still a MallCo, will stay open or become a BigBoxCo Light” (S-11629). These speculations—whether fact or fiction—reconstructed the meaning of the resource allocation issue. Whereas senior managers viewed allocating resources as a way to revitalize the MallCo division, employees (at stores not immediately selected for participation) considered the issue to be about the downsizing of the MallCo division, including the potential loss of their jobs. As a result, what was initially pitched as an important strategic change to revitalize the MallCo division became interpreted by some store employees as an issue about whether they would keep their jobs or not.

## Issue 2: Homogenizing the Organization

Selected stores started their transformations to BigBoxCo Lights, including a new store name and remodel. These stores also received updated work routines from headquarters and a new dress code. From the corporate managers’ perspective, the purpose of these changes was to create a more homogenous Retail, Inc.—in name, aesthetics, and processes. As one senior manager notes, “From a single brand standpoint, having more locations across the country that sport the BigBoxCo logo will enable us to have more people see our name, understand what Retail, Inc. is all about. And that’s why single brand as an initiative became important... we know that customers shop in... regular malls, they shop in outlet malls,... That they don’t isolate themselves to any one shopping experience. And we want to make sure that we are a part of or try and be a part of every experience that they could potentially have” (I-31).

Corporate managers decided to move MallCo closer to BigBoxCo because they viewed MallCo as “an old, tired brand” (I-31), using images such as “Oldsmobile” (I-32), compared to BigBoxCo, which “is more exciting” (I-25) and a “more contemporary brand” (I-32). Given the more favorable perceptions of BigBoxCo, senior managers created a “mini-BigBoxCo concept... with each step and each progressive remodel, the brand becomes embedded with richer meaning and value” (D-119). This provides a “single-brand” experience to customers to present a unified company and allows MallCo to “piggy-back [on] the BigBoxCo brand” (I-32). MallCos would become “BigBoxCo Lights.”

One of the challenges to homogenization was a cultural divide between MallCo and BigBoxCo. This divide was so prominent that when the project manager for Project Convert was assigned, his boss stressed, “You are not MallCo or BigBoxCo so you are not biased” (I-12). MallCo was a smaller, “community-oriented” store, whereas BigBoxCo catered to larger metropolitan areas (I-33). The different cultures are also manifested in work routines. For example, MallCo employees are required to greet all customers entering the store and actively

pitch them products. BigBoxCo employees, on the other hand, allow customers to wander the store and only provide service when directly asked by a customer. MallCo store employees took great pride in their service culture and derided the lack of service at BigBoxCos. One store manager notes, “A MallCo customer is completely different than a BigBoxCo customer. A BigBoxCo customer shops without service” (I-26).

Given the cultural contrasts between the two divisions, some MallCo employees became deeply affected by participating in transforming their MallCo to a BigBoxCo Light. As BigBoxCo Light signs became plastered on the front of stores, on shopping bags, and in marketing collateral, store employees asked questions about their identities, aptly summarized by one corporate manager: “So who am I?” would be a question, um, that would need to be answered. Um, so I think there would be some apprehension that way. “What is my identity now?” (I-17) Consider the following exchange with a store manager:

**Interviewer:** How about to your staff?...Do they feel more like BigBoxCo employees, MallCo employees?

**Store manager:** I’m really not sure. I think they know they’re BigBoxCo employees, but because we don’t get everything that BigBoxCo gets, there’s a definite distinction.... They do know that they are a Retail, Inc. employee.... But again, because we don’t mirror everything that [BigBoxCo] does, there is a bit of a disconnect with that. You know, they allow jeans; we don’t allow jeans at all. We have uniforms...to wear to work; they don’t. So, you know, with that piece, I can understand that they know we’re the same but we’re different. (I-26)

As employees began to resolve this ambiguity, some started to recognize the loss of their MallCo identities. One store employee notes: “I started [with] MallCo, and I think its identity is lost [with] this conversion. MallCo had a small town appeal to it to better service regular customers” (S-11754). A store manager puts it as follows: “it’s sort of sad that...the MallCo name will go away because it’s been there for a long, long time” (I-20). A field manager observes that her stores’ employees were a “little bit saddened by the fact that the MallCo name could potentially, you know, be going away” (I-23). And the Project Convert project manager noticed the sense of loss among MallCo employees: “I was in some of the MallCo [stores] when the logo came off the wall and I saw some tears...in the people’s eyes because really people have a passion about...what MallCo represented in their lives” (I-12).

The mourning of lost identities and resulting emotions of sadness was emblematic of a larger issue unfolding. The MallCo division historically positioned itself as having a “friendly atmosphere and community feel” (S-11632), which catered to localized needs. As a result, MallCo stores were much more differentiated from each

other than BigBoxCos. MallCo employees had discretion to customize stores and express individualism. But a BigBoxCo Light identity meant a lack of individualism. Project Convert involved the standardization of BigBoxCo Lights to operate more homogenously as a “single brand” (D-010). As one store employee notes, “BigBoxCo Light feels corporate. Everything [is] the same; [there is] no individualism” (S-11754). Consequently, employees at converting stores were required to standardize their stores and were presented with detailed store layouts specifying product placements and the “look and feel” of the store (D-035). An example of lost individualism is the new dress code. BigBoxCo Light employees were required to wear uniforms. These uniforms, which were not required at MallCos, threatened employees’ individuality. One store employee notes, I “hate [the] shirt—I feel like a drone in it. I liked having the individuality of my own clothing,” (S-31106). Another employee remarks, “I would rather wear my own clothes, not the beach polo shirt” (S-12135). For senior managers, the transformation of MallCos to BigBoxCo was an important part of integrating the BigBoxCo and MallCo brands, thereby creating a consistent store experience for all customers regardless of the store’s format (freestanding or mall). But for employees, the homogenization issue was interpreted as imposing on them a BigBoxCo identity, which took away their individualism and autonomy—employees had less discretion to customize stores and less freedom about how to dress.

### Issue 3: Marketing the Changes to Customers

Corporate managers developed marketing campaigns to convince BigBoxCo Light customers that the same comforts of a MallCo store would remain, but that the store would be radically improved. This dual goal of engendering familiarity while promising novelty was captured in an expression that appears throughout the marketing campaigns for the project: “A new look for a familiar friend” (D-007). The marketing strategy for the project had four components: “Same store staff, Bigger discounts...Expanded assortment, Select BigBoxCo special offers and services” (D-024). Corporate managers tried to create customer excitement around Project Convert using marketing programs to shape what Project Convert means to customers. For example, customer e-mails read:

We’re unveiling a new look for a familiar friend. We’re excited to announce that our MallCo store in [location] is becoming BigBoxCo Light—a new store with a vibrant new atmosphere and an extraordinary shopping experience. We’re taking the best of MallCo and introducing many of the exceptional aspects of our sister store, BigBoxCo, to create BigBoxCo Light. You’ll continue to find a great selection of [products], convenient shopping, and the same commitment to service by the friendly staff you’ve come to know. At the new BigBoxCo Light,

you'll also find a bigger discount...an expanded assortment, and selected BigBoxCo special offers and services. We are eager to introduce you to BigBoxCo Light...It's a new store and a new experience. (D-24)

The e-mail portrays familiarity but also generates excitement about a “vibrant new atmosphere” and “extraordinary shopping experience.” However, the preponderance of the language focuses on the creation of something “new” (the word “new” appears five times in the brief e-mail). The message also positions a much improved shopping experience by preserving the best part of MallCo while introducing a new experience, enhanced product selection, and better discounting. In addition to e-mails, Retail, Inc. created excitement through “grand openings” at recently converted BigBoxCo Light stores—events that included costume characters, raffles, and decorations (I-16). Creating excitement was also part of explicit instructions given to some stores: “Start chatting with your customers about the upcoming changes! We want them to be excited and spread the word!” (D-104)

Although the marketing department set lofty expectations about a BigBoxCo Light, some employees in the stores received feedback from customers that challenged this excitement. Customers shopping BigBoxCo Light were surprised to see how few changes were made to the store: “no one who is a regular customer really noticed the change” (S-11325). Other customers expressed disappointment at the changes. For example, there were “customer complaints about us not offering them more discounts...They think...BigBoxCo name means we'll discount more products more often” (S-31372). Or as one store employee put it, “when I explain that we are a BigBoxCo Light, they seem almost disappointed and tell me that it was a waste of time and money. This leads me to question and wonder, ‘what is the point?’” (S-11109).

There was ambiguity about what Project Convert provided to customers. On one hand, corporate managers touted the change as both wide sweeping and successful. Retail, Inc.'s CEO updated the entire organization on the 2005 strategic plan, noting “Employees and customers love the new BigBoxCo Light...The investments are generally paying off in increased customer traffic and sales” (D-078). On the other hand, this meaning construction was challenged by employees' interactions with customers who expressed that little had changed, e.g., a BigBoxCo Light was not a “real” BigBoxCo store (S-31149). As a result of this disconnect, employees constructed the issue that Retail, Inc. was deceiving customers:

I think it is deceiving to many customers, and as a result I do a lot of explaining. Customers see the name “BigBoxCo” and expect more (better selection, [specific amenities], more [specific type of product]). ... Our store is just not big enough to carry the name BigBoxCo; we need a physically bigger store... It raises customer expectations to a level that we cannot support. (S-11109)

I'm just worried that customers are going to scream because we aren't BigBoxCo. Trying to explain that we don't offer a [specific amenities], that we don't have the physical space to stock more [product], etc., is going to be much more difficult when they yell back, “But you're called BigBoxCo now!” Saying, “We're BigBoxCo Light” is not going to hold enough weight. (S-11753)

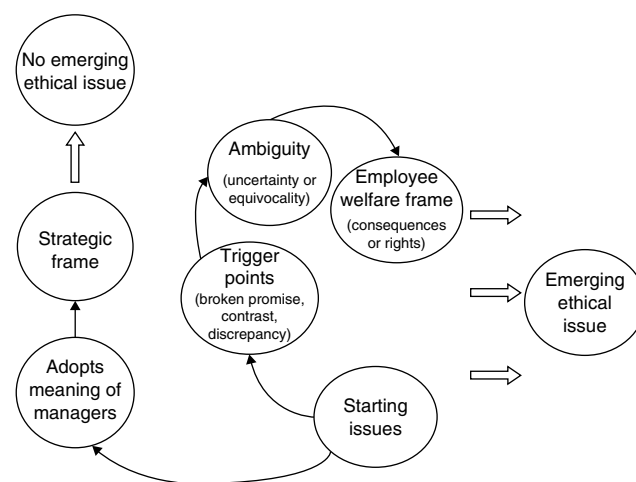
Given the differences between employees' views of reality and of customers' own perceptions, some employees struggled in a difficult emotional environment. As one store employee put it, “The emotional and functional climate is more stressful because we have not been provided with the tools to fully live-up to the ‘BigBoxCo’ name. Customers expect [specific amenities] and certain services which we are not equipped to handle” (S-11008). In fact, customers occasionally laughed at employees (S-190380).

The need to generate excitement about a project was reinterpreted by employees as involving deception. Corporate managers wanted to position the shift of MallCos to BigBoxCo Lights with fanfare, but store employees interpreted customer interactions as disappointing. As a result, store employees' sensemaking considered Project Convert disappointing and they felt that the project involved deception.

## A Theory of Emerging Ethical Issues

I use the descriptive (or first order) findings above as data that I blend with theoretical concepts to develop a second layer of findings (Gioia et al. 1994). This second layer informs a theory of emerging ethical issues that explains how issues get reinterpreted by some employees in ways that make ethical content more salient (see Figure 1 for an overview of the model). To foreshadow my findings, the model begins with a *starting issue* in which managers offer an interpretation about an issue.

**Figure 1** Process of Ethical Issue Emergence





Managers make decisions and take actions to implement the strategies in starting issues. These decisions and actions, coupled with environmental influences, interrupt some employees' expectations, thereby serving as *trigger points* to sensemaking (Weick 1995, Weick et al. 2005). Trigger points prod these employees to ask questions about the meaning of issues, but *ambiguity* stymies efforts to reestablish meaning in ways consistent with the managers' perspective. Employees are then left to resolve that ambiguity by turning to an available frame, something I call an *employee welfare frame*. This frame leads employees to develop narrower interpretations of issues that emphasize how issues will affect employees' own consequences (consequential perspective) or rights (deontological perspective).

### Starting Issue

A starting issue refers to how managers initially bracket (Weick et al. 2005) events, developments, or trends into constructions of meaning that emphasize performance (Ansoff 1965). Each of the issue descriptions above details a starting issue (see Table 3). In Issue 1, corporate managers view Project Convert as a way to rejuvenate the MallCo business by allocating resources to stores. In Issue 2, they consider homogenizing Retail, Inc.'s stores important for creating a more consistent in-store experience. For Issue 3, they reason that a marketing program will help sell customers on the changes stemming from Project Convert. Starting issues emphasize the strategic/business value of the issue and do not construct meaning in ways that emphasize ethical content.

### Trigger Points

A trigger point causes a fundamental interruption by raising questions which spark sensemaking such as, "Will I keep my job?," "Who is a BigBoxCo Light employee?," and "What has the project accomplished?" Each issue exemplifies a different type of trigger point (see Table 3) but explains a similar process: some employees are prodded to challenge existing meanings offered in managers' starting issues. But trigger points also invoke emotions, which also affect meaning construction.

For Issue 1, the shift from the redesign initiative to Project Convert involved a broken promise that all MallCo stores would participate in a change. This *broken promise* interrupts some employees' sensemaking about the change as truly trying to transform the *entire* MallCo division (see Table 3 for illustrative support). Instead, not all MallCo stores will participate. The act of breaking a promise may also create emotional reactions. As one store employee notes, "I am disappointed that [our store was] neglected... If Retail, Inc. plans on keeping the MallCo brand, it should not treat it as a red-headed stepchild" (S-11629). Thus, the act of taking away something promised to MallCo stores creates

claims about how MallCo is being treated. These meaning constructions include emotions, such as disappointment, over how employees are now being treated.

For Issue 2, the interruption comes from a *contrast*, which is defined as considering the new environment in light of the old one (Louis 1980). As some employees at MallCo stores start to see the change get implemented—a BigBoxCo Light sign, required dress, etc—they realize the erosion of their MallCo identity (see Table 3). Consequently, some employees "mourn" the loss of MallCo and interpret homogenization as requiring that they have less freedom to be themselves. One store employee notes:

There was a reason I applied to MallCo [and] not BigBoxCo in the first place. Despite being a mall-based chain, MallCo still retained the feel of a local, neighborhood [store], where the bags said "America's favorite... store since 1933." Now, all of the new things, from our new sign to... to our new paint, to our new cash wrap, to the new, random quotes pretentiously painted on our walls where our overstock used to be serve as pretentious reminders that we're not there to share our love of [products] with our customers, we're here as employees of Retail, Inc., to make money. The [project] has succeeded in its objective of giving our store the "look and feel of a BigBoxCo," but is a failure in that that is not something any of us wanted in the first place. (S-12130)

The consequence of the interruption is cognitive (what is my identity as a BigBoxCo Light employee) and emotional (mourning, sad feelings). Some employees are left without a clear sense of meaning about their identity and a feeling of sadness around losing the MallCo name. These cognitions and emotions lead to sensemaking that a BigBoxCo Light results in a corporate feel and less freedom to "share our love of [products]." The idea of mourning follows research in change, which finds that employees develop strong emotions around loss (Nadler 1981). This feeling of loss can cue employees to make sense that they are being treated unfairly. Something they value (a MallCo identity) is taken away (van den Bos 2003). Thus, cognitions develop around having less freedom alongside emotional cues that invoke feelings of injustice.

For Issue 3, the interruption comes from a *discrepancy*, which is defined as a perceived inconsistency between knowledge/expectations and observations (Jett and George 2003). Corporate managers constructed meaning around the change as creating exciting new benefits for customers. Yet, this sensemaking of the change became challenged directly by customers, who did not notice the changes or even mocked the changes (see Table 3). Some employees interacted with disappointed customers and were confronted with alternative sensemaking about the changes. A store employee notes, "Many people don't seem to understand the concept of a 'Light' store, they're always disappointed that we don't

**Table 3 Three Emerging Ethical Issues and Illustrative Textual Support**

Starting issue	<i>Issue 1:</i> Rejuvenating MallCo division by allocating resources for strategic change.	<i>Issue 2:</i> Homogenizing Retail, Inc. stores to increase marketing footprint and create more consistent in-store experience.	<i>Issue 3:</i> Marketing changes involved in Project Convert to get customers excited.
Trigger point	<i>Broken promise</i> to allocate resources to all stores; strategy shifts to selective store allocations.	<i>Contrast</i> the new store (name, dress, etc.) with the old one, and subsequently recognize what is lost because of the change.	<i>Discrepancy</i> between expectations set by senior managers of change and customer interactions.
(Illustrative support)	"in '04-February [we said], 'as a company, we're going to put a lot of money into the MallCo side equitably,' you know, and it would eventually...hit all stores. Not all stores would get everything, but all stores would get something, and then in April-May it became, 'Mm-mm. We've changed our mind' " (I-17).	"I started [with] MallCo, and I think its identity is lost [with] this conversion. MallCo had a small town appeal to it to better service regular customers" (S-11754).	"When I explain that we are a BigBoxCo Light, they seem almost disappointed and tell me that it was a waste of time and money. This leads me to question and wonder, 'what is the point?'" (S-11109)
Ambiguity	Nontransparent selection criteria for store participation.	Meaning of BigBoxCo Light identity—MallCo, BigBoxCo, or some combination.	Conflicting signals from senior managers and customers about progress of change.
(Illustrative support)	"The emphasis on communicating to the balance of the chain...I don't think we really paid enough attention to that to make sure everyone was clear on a strategy" (I-5).	"I think they know they're BigBoxCo employees, but because we don't get everything that BigBoxCo gets, there's a definite distinction.... They do know that they are a Retail, Inc. employee... But again, because we don't mirror everything that [BigBoxCo] does, there is a bit of a disconnect with that" (I-26).	"Employees and customers love the new BigBoxCo Light" (D-078) compared with "Many people don't seem to understand the concept of a 'Light' store, they're always disappointed that we don't have nearly as much stuff as a regular BigBoxCo does. We usually get a surprised reaction or people laugh at us" (S-190380).
Employee welfare frame	<i>Social comparison</i> between participating and nonparticipating stores (our store).	<i>Identity construction</i> to incorporate employment at "new" BigBoxCo Light store (our identity).	<i>Account making</i> to mollify disappointed customers (our interactions).
(Illustrative support)	"Our store isn't getting converted...aren't we going to be closed down?" (S-11753)	"BigBoxCo Light feels corporate. Everything [is] the same; [there is] no individualism" (S-11754).	"I think it is deceiving to many customers, and as a result I do a lot of explaining. Customers see the name 'BigBoxCo' and expect more (better selection, [specific amenities], more [specific type of product]). ... Our store is just not big enough to carry the name BigBoxCo; we need a physically bigger store.... It raises customer expectations to a level that we cannot support" (S-11109).
Emerging issue	Downsizing	Lost autonomy	Customer deception

have nearly as much stuff as a regular BigBoxCo does. We usually get a surprised reaction or people laugh at us" (S-190380). This construction contains a cognitive element: employees think that customers have discrepant views of BigBoxCo Light compared to managers. But

it also contains an emotional part: employees can feel embarrassment from being laughed at, which sparks feelings of injustice (Bies and Tripp 2001).

The three trigger points—a broken promise, contrast, and discrepancy—serve similar functions. They interrupt

some employees who then start to reconsider managers' preferred view of the change: the rejuvenation of MallCo, a more consistent store experience, and customer excitement. But trigger points can also alter the psychological state of individuals, producing emotions that may make ethical criteria more salient: indignation over broken promises, sadness over the loss of MallCo, and embarrassment from disappointing customer interactions. Such negative emotions influence some employees' interpretations that something is unfair, especially under conditions of uncertainty (Mullen and Skitka 2006, van den Bos 2003), and sensitize individuals to cues that make moral concerns more salient (Blasi 1999).

### Ambiguity

Whereas trigger points raise questions about the meaning of an issue, ambiguity can prevent employees from making sense in ways consistent with managers (see Table 3). Weick (2005) distinguishes between ambiguity as uncertainty (ignorance of any interpretation) or equivocality (confused by too many interpretations). For Issue 1, there were nontransparent selection criteria for determining which MallCo stores would become BigBoxCo Lights, thereby leading to uncertainty: managers admittedly did not communicate to the "balance of the chain" (I-5; i.e., nonconverting stores), so some employees lacked managerially created meaning about why their stores were *not* selected. As a result, some employees struggled to understand why managers broke their promise and no longer included their stores in the change project. For Issue 2, ambiguity as equivocality existed around whether "BigBoxCo Light" was more like BigBoxCo or MallCo. Managers derided the MallCo brand—reflecting their efforts at de-identifying employees with the old name—but this created ambiguity about where employees worked (Fiol 2002). Some employees at converting BigBoxCo Light stores had difficulty creating interpretations about being former MallCo employees at a BigBoxCo Light store; the change project "will aid in identity confusion" (S-11576). For Issue 3, customer interactions challenged management's portrayal of the change as successful, thereby creating equivocality. Which interpretation was correct: senior managers' positive assessment or some employees' less positive assessments? In all three cases, some employees are left without a ready-packaged explanation to resolve the interruption. Managerially prescribed meaning breaks down because employees are first interrupted with trigger points but then face an environment full of ambiguity without clear answers. As a result, some employees turn to an available employee welfare frame to resolve the ambiguity.

### Employee Welfare Frame

I find that some employees use an available employee welfare frame, in which they reinterpret the meaning of

an issue through how it impacts them, in terms of consequences or rights. The meanings in this frame mirror two central normative theories of ethics, utilitarianism (consequences) and deontology (rights). For each issue, I identify a mechanism to explain how an employee welfare frame leads to constructions of issues in ways that highlight negative employee consequences or violated rights.

For Issue 1, the mechanism is *social comparison* (see Table 3). In the absence of objective criteria, some employees make subjective interpretations about their standing compared with others (Festinger 1954). Upon being interrupted by a broken promise about receiving resources, and given ambiguity about how to interpret that broken promise, these employees make comparisons between their store (not selected) and other stores (which were selected). They then interpret nonselection as meaning that their stores are not viable long term, otherwise they too would be participating. Thus, these employees reconstruct the meaning of the issue to be not about rejuvenating the MallCo division, but rather about downsizing it. This downsizing leads to negative *consequences* for employees; they view the issue as involving unfair outcome distributions (e.g., they lose their jobs, whereas others keep their jobs).

Downsizing in the ethics literature often gets theorized in terms of how employees' moral rights around being treated as ends gets violated (Werhane 1985). But organizational scholars have also started to recognize the ethical aspects involved in implementing change. Poorly managed change efforts erode an organization's relational wealth (its resources created from internal and external relationships), thereby imposing huge social (and ethical) costs on employees, organizations, and society (Leana and Rousseau 2000). Similarly, I find that instead of focusing on their rights violations, employees' meaning constructions are most concerned with distributive consequences—something that is a function of comparing one's lot (employees at nonselected stores) to another's lot (employees at selected stores). Put another way, instead of focusing on the foundational rights (and their potential violation), I find that employees can imbue issues with meanings that increasingly interpret an issue as leading to harmful consequences based on how they compare their standing to others. However, I also find that unfair procedures (such as in the form of a broken promise) play a role in influencing the meaning construction of unfair outcomes: the broken promise serves as an interruption, which starts to break down the managerially prescribed meaning of the issue (e.g., resource allocation) and move it closer to an issue about downsizing. This finding is consistent with research in organizational justice, which finds that justice assessments of change involve both distributive and procedural elements (Brockner et al. 1994). I also find that structural position plays a role in explaining the emergence of the ethical issue. Only *employees* located

at *nonselected stores* reject managerial meaning in the starting issue (resource allocation) and engage in the reconstruction of that issue as one involving downsizing.

For Issue 2, the mechanism involves *identity construction*, in which some employees draw from information in the environment to create an interpretation of who they are at work (Pratt et al. 2006). Identity constructions influence sensemaking about issues because who employees think they are shapes how they interpret organizational life (Weick et al. 2005). Some employees at converting stores struggled to make sense of their identities—are we BigBoxCo employees, MallCo employees, or some combination? In constructing a BigBoxCo Light identity, some employees conclude that BigBoxCo represents fundamental challenges to their autonomy: BigBoxCo means working at stores that are no longer community oriented, are standardized, and have a dress code. As a result, they make sense in ways that emphasize that an issue violates their *right* (deontological claim) to decide how to make choices for themselves (Dworkin 1988). In other words, the shift to a BigBoxCo Light identity requires a change in how employees view their ability to have freedoms at both the store level (e.g., forced movement from community to standardized store) and the individual level (e.g., dress code). This idea of freedom is consistent with work in normative ethics. In fact, autonomy serves as a cornerstone of moral theory (Berlin 1969; Mill 1978 [1859]) and has been used by management scholars to argue that organizations ought to, at a minimum, respect the autonomy of employees unless they provide redress (Quinn and Jones 1995). But beyond these normative claims, an emergence perspective reveals that identity constructions have implications for how employees see their own moral status; in this case, a BigBoxCo identity means constructing an issue around how employees' autonomy gets infringed upon by the change. Similar to the previous issue, I also find that structural position matters. But in this case, only *employees* at *selected stores* construct the meaning of the homogenization issue as taking away autonomy—reflecting their more immediate impact by the change.

For Issue 3, the mechanism is *account making* (Scott and Lyman 1968). Employees are often put in situations of having to explain changes to customers (Colon and Murray 1996). In this case, the organization, which was trying to introduce a new concept, had an incentive to overstate the positive attributes of that concept, something consistent with research in marketing that addresses the incentives organizations have to engage in deception when introducing new products to customers (Kopalle and Lehmann 2006). In my data, employees' sensemaking gets triggered from discrepant information from customers, who appear disappointed with the change as their expectations go unmet. In response, some employees create accounts to mollify customers. In

creating these accounts, employees further interpret the marketing program as being deceptive. These employees are challenged by customers about the novelty of Project Convert and employees become forced to act out a part they view as deceptive (see Table 3). Managers tried to create a marketing program that would get customers excited about the transformation of MallCos to BigBoxCo Lights. But for these employees, this marketing overrepresented what the new store experience could deliver. These employees were therefore put in a position to take a "line" that objective circumstances could not warrant (Goffman 1973). In this case, the environment serves as a mirror—it provides an image of how outsiders see the change (Dutton and Dukerich 1991). But because outsiders (e.g., customers) view the change in ways considerably different than how that change was marketed, some employees are put into a position of providing accounts to explain discrepant interpretations. Although employees become responsible for diffusing the meaning of change to stakeholders (Rouleau 2005), some employees believed that their implementation of the change project mismatched the marketing programs, and subsequently consider the presentation of the changes as being deceptive. This deception involves a consequential perspective because employees object to being put in positions to deceive others, which "raises expectations" (S-11109) and creates a more "stressful" environment (S-11008). Whereas deception is often positioned in the normative literature as violating rights (e.g., right to accurate information about a product, Ferrell and Gresham 1985), an emergence perspective suggests how meaning construction of an ethical issue comes from the consequences of providing false accounts to customers. Employees, who claim they are put in an unfair position, object to having to manage the expectations of disappointed customers. Similar to the previous issues, employees' structural position explains their application of an employee welfare frame: employees on the front line, who talk with customers, interpret the marketing programs as deceptive.

Although the three mechanisms offer different ways in which an available employee welfare frame explains the change of meanings for the issues, the mechanisms share two properties. First, the mechanisms invoke issue reframing, or the active construction of meanings that not only differ from, but also can challenge, existing meanings (Benford and Snow 2000). Employees can rely on this available frame to construct issues in ways that differ from managers. For example, whereas managers claim that the resource allocation to some MallCo stores will help rejuvenate the chain, some employees at nonselected stores interpret the selection of only *some* stores as signifying that the division will downsize (for Issue 1). But these constructions also challenged managers' interpretations. For example, employees construct meaning of the change (in Issue 3) as failing because

of disappointed customers, something that directly challenges the managers' story.

Second, an available employee welfare frame is akin to a thought world (Dougherty 1992); employees construct coherent meanings about issues based on their structural position (participating or nonparticipating; store employee versus corporate/senior management). Store employees focus on how issues will affect their stores and take a less global position on the unfolding changes. This results in some employees more narrowly constructing meaning about the change in ways that emphasize their perspective—either because of an issue's consequences for them (consequential perspective) or because of an issue's impact on their rights (deontological perspective). That is, all three issues involve moving from management's interpretation of a starting issue, which involves more global considerations (resource allocations for the organization, homogenizing two divisions in the organization, and global marketing programs), to emerging ethical issues that highlight more local concerns of some employees. The ethical content of employees' interpretations comes from them constructing the strategic issue as having a negative impact on their consequences (their store may be downsized; they are being put in positions to deceive customers) or on violating their rights (their autonomy is being threatened with a new identity).

### Alternative Frames

Although I find support for the emergence of ethical issues in 40% of the data, I also considered data from the 60% of store employees who were not initially identified as having an emerged ethical issue. A research assistant examined the alternative frames to an employee welfare frame that participants used and found that employees also used a "strategic frame," which emphasizes the key aspects of the organization's strategy around the change such as marketing efficiencies. In total, 22% of participants' responses included only the employee welfare frame, 24% only a strategic frame, and an additional 18% used both frames. Additionally, 11% used no frame (i.e., no sensemaking about the change) and the remaining 25% used other frames without any apparent patterning.

The presence of alternative frames (such as strategic) raises the question as to why only some employees relied on an available employee welfare frame to make sense of the change. As the model described above proposes, ethical issues more likely emerge when trigger points interrupt starting issues offered by managers in contexts of ambiguity. The absence of either the objective presence of events that could lead to a trigger (e.g., such as not interacting with customers who challenge the change) or parsing those same set of triggering events differently would avoid the need to reconsider the meaning of the change contained in starting issues. This is depicted in

Figure 1 (adopts meaning of managers). Because the taken-for-granted meaning presented by managers is not challenged with a trigger point, employees default to adopting the strategic frame that managers use (Figure 1, strategic frame); employees focus on the business implications of the issue and, therefore, an interpretation about an emerging ethical issues does not occur. Employees adopt this managerial frame because their expectations do not become interrupted, and they therefore use a lower form of cognitive processing more readily suspect to influence attempts (Chaiken 1980). One additional finding to consider is the 18% of employees who use an employee welfare *and* strategic frame. These employees experienced interruptions that enabled them to partially reconstitute the meaning of starting issues, but they also recognized the strategic value of the change. This multifaceted sensemaking suggests that employees can make sense of a change that partially mirrors managers, while also constructing meaning about ethical aspects of a change. One explanation for this is that even employees for which an ethical issue emerges does not mean that all three ethical issues emerge. This leaves the nonemerged issues to remain framed as strategic ones. This suggests that the emergence process is not all or nothing—for some issues for some employees it gets turned on by interruptions and ambiguity, whereas at other times it remains off due to lower levels of cognitive processing.

### Discussion and Implications

A theory of emerging ethical issues offers contributions to research on business ethics/justice and sensemaking.

### Implications for Business Ethics and Justice Research

*Reconstructing Business to Ethics.* Scholars have previously examined the reconstruction of ethical issues into business ones. For example, employees use business discourse to publicly reframe the meaning of ethical issues in economic terms (Dutton et al. 2001, Sonenshein 2006). The mechanism is that public business discourse is considered more legitimate than ethical discourse (Grenville-Howard and Hoffman 2003). Whereas existing scholarship focuses on the movement of an issue from "ethics" to "business," I find the converse of this process; employees consider how a business issue affects their welfare or rights: For Issue 1, employees took a store-level participation decision and interpreted it through the lens of how it would affect their own jobs, thereby reframing that issue as one about downsizing (consequentialist claim). For Issue 2, employees took the name change of the store and interpreted it through the lens of how it would violate their autonomy (deontological claim). And in Issue 3, employees were forced to act out a difficult (and deceptive) role in the

project (consequentialist claim). This finding is consistent with Isabella's (1990) study of managerial interpretations of key events during change, in which she finds that a large amount of resistance that often accompanies a change may be understood as self-interest that comes from how individuals personalize events in making meaning of them. Similarly, I find that, in the context of ambiguity, employees are left to apply their own interpretive frameworks that concentrate on the issue's impact on their consequences or rights. Although only 40% of employees translated a strategic issue into an ethical one, this number is relatively large and somewhat surprising given that the justice literature finds that situational factors usually prevent employees from perceiving injustice (Brockner et al. 1990, Shapiro 1991). One explanation for this surprising finding is that the presence of trigger points and ambiguity overpowered managerial efforts to construct the meaning of the issues as strategic, and employees needed to turn to a new frame to construct meaning. This shows how ethical issues emerge despite attempts by managers to present interpretations of issues devoid of explicit ethical content. Employees' agency to make sense of the change can sometimes overcome managers' attempts to present the change in ethically neutral or nontransparent terms.

*Beyond Judgment and Decision Making.* Whereas the justice and empirical business ethics literatures have focused primarily on explaining individuals' judgments about issues, the current study suggests how both areas can also focus on the meaning construction processes that make employees think there is an ethical issue in the first place. Whereas scholarship has moved toward understanding how various constructions of issues influence responses to those issues (e.g., Shapiro 1991), the current study suggests that not only do employees respond to different constructions of issues but also that they reconstruct the meaning of those issues in different ways. This has several implications for research on decision making about ethical issues, particularly Jones' (1991) issue-contingent model and related extensions (Street et al. 2001).

First, although scholars emphasize the judgment phase in decision-making models (O'Fallon and Butterfield 2005), an emergence perspective shows that much of the work around ethical issues occurs before a judgment is made. Put more broadly, sensemaking may do "the bulk of the deciding that is present in any organized activity. So-called decision making may simply ratify what was made inevitable much earlier when an innocent appearing set of judgments mapped an issue out of a much larger set of possibilities that has now been forgotten" (Weick 1999, p. 42). Therefore, when one gets to the "judgment" phase (Jones 1991), that judgment may already be predetermined. For example, employees who construct the meaning of MallCo's

efforts to rejuvenate itself as "downsizing" have already stacked the deck in favor of judging such issues as ethically questionable because of how they frame the issue. In fact, Sonenshein (2007) theorizes that judgment instantaneously follows sensemaking. The more cognitively taxing work unfolds as employees make sense of ambiguous issues. Afterwards, they immediately develop a reaction about whether something is morally appropriate or not, primarily based on affective reactions to their sensemaking (Sonenshein 2007, van den Bos 2003). Consequently, to understand moral judgment and subsequent behavior in issue-contingent models (Jones 1991), it becomes important to back up and see how issues emerged in the first place. How issues are framed affects subsequent sensemaking (Dutton and Jackson 1987) and what emotions get induced can impact subsequent judgments about those issues (Sonenshein 2007). For example, trigger points that themselves are ethically questionable (such as a broken promise) may lead to stronger judgments of ethical impropriety than those based on other types of triggers, such as contrasts or discrepancies, if they lead to more severe negative emotions. The mechanism is that the emergence process gets off to a quicker start, with earlier discourse around broken promises already intimating some ethically questionable act supported by negative emotions that suggest avoidance behaviors (Lewin 1935, Zajonc 1980).

An emergence perspective also has implications for behavioral responses. Employees who construct issues as ethical ones may then subsequently challenge the legitimacy of the change and engage in behaviors that deal with what they see with as something bringing harm to them or violating their rights, such as through resisting change or exiting the organization. Whereas existing research proposes that higher levels of moral intensity affect ethical behavior (e.g., Jones 1991), the current study shows that such moral intensity is itself a discursive construction. That is, employees create constructions of issues that have varying degrees of moral intensity. By backing up to understand how such constructions emerge, scholars can gain greater insight into how employees are likely to respond to such issues. For example, groups of employees at MallCo constructed the three issues in different ways (some as having ethical implications others as not). The moral intensity of these constructions themselves, not the objective features of the issues, can explain subsequent behaviors. This suggests that decision-making models (e.g., Jones 1991) need to account better for social contexts. Although individuals may make judgments about issues, those judgments are first colored by employees' sensemaking that develops in social contexts where meanings are up for grabs and contested.

### Implications for Sensemaking

Change is an important context for broadening sensemaking work to include emotions because such contexts

include not only the ambiguity on which sensemaking research concentrates, but also strong emotions (e.g., Poole 2004). I find that emotions interact with cognitions in ways that influence the meaning of issues. In fact, the point at which emotions get interjected into the sensemaking process may be when issues start to look more like ethical ones than strategic ones. Although work in business ethics (Lurie 2004), similar to sensemaking (Maitlis et al. 2008), is criticized for not accounting for emotions, recent research proposes that deceiving/misleading situations can lead to negative emotions (Manz et al. 2005). These negative emotions create a drive to respond, such as through leaving the organization or rationalizing behavior (Ashforth and Anand 2003). However, I find that employees' emotions can also influence the reframing of issues from strategic to ethical, which is another potential response employees can take after developing negative emotions. For example, trigger points invoke emotions which serve as information in influencing employees' interpretations of issues as having ethical implications (e.g., van den Bos 2003).

Another implication for sensemaking is around ambiguity. Prior research finds that ambiguity challenges the ability to make sense (Weick 1995). However, I find that ambiguity also plays an *enabling* role in creating sense. Although ambiguity obstructs employees from addressing interruptions with manager-prescribed meanings, ambiguity also enables some employees to access an employee welfare frame. This provides these employees with discretion to ascribe their own sense to issues beyond managerially guided interpretations and invoke an interpretive frame that privileges their perspective, thereby making claims about *their* outcomes or rights salient.

### Practical Implications

There are several practical implications for this study. First, managers should appreciate the interpretive diversity around issues and develop processes to share those interpretations. Although interpretations conflicted (corporate versus store employees) and varied (employees at selected versus nonselected stores), there was no mechanism to share these interpretations with managers. As a store manager put it, "primarily they [corporate management] talk to us; we don't talk to them" (I-10). Managers' and employees' interpretations remained in silos, and the concerns employees identified could not inform the decision-making processes of headquarters' managers (Kim and Mauborgne 1997). Second, corporate management's communications (and lack thereof) created ambiguity, either through uncertainty or equivocality. In the former case, better explanation (or any explanation) of the change to nonparticipating stores could have helped managers' frame the meaning of the issue to employees in ways that avoided the emergence of ethical issues. In

the latter case, the use of formal communications, such as documents, provided too bare of a medium to construct meaning when employees were confused (Weick 1995). In short, managers failed to recognize the multiple plausible interpretations of events (Weick 1995). As a result, some employees had interpretations of the events different from those of managers and managers lost control over the meaning of the change, something that not only explains the emergence of ethical issues but also possibly the disruption of the implementation of a strategic change.

Third, practitioners cordon off ethical issues from other issues. Freeman (1994) warns of a separation thesis, in which practitioners separate the discourse of business from that of ethics. Once an issue is identified as one having ethical implications, it is addressed by practitioners using ethics theories or tools. But issues readily move between being business and ethical issues. Accordingly, managers should recognize that strategic issues have ethical implications, and employ analyses that anticipate and account for the strategic and ethical interpretations of issues.

### Future Directions

Although the current study takes an important step at unfolding an emergence perspective, there are several future directions scholars can pursue. Scholars can quantify the emergence process by examining across a range of organizations and settings to understand how frequently this process occurs. Scholars can also contextualize this process by exploring more deeply the role of key players in the emergence process. For example, social movement theories might suggest that a small set of activists may champion reframing the meaning of issues (Benford and Snow 2000), whereas an information processing view may suggest less direct and intentional social interaction to change meanings (Ungson et al. 1981). Finally, it is important to point out that even though an emergence perspective focuses on interpretations, material realities (e.g., some stores change to BigBoxCo Lights) exist. An emergence view focuses on how these realities get imbued with meanings that include or conceal ethical content. Although employees reconstruct the meaning of issues in ways that sometimes include ethical content, an issue may be ethical independent of its emergence in the *social world*. I leave this important question for the philosophers.

### Conclusion

I developed a theory of ethical issue emergence in which some employees turn strategic issues into those having ethical content, in the presence of trigger points, ambiguity, and the use of an available employee welfare frame. By calling attention to these processes of sensemaking, I offer an alternative perspective to objectivist views. This alternative perspective directs scholarship to

focus on the intricate sensemaking processes that explain how issues move between strategic and ethical ones, and describe how ordinary business issues can be constructed to have important ethical implications.

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