ORGANIZATIONAL CHANGE AS DISCOURSE: 
COMMUNICATIVE ACTIONS AND DEEP STRUCTURES IN 
THE CONTEXT OF INFORMATION TECHNOLOGY 
IMPLEMENTATION

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We conceptualize discourse as a duality of communicative actions and deep structures, mediated by the modality of interpretive schemes, and develop a discourse analysis methodology based on the fields of hermeneutics and rhetoric. We then explore the role of discourse in shaping organizational change processes through its influence on actors’ interpretations and actions, using a longitudinal field study of electronic trading implementation in the London Insurance Market. We conclude with some theoretical and practical contributions on discourse-practice links, the illumination of multiple perspectives in change processes, and implications for electronic data interchange implementation.

The linguistic turn in the social sciences prompted calls for more complex understandings of organizations that would emphasize language not only as enabling information exchange but also as constructing social and organizational reality (Dandridge, Mitroff, & Joyce, 1980; Pondy & Mitroff, 1979). This linguistic approach has led to increased interest by organization theorists in such issues as the intimate relationship between language and organization (Daft & Wiginton, 1979) and the implicit constitution of organizational theories by metaphorical discourses, which need to be made explicit (Morgan, 1980).

Authors addressing the sociocultural aspects of organizational change (Johnson, 1987; Pettigrew, 1985) were the first to highlight communication as a symbolic aspect of the management of change. Later theorists further focused on the role of communication, identifying tropes such as metaphor as facilitating factors in organizational change processes (Ford & Ford, 1995; Sackmann, 1989). However, the role of discursive deep structures in facilitating, hindering, and shaping change processes has as yet not been adequately examined. We aimed in our research to explore the nature of the discourses of different groups of stakeholders and to examine how these discourses shaped the organizational change processes occasioned by the attempted implementation of an electronic risk-placing support system in the London Insurance Market over a five-year period.

We begin by identifying three streams of discourse research and by describing how organizational change has been approached in each. We then develop a “structurational” view of discourse based on the work of Anthony Giddens (1979, 1984, 1987, 1993). In this view, discourse is seen as a duality constituted by two dynamically interrelated levels: the surface level of communicative actions and the deeper level of discursive structures, which are recursively linked through the modality of actors’ interpretive schemes. This conceptualization has allowed us to identify persistent deep structures of discourse, which are manifested in surface communicative actions. Using a discourse analysis approach that we based on the fields of hermeneutics and rhetoric, we identified deep structures in the form of rhetorical enthymemes that guide actors’ interpretations and actions. By virtue of this influence, they are thus central for gaining a deep understanding of the trajectory and success or otherwise of intended and actualized change processes.

STREAMS OF DISCOURSE AND ORGANIZATIONAL CHANGE

Several possible ways of categorizing discourse studies have emerged (van Dijk, 1997; Grant,
Keenoy, & Oswick, 1998). A key distinction has been made between interpretive and critical approaches to discourse (Mumby & Clair, 1997). This distinction parallels that between a focus on issues of meaning construction and a focus on issues of power (Oswick, Keenoy, & Grant, 1997), as well as the distinction between monological accounts presenting a single perspective of a dominant group and dialogical accounts presenting conflicting perspectives and multiple realities (Boje, 1995; Grant et al., 1998; Keenoy, Oswick & Grant, 1997). We discuss, in addition to the interpretive and critical approaches, the functional approach, and we then outline a fourth, structural approach to discourse. This outline can serve as a brief road map to discourse studies, but—more importantly for the purposes of this article—it portrays the differences between the structural approach to discourse and existing approaches and the novel insights the structural approach offers (see Table 1 below).

### The Functional, Interpretive, and Critical Streams

**The functional stream.** Researchers taking this approach view discourse as a body of communicative actions that is a tool at actors’ disposal, emphasizing the purposive and instrumental use of such communicative actions for the facilitation of managerially relevant processes and outcomes. Building on the insights of the interpretive approach to discourse, discussed below, as well as insights from a variety of disciplines, researchers in this stream have focused on how language can be applied to such issues as the exercise of effective leadership (Poncy, 1978; Westley & Mintzberg, 1989) and the management of organizational change (Ford & Ford, 1995). Studies of the role of metaphor in facilitating organizational change in this stream highlight the creative potential of metaphorical statements to enable organizational actors to reperceive reality in novel ways that can link

### TABLE 1

<table>
<thead>
<tr>
<th>Approach</th>
<th>Discourse Seen As:</th>
<th>Relation with the Subject</th>
<th>Time Frame and Usual Level of Application</th>
<th>Guiding Motivation of Approach</th>
<th>Dominant Theory of Change</th>
</tr>
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<tbody>
<tr>
<td>Functional</td>
<td>Language-based communication, used instrumentally by social actors to achieve their ends.</td>
<td>Discourse is a communicative tool at the actors’ disposal.</td>
<td>Shorter-term managerial time frame (months or a few years); application at the organizational level.</td>
<td>To facilitate managerially relevant processes and outcomes such as organization change.</td>
<td>Teleology; key metaphor is purposeful cooperation.</td>
</tr>
<tr>
<td>Interpretive</td>
<td>Communicative action, which is constructive of social and organizational reality.</td>
<td>Subjects’ social reality is constructed through language as a symbolic medium.</td>
<td>Medium-term organizational time frame (a few years or decades); application at the organizational or societal levels.</td>
<td>To gain an in-depth understanding of the role of language in meaning construction processes.</td>
<td>No strong connection to an ideal-type theory of social change. Descriptive orientation.</td>
</tr>
<tr>
<td>Critical</td>
<td>Power/knowledge relations linguistically communicated, historically located, and embedded in social practice.</td>
<td>Subjects’ identity and rationality are constituted by the effects of elite discourses and other “technologies of power.”</td>
<td>Longer-term historical time frame (decades or centuries); application at the societal level.</td>
<td>Aspiration for radical change through critical understanding of relations of social domination.</td>
<td>Dialectic; key metaphor is opposition or conflict. Revolutionary orientation.</td>
</tr>
<tr>
<td>Structurational</td>
<td>A duality of deep discursive structures and surface communicative actions, which also (to varying extents) instantiate the deep structures.</td>
<td>Actors are purposeful, knowledgeable agents, both enabled and constrained by discursive structures.</td>
<td>Medium-term organizational time frame (a few years or decades); application at the organizational or societal levels.</td>
<td>To bridge dualisms of structure and action in social analysis through the development of an encompassing meta-theoretical framework.</td>
<td>Analysis of social change should focus, inter alia, on structural principles as manifested in discrete episodes. Descriptive orientation.</td>
</tr>
</tbody>
</table>
an old organizational state with a new one and thus facilitate change (Pundy, 1983; Sackmann, 1989).

The interpretive stream. In this stream, discourse has not been seen primarily as a means of information exchange, but as constructive of social and organizational reality through its effects on actors’ thoughts, interpretations, and actions. The importance of language in the social construction of reality has long been recognized in interpretive approaches to the sociology of knowledge (Berger & Luckmann, 1966; Lakoff & Johnson, 1980) as well as in organization theory (Pundy & Mitroff, 1979; Weick, 1977). Heeding Pundy and Mitroff’s (1979) call for the development of more complex understandings of organizations, researchers have begun to focus on interpretive understandings of organizations that emphasize the social construction of meaning and the central role of language as a symbolic medium in constructing this social reality (Dandridge et al., 1980; Gray, Bougon, & Donnellon, 1985). In order to gain a deep understanding of the role of language in meaning construction processes, researchers have explored such configurations or elements of discourse as stories (Boje, 1991), humor (Hatch, 1997), and metaphor (Tsoukas, 1991).

The critical stream. In this largely unrelated stream of research, radical conceptions of subjectivity and identity have been applied to the analysis of organizational texts (Mumby & Stohl, 1991) or specific, organizationally relevant discourses, including discourses of work (Knights & Willmott, 1989), corporate strategy (Knights & Morgan, 1991), and enterprise (du Gay & Salaman, 1992). Following Foucault (1972), scholars taking this approach have conceptualized discourses as power/knowledge relations, linguistically communicated, historically located, and embedded in social practice. Discourses are seen as deeply politically implicated, or “mediated through socially constructed hegemonic practices” (Boje, 1991: 107, 1995). Far from being the intentional creators of discourse, individual actors are constituted as subjects by the effects of “elite discourses” and other “technologies of power” (du Gay & Salaman, 1992). The guiding motivation of this approach is almost diametrically opposed to that of “orthodox” management research (Burrell & Morgan, 1979: 118). Researchers in the critical stream aspire to radical social and organizational change through critical understanding of relations of social domination and their discursive bases (Clegg, 1975; van Dijk, 1993).

Discourse Streams and Organizational Change

The focus on language use as a skillful accomplishment and as a central feature of social life in the three streams implies their use of constructive (teleology and dialectical) as opposed to prescribed (life cycle and evolutionary) models of change (Van de Ven & Poole, 1995). The functional stream is mostly associated with a teleological change model, wherein discourse is seen as a tool for a purposeful and adaptive entity’s reaching an envisioned end state. The dominant model of change underlying the critical stream is a dialectical one in which change comes about through the opposition of contradictory forces in a process of thesis, antithesis, and then synthesis (Ford & Ford, 1994). Lastly, the interpretive stream, concerned with in-depth understanding rather with than with reaching a desirable end state or demystifying and altering dominant power structures, is not strongly associated with a model of organizational change, as are the other two streams. In the next section, we develop a structurational view of discourse. It is a useful complement to the constructive models of change discussed earlier, and we draw on it in our analysis of the London Insurance Market discourses for electronic trading implementation.

DISCOURSE AS A DUALITY OF COMMUNICATIVE ACTIONS AND DEEP STRUCTURES

Giddens made key contributions in social theory to the integration of structure and agency within an encompassing conceptual framework. Giddens rejected a whole range of dualisms that have characterized social thought, especially the dualism of structure and action. A central concept in Giddens’s work is the “duality of structure,” emphasizing that “social structure is both constituted by human agency and yet is at the same time the very medium of this constitution” (Giddens, 1993: 128–129; emphasis in original). Daily practices like communicative actions are manifestations of structures of signification, domination, and legitimation, which are instantiated, reproduced, and potentially changed through such practices (Giddens, 1984: 36).

Drawing from the theory of structuration, we submit that in the same way as social systems are said not to have structures but to exhibit structural

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1 Although the use of Giddens’s work by organizational researchers has been selective (Whittington, 1992), structuration theory has had a significant and growing influence in organizational research, including information and communications technology research (DeSanctis & Poole, 1994; Yates & Orlikowski, 1992).
properties (Giddens, 1984), discourses can also be seen as not having structures but as exhibiting structural properties that are largely implicit, intertextual, transtemporal, and transsituationnal. Just as the structural properties of social systems are, according to Giddens, instantiated as social practices, so the structural properties of discourse are instantiated in daily communicative actions. We thus conceptualize discourse as a duality, constituted by two dynamically interrelated levels: the surface level of communicative actions and the deeper level of discursive structures, recursively linked through the modality of actors’ interpretive schemes.

Discursive Levels and Interpretive Schemes

**The level of communicative action.** Discourse at this level is constituted of communicative acts that take place in social interaction. A communicative act occurs when “an actor’s purpose, or one of an actor’s purposes, is linked to the achievement of passing on information to others” (Giddens, 1993: 94). Integral to this view is the premise that utterances not only say things, but also do things; discourse is, in a fundamental sense, action (Oswick et al., 1997). Discourse as communicative action arises out of the subjective meanings that individuals attach to situations and that orient their actions (Weber, 1991). Subjective meanings arise from actors’ interpretive schemes, both conscious and subconscious. Giddens’s approach to understanding human agency, accordingly, gives primary importance to “practical consciousness,” what actors know or believe about social conditions and their own actions but cannot necessarily express explicitly, and the contextuality of action, or the situated character of interaction in time-space (Giddens, 1987: 98).

**The level of deep structures.** From a structuralist viewpoint, the various types of structures are the rules and resources that actors draw on and enact in their daily practices. In this sense, structures have no existence other than their instantiation in action and as memory traces (or interpretive schemes) orienting agents’ conduct (Giddens, 1984). Social structures, and the discursive structures they are linked to, are thus not separate from and determinative of human actions, but are both the medium and the outcome of such actions (Giddens, 1984). The concept of “deep structures” is essential to a fuller understanding of social and natural systems at all levels of analysis (Gersick, 1991; Light, 1979). Deep structures can be defined as relatively stable, largely implicit, and continuously recurring processes and patterns that underlie and guide surface, observable events and actions.

Accounts of deep structure vary in different theoretical domains. In the domain of discourse, we have approached deep structures as persistent features of discourse that transcend individual texts, speakers, authors, situational contexts, and communicative actions and pervade bodies of communicative action as a whole and over the long term. Structuration theory (Giddens, 1984) implies that these structural features are rules and resources that have no “real” existence other than as interpretive schemes in agents’ minds and in terms of their enactment and substantiation in daily communicative actions. Structural features of discourse include central themes (Bastien, McPhee, & Bolton, 1995; Kets de Vries & Miller, 1987; Thachankary, 1992), root or generative metaphors (Pondy, 1983; Schön, 1979), and rhetorical strategies (Hopkins & Reicher, 1997).

**Interpretive schemes as a modality mediating structure and action.** In a structuralist view of discourse, interpretive schemes are the modality through which discursive structures are instantiated, or manifested, at the level of communicative interaction, and through which communicative interaction can reproduce or challenge such structures. Interpretive schemes can be seen as “psychological frames” (Bateson, 1972: 186) that provide the cognitive structuring necessary for constructing workable cognitive representations of the world (Taylor & Crocker, 1981).

The concept of interpretive schemes (Bartunek, 1984) has long been incorporated in organization theory, and various ways of conceptualizing and mapping cognitive structures have been developed (Huff, 1990). As elucidated by structuration theory (Giddens, 1984), the interaction between communicative action and interpretive schemes is central to the construction of social reality and thus to agents’ actions that are based on this reality (Giola, 1986). This close link between interpretive schemes and action is actualized and “enacted” when individuals act out, thus realizing, their ideas (Weick, 1977).

According to Poole, “Communication is the medium of all structural processes” (1985: 107), including the intersubjective constitution of interpretive schemes. Interpretive schemes and agents’ communicative actions are thus interrelated in a continual dialectic (Giola, 1986). Commonality of interpretive schemes comes about through discursive social interaction (Bastien, et al., 1995), which enables intersubjective diffusion.
METHODS

Field Study

In our field study, we sought to explore the change processes associated with the introduction of electronic trading across the London Insurance Market and how these change processes were influenced by the discourses of different stakeholder groups over time. The electronic system that was introduced was intended to support risk placing, which is the method by which brokers obtain insurance coverage for their clients’ risk by requesting participation (assumption of a percentage of risk) from several underwriters. In this effort, we focused on the stakeholder-group level of analysis, exploring the discourses of different stakeholder groups and how they interacted. We focused, in addition, on the market level of analysis in terms of change actions and outcomes. Analysis at these levels presupposed the collection of ethnographic data based on in-depth interviews and observation of individual actors. In this sense, data collection encompassed the individual level, so that we could draw valid inferences at higher levels of analysis. Furthermore, a second set of analytical levels related to our focus on discourse, where we carried out analysis at both the explicit level of communicative actions and the implicit level of the deep structures that underlie these actions.

The London Insurance Market is a complex network of linked but diverse organizations, including hundreds of underwriting groups, brokerage firms, and others. These organizations are grouped within the financial district of the City of London. Lloyd’s, a key firm in the market and in this study, is housed in an ultramodern glass building—a curious contrast, given the traditional trading practices carried on inside. No central authority governs the market, but each participant organization is affiliated with an association. Several committees composed of members of these associations make strategic decisions and set policy on the development of the market. A real-time study began in September 1993 following the pilot implementation of the electronic placing-support system and continued through to its eventual abandonment in 1998. This study was supported by our historical reconstruction of key electronic trading initiatives developed between 1990 and 1993, as well as by our gaining an understanding of the key institutions in this 300-year-old market.

To select polar types of firms and key players involved with electronic trading across the London Insurance Market (Pettigrew, 1989), we chose three of seven multinational brokers (the latter constituting 85 percent of the market volume of trades) who were involved with the electronic placing system’s introduction. To allow for constant comparisons, we chose our three broker firms on the basis of differences in their levels of use of the electronic placing system and their national identities. Two U.K. brokers with the highest levels of use of the London Insurance Market Network Electronic Placing System (LIMNET EPS) were chosen, along with a dominant U.S. broker with the lowest level of use. The choice of four underwriting firms was also influenced by their use levels; we chose two with relatively high and two with low adoption levels. We also decided to use Lloyd’s underwriters as opposed to corporate insurers, as our focus in this study was on Lloyd’s, a key marketplace located in the market. Within each of these firms, a number of individuals were interviewed, including brokers and underwriters, information technology (IT) directors and staff, and senior managers. In addition, staff from other key market entities were also interviewed. These included Lloyd’s, market association directors, IT suppliers, and LIMNET Ltd., which was an independent entity responsible for coordinating LIMNET activities, including the EPS implementation. For purposes of our analysis, we distinguished and categorized the following stakeholder groups: (1) market leaders, who included senior managers of broker and underwriter firms involved in key market committees, and who were proponents of the electronic trading implementation, (2) IT directors and staff involved with the implementation, and (3) brokers and underwriters. Although brokers and underwriters have different roles in the market, the majority shared similar deep structures and communicative actions with respect to the implementation of electronic trading. Over time, multinational brokers emerged from the market leader group as distinctive, in that they developed proprietary interests while remaining part of the market committees, though becoming less active.

The key research questions were: (1) What is the nature of the discourses employed by various groups of actors in the London Insurance Market? and (2) How did these discourses influence the organizational change process associated with the implementation of the electronic placing support system?

Research approach. Given the process orientation of this study,² a longitudinal interpretive case study was used (Eisenhardt, 1989; Yin, 1981). Our

² We conceptualized process as a sequence of events and actions that describes how things change over time (Van de Ven, 1992). This concept emphasizes process underway at different levels of analysis and the dynamic
methods were semistructured in-depth interviews; analysis of multiple documentary sources, including meeting memoranda and strategy plans; detailed observation; and discourse analysis. In longitudinal research conducted between September 1993 and August 1998, we carried out 108 interviews with individuals, at different hierarchical levels, from the stakeholder groups identified above.

The LIMNET EPS champions who were responsible for the implementation of the system in their respective organizations guided the initial selection of interviewees. Our strategy was to interview, within each organization, both individuals who actively used the system and those who did not, so as to compare and contrast their interpretations of key systems features. In addition, we asked each interviewee whom in the market we should also interview and why we should do so. Repeat interviews were conducted with key interviewees from the various stakeholder groups at each stage of the research.

Among other issues, the interviews focused on stimulating discussions around the meaning of different electronic trading systems to the different groups and their expectations around the use of such systems (Orlikowski & Gash, 1994). More specifically, the earlier stages of the research involved more open-ended interviews, examining, among other issues, shifts in the broader context of the London Insurance Market, the formation of electronic trading strategies, the implementation of such strategies, and associated change management. In addition, we examined the interpretations and expectations (including arguments relating to resistance) of different stakeholders regarding both the market’s and competing electronic trading initiatives. The later stages of the research were more focused on the emerging concepts and themes.

We carried out detailed observation based on ethnographic principles (Geertz, 1973), examining the broader social and work practices for risk placement in the market, in places including the Lloyd’s underwriting room (several floors of the office building that houses the firm), insurers’ offices, and popular coffeehouses and pubs. In many cases, the interviews helped illuminate, clarify, and modify some of the recorded observations, while in others our assessment of a particular interaction or event was confirmed or challenged, in which case a new avenue for exploration emerged.

Outline of a Rhetorical-Hermeneutic Discourse Analysis Approach

Several authors have drawn attention to the loosely structured, interpretive nature of discourse analysis (Fairclough, 1992; Potter & Wetherell, 1987). We have developed a discourse analysis approach that is, in this vein, not a “method” in the sense of precisely defined sequential steps pursued in search of invariant laws relevant to the operations of discourse, but one that emphasizes a hermeneutic, iterative journey of discovery in particular social and organizational contexts by (re)considering individual texts in the context of the whole and their social context and then (re)conceptualizing the whole as manifested in individual texts (Kets de Vries & Miller, 1987; Thachankary, 1992).

Our discourse analysis approach draws from Ricoeur’s (1991) and Giddens’s (1979, 1984, 1987, 1993) hermeneutic directions for textual interpretation, as well as from the field of rhetoric (Aristotle, 1991; Gill & Whedbee, 1997). Rhetoric and hermeneutics share a constructive as opposed to an instrumental view of language. They also have close historical and conceptual links. In an elemental sense, both speaking (identified with rhetoric) and understanding (identified with hermeneutics) are basic human capacities that are interdependent and inseparable (Gadamer, 1997).

Text, context, and temporality. Discourse analysis approaches have often been characterized by inadequate attention to textual context and temporality (Cicourel, 1981; Fairclough, 1992). We have drawn on the fields of rhetoric and hermeneutics to develop a discourse analysis approach that is informed by interpretivism and highlights the importance of context and temporality in the analytical process. Rhetoric has had an inherently contextual and pragmatic orientation since it was defined by Aristotle, in his On Rhetoric, as “an ability, in each [particular] case, to see the available means of persuasion” (1991: 13 [On Rhetoric, 1:2:1]). Features of context considered in rhetorical analysis include the situation, the audience, the credibility of the rhetor, and the particular genre the rhetorical text is part of (Gill & Whedbee, 1997). In the field of hermeneutics, in addition, a key insight is that meaning does not reside solely in the text but is conditioned by textual context and by the perceptions of the agents within that context (Palmer, 1969).

When texts are viewed as situated productions (Giddens, 1979: 44)—as located in a particular social context—temporality, in addition, is an important aspect of this context. Temporality in this sense refers to the temporal location of a communicative action in relation to other communicative
actions and situational features of a social context that influence how agents in that context interpret this action. Secondly, in the theory of structuration, a key concept is “reversible time.” This term refers to the not only continuous but also repetitive character of social life in which structures are manifested, diffused, and potentially challenged through repeated daily actions (Giddens, 1984). Analytically, these two conceptions of temporality suggest the need for longitudinal, as opposed to static, textual analyses that not only take account of a text’s temporal location, but are also aimed at discerning shifts in both the communicative action levels and the deep structural levels of discourse and how these shifts relate to the discourses’ social context.

The concept of text has been used in two related ways in organization studies. Firstly, text has been used as a metaphor to explore social processes and entities that are seen as inscribable and amenable to understanding through textual analysis (Geertz, 1973; Phillips & Brown, 1993). Secondly, in a more literal way, texts have been seen as primarily language-based artifacts, as opposed to other types of processes or entities that might be understood and analyzed as texts (Gephart, 1993; Giddens, 1979). In our research, we approached texts as collections of communicative actions fixed in writing, consistent with the more literal conception of the term. We therefore treated interview transcripts, strategy documents, media reports, market publications, and transcribed ethnographic observations as texts. Intertextual analysis, accordingly, is analysis not only within but, importantly, across texts arising from the hermeneutic concern of searching for emergent patterns through continual movement between part and whole (Barry & Elmes, 1997).

Table 2 portrays the main conceptual orientations and analytical directions suggested by the fields of hermeneutics and rhetoric as utilized here. Hermeneutic analysis. The roots of the word “hermeneutics” lie in the Greek term hermeneuein (to interpret). Hermeneutics involves both the task of textual interpretation and reflexive concern with the nature of understanding and interpretation itself (Palmer, 1969). Key figures in the development of hermeneutic thought include Schleiermacher, who sought to develop a “general hermeneutics” whose principles could serve as the foundation for all kinds of textual interpretation; Dilthey, who saw hermeneutics as the core discipline that could serve as the foundation for all humanistic studies; Heidegger, who developed a view of hermeneutics as the phenomenological explication of human existence; and Gadamer, who followed Heidegger’s lead to develop philosophical hermeneutics, which is concerned with the ontology of the human sciences (Ricoeur, 1991).

For Ricoeur (1991), a text is a limited field of potential interpretations as opposed to a repository of potentially unlimited meanings. Giddens’s position is consistent with Ricoeur’s, suggesting that the interpretive validity of texts can be improved through ethnographic inquiry into the settings of the production of the text, the intellectual resources the author has drawn on, and the characteristics of the audience it is addressed to (Giddens, 1987: 106). Giddens’s writings consistently display a view of language as not only an abstract sign system but also a medium of practical social activity (Giddens, 1993: 25) that is “context-dependent” (Giddens, 1993: 111) and constitutive of social life (Giddens, 1984: xvi).

**TABLE 2**

<table>
<thead>
<tr>
<th>Theoretical Approach and Key Authors Drawn On</th>
<th>Main Conceptual Orientations</th>
<th>Analytical Directions Suggested</th>
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<tbody>
<tr>
<td>Hermeneutics: Giddens, 1979, 1984, 1987, 1993 Ricoeur, 1991</td>
<td>Focus on interpretation of texts and on nature of interpretation itself Removal from subjectivist stance; acknowledgement that not all textual interpretations are equally valid Interpretive commitment to in-depth understanding of textual data through researchers’ longitudinal immersion in texts’ social-organizational context</td>
<td>Textual interpretations in context and over time Attention to alternative interpretations Search for central themes and thematic connections Search for patterns in ethnographic and textual data</td>
</tr>
<tr>
<td>Rhetoric: Aristotle, 1991; Gill and Whedbee, 1997</td>
<td>Focus on study of language in use, and on its situational, temporal, and social context Emphasis on the constructive potential of rhetorical use of language and its influence on agents’ interpretations and actions</td>
<td>Rhetorical strategies Enthymemes and their functions in context Role of central themes in enthymemes Construction of themes in positive-normative orders</td>
</tr>
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</table>
Hermeneutic researchers can search for central themes in texts, for thematic unity (how central themes are interrelated in broader arguments both within texts and intertextually), and for patterns in ethnographic data over time. The analysis is treated as a process of discovery, in which one goes round the hermeneutic circle, from part to the whole and vice versa, each time enriching the interpretations (Kets de Vries & Miller, 1987; Thachankary, 1992).

Rhetorical analysis: Enthymemes and their influence on the social context. Rhetorical analysis has been extensively utilized in organizational studies (Huff, 1983; Watson, 1995). Potential foci for analysis include the rhetorical styles employed, the use of such tropes as metaphor and iconicity (Gill & Whedbee, 1997), and how apparently plain speaking employs rhetorical devices (Gowler & Legge, 1983). Rhetoric has been viewed as a potent tool for constructing social reality (Bitzer, 1968) or for sustaining existing sociopolitical arrangements in ways that advantage certain social groupings at the expense of others (Gowler & Legge, 1983).

We focused on identifying the rhetorical strategies that London Insurance Market actors consciously and unconsciously used consistently in their arguments surrounding the introduction of the electronic placing system. We aimed to identify the rhetorical strategies that act as structural features of these discourses through the analysis of communicative actions as manifested in interviews and written texts by various speakers/authors, in different situational and temporal contexts. These rhetorical strategies often take the form of enthymemes, or arguments-in-use. These enthymemes are not necessarily consciously evoked, being located in actors’ practical consciousness (Giddens, 1984). Rhetoric, in this perspective, is a mundane, everyday aspect of human competence (Watson, 1995).

Enthymemes are rhetorical structures of argumentation. In contrast to syllogisms in logic, enthymemes are usually not fully expressed, with one or more of their premises being taken for granted or assumed by the audience (Eemeren, Grootendorst, Jackson, & Jacobs, 1997). The premises in enthymemes are only generally or probably true in a particular social context; their truth or rationality is not universal, but is conditioned by and arises from the sociocultural features in that context (Clegg, 1975). Identification and analysis of enthymemes, and particularly their unstated and assumed premises, therefore, can enable researchers to uncover the taken-for-granted values and beliefs of actors in a particular social context (Gill & Whedbee, 1997). These values and beliefs are in effect structures of legitimation that underlie agents’ interpretations and (communicative) actions and that are in practice inseparable from considerations of language and power, as structuration theory emphasizes (Giddens, 1984, 1993).

Through paying specific attention to enthymemes that as a whole constitute actors’ rhetorical strategies, we have aimed at elucidating actors’ own arguments used in favor of or against certain courses of action, which is a key part of hermeneutic understanding (Giddens, 1984). We have drawn from longitudinal ethnographic data in addition to discern the intended and unintended effects of these arguments on their social context, in this case the attempted (and failed) implementation of an electronic placing system.

The process of identification of enthymemes involved the following steps: We first searched for central themes in the texts analyzed using the discourse analysis approach described above. This involved exploring individual texts for central themes that were explicitly stated or assumed and then comparing the results intertextually to discover themes that transcended individual texts and were present in several texts deriving from diverse sources and produced in different situations. Secondly, we analyzed the connections among these central themes and their functions in structures of argumentation. We then combined the findings of the first two steps to determine the enthymeme structures found in single texts (Fisher, 1988). Lastly, we conducted intertextual analysis. We moved from the part (single texts) to the whole (discourses constituted of the totality of single texts) and vice versa, following a key hermeneutic analytical process in order to search for common patterns and examine the commonalities and differences between different enthymeme patterns. Throughout the process we used our ethnographic knowledge of the London Insurance Market’s social and organizational context both as a resource for enriching textual interpretation and a form of “triangulation” with the textual data in order to improve the validity of our interpretations of texts and the enthymeme structures exhibited in those texts. Table 3 shows the core enthymeme pattern identified.

This enthymeme pattern is theoretically grounded in the structurational view of discourse outlined above. P1 and P2 represent persistent deep structures of agents’ discourses. They are the implicit, taken-for-granted, and normally unstated premises representing the entrenched structures of legitimation of the actors in a particular social context. As there is no “bar of repression” between practical consciousness, discursive consciousness, and conscious...
TABLE 3
Core Enthymeme Structure of the London Insurance Market Discourses

<table>
<thead>
<tr>
<th>Enthymeme Structure</th>
<th>Discursive Example</th>
<th>Nature of Statement</th>
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</table>
| P1 + P2             | P1: Our key goal is X  
                     | P2: Y leads to X       | P1: Value stating desirable state of affairs  
                     |                       | P2: General belief about a contingent  
                     |                       | relationship in normative domain       |
| C1 → P1' + P2'     | C1 → P1': Therefore, we need to take appropriate action to achieve Y  
                     | P2': Action Z leads to Y | C1 → P1': General conclusion on required type or class of action  
                     |                       | P2': Belief of contingent relationship in the action-oriented domain |
| C2                  | C2: Therefore, we need to do Z | C2: Conclusion that a specific action is required |

structuration theory, these deep structures exist in actors' practical consciousness (Giddens, 1984) and are continually and repeatedly manifested in their (communicative) actions. Table 3 above represents the basic form of the enthymeme patterns identified. The variations shown in the analysis tables build on and contain this basic form.

The main function of deep structures is normative, acting to support or reject action-oriented arguments that are more openly and explicitly stated in communicative actions and represented by P1', P2', and C2. The content of P2' and C2 can shift in response to contextual exigencies that stakeholder groups face. This indicates that the communication-level enthymeme structures are flexible in terms of content but are also patterned by and entrenched in existing deeper structures.

IMPLEMENTING ELECTRONIC RISK PLACING IN THE LONDON INSURANCE MARKET

In our case analysis of the LIMNET EPS implementation, we sought to uncover discursive shifts at both the communicative and deep levels and the interpenetration and conflicts between the discourses of various stakeholder groups. We started by identifying the discursive central themes and eliciting the patterns of argumentation or enthymemes found in communicative actions and texts. The interpretation of multiple texts, in context and over time, was further supported and supplemented by ethnographic knowledge of the social and organizational context of the market.

action (as is the case between unconscious motivations and these levels [Giddens, 1984]), in some cases it is possible that communicative actions can very closely approximate such deep structures. Secondly, there is a temporal dimension wherein repeated communicative actions at certain points in time can over time be taken for granted and gradually become deep structures, a process elucidated by structuration theory.

Risk Placement in the London Insurance Market

Risk placement of insurance started as a business in the coffee houses of Lloyd’s of London and has over time developed a number of institutionalized practices. At his or her office, a broker first prepares a paper “slip” containing a client’s risk details. The broker then walks over to the Lloyd’s building to queue up at an insurer’s desk to negotiate the financial terms and conditions with a “lead underwriter,” who subsequently assumes a proportion of the risk. In a 1994 interview, a senior market leader characterized the market’s traditional placing operation in the following manner:

Streams of people walk around Lloyd’s with large binders of paper . . . as they have for the last 300 years . . . Fundamentally, the business in terms of placing is a very traditional activity . . . You have the broker boys, the wheelers and dealers, and the underwriters as rich guys who are like God in their box . . . It is almost a class thing about Lloyd’s . . . underwriters wait for business to come to them by brokers . . . a master-server relationship.

In addition to drawing on and reproducing these established structures of domination, the placing operation also involves certain norms and practices, which include face-to-face negotiation based on trust and personal relationships. As an IT director explained in 1994: “It’s a club, their whole way of doing business is all about contacts, trust and relationships.”

Through this manual process, relationships of trust are developed or maintained between brokers and underwriters. A market leader described this “community of interest”:

Brokers and underwriters have learnt the trade by “sitting with Nellie,” watching elders do the business and then copy[ing] them. (1994)4

4 Unless otherwise is indicated, all quotations came from the interviews conducted for this research.
Once the lead underwriter assumes a proportion of risk under certain conditions, brokers then “walk” the risk around the market soliciting further participation by “following underwriters.” Interested following underwriters subscribe to a percentage of the risk under the agreed-upon conditions until the risk has been fully insured. The transaction is then finalized with the client, the premiums are paid, and the broker receives the appropriate commission.


The major financial crisis in the London Insurance Market stemming from huge insurance losses in the late 1980s and early 1990s led market leaders to question the appropriateness of the above institutional practices. A central theme of market leaders’ discourse, which persisted throughout the study, concerned the development and use of electronic trading to reduce costs and enhance global competitiveness. LIMNET EPS, the electronic placing system, was perceived to be a critical development facilitating this goal, as a LIMNET director noted in 1992:

LIMNET is one of the tools by which the London Insurance Market will regain profitability and maintain its preeminent position in world insurance.

Following the computerization of a number of work areas, such as claims settlement, attention was focused on the computerization and streamlining of the highly visible front-end manual placing process through the development of the electronic placing system. Market leaders set deadlines for such a system’s implementation and use across the London Insurance Market. This development was related to a second central theme, namely, the perceived need to maintain London’s image as a premier insurance market through the use of advanced technology. The symbolic nature of the electronic system as a tangible representation of these discursive themes was emphasized over the years. A 1990 market newsletter stated that:

An objective of EPS was to demonstrate the determination of London to remain the premier international insurance and reinsurance market.

A 1995 newsletter reiterated the theme:

The joint market initiative to develop EPS provides an integrated system for exchanging data in the London Market helping to maintain its competitiveness in respect of costs, service and image.

In addition, a senior director noted the high levels of public visibility given to the electronic placing system, emphasizing its role in warding off competitive European network initiatives:

EPS was launched at 8 a.m. on March 31, 1992. There were over 30 journalists there to cover the event... The Market had to be seen to be doing something with electronic trading ... There was also the threat of RINET (the European Re-Insurance Network) competing with LIMNET with the possibility of moving insurance business from London to Europe. (1993)

Table 4 shows the enthymeme patterns of the market’s leaders for two time periods, 1990–93 and 1993–mid 1995. The pattern on the left-hand side exhibits a view of electronic trading as instrumentally facilitating the global competitiveness of the London Insurance Market through the streamlining of business processes, and secondly as helping to maintain London’s image as a preeminent insurance market through the use of advanced technology.

These discursive central themes are connected in a means-end relationship in which maintaining London’s competitive position as a premier global insurance center through the use of advanced technology is seen as the key goal. C1, which functions as a key premise at the communicative action level, supports the achievement of technological leadership and streamlining of business processes. This becomes the main premise (P1’) for a number of possible enthymeme patterns at the communicative action level, which are both structured but also flexible in terms of content in order to accommodate arguments related to other specific contextual factors. P2’ suggests that implementing the electronic placing system as a joint market initiative would demonstrate London’s technological leadership in facilitating efficient risk placement. The conclusion, C2, suggests the need to successfully implement the system to achieve the envisioned end state of a globally competitive market.

Between 1993 and mid 1995, the content of the enthymeme pattern of the market leaders at the communicative action level shifted to include an alternative, more directive approach when significant resistance to EPS’s implementation developed. The deep structures were, over time, reproduced and replicated, but they supported a modified pattern of communicative actions. The right-hand side of Table 4 shows the extended enthymeme pattern, where P3’ functions as a conditional statement on perceptions of how to effectively perform the implementation.

This enthymeme pattern at the communicative
### TABLE 4
Enthymeme Pattern for London Insurance Market Leaders’ Discourse

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Our [market leaders’] key goal is to maintain London’s competitive position as a premier global insurance center.</td>
<td>Our [market leaders’] key goal is to maintain London’s competitive position as a premier global insurance center.</td>
</tr>
<tr>
<td>P2</td>
<td>Technological leadership at the visible front end of risk placement and the streamlining of business processes will help to achieve this goal.</td>
<td>Technological leadership at the visible front end of risk placement and the streamlining of business processes will help to achieve this goal.</td>
</tr>
<tr>
<td>C1 → P1'</td>
<td>Therefore, we [market leaders and other actors] need to do what is required to achieve technological leadership and the streamlining of business processes.</td>
<td>Therefore, we [market leaders and other actors] need to do what is required to achieve technological leadership and the streamlining of business processes.</td>
</tr>
<tr>
<td>P2'</td>
<td>Implementing electronic placing support as a joint market initiative will demonstrate to the world London’s technological leadership in facilitating efficient risk placement.</td>
<td>Implementing electronic placing support as a joint market initiative will demonstrate to the world London’s technological leadership in facilitating efficient risk placement.</td>
</tr>
<tr>
<td>P3'</td>
<td>Effective implementation of electronic placing support will require a more directive leadership approach from the center.</td>
<td>Effective implementation of electronic placing support will require a more directive leadership approach from the center.</td>
</tr>
<tr>
<td>C2</td>
<td>Therefore, we [market leaders and other actors] need to successfully implement EPS.</td>
<td>Therefore, we [market leaders and other actors] need to successfully implement mandatory deadlines for EPS using a more directive leadership style from the center.</td>
</tr>
</tbody>
</table>

**action level exhibits a new leadership philosophy directed from the center, across the market. Lloyd’s April 1993 business plan stated this:**

The traditional style of leadership of the Society is no longer appropriate. In future, there will be a more directive style of leadership from the center. We will move from an environment of consensus-based decision making by committees to one where the central management team will take decisions after consultation.

This plan went on to specify mandatory deadlines for the implementation of key electronic systems:

To accelerate the Market’s move to full electronic processing . . . the Market will retain face-to-face underwriting where appropriate but an electronic version of the contract will form the basis for all further processing . . . Consequently, we will require that all business placed at Lloyd’s be supported by a full electronic version of the contract by 1 January 1996.

As a senior EPS implementation manager explained in a 1994 interview, Lloyd’s leadership involvement developed out of a meeting of the steering committee for LIMNET EPS implementation:

We concluded that we would not get anywhere without critical mass . . . but we had no authority to make it mandatory . . . We then decided to ask Lloyd’s to use their authority over underwriters and brokers.

**Individual Resistance by Brokers and Underwriters, 1990–98**

Despite the fanfare that accompanied the initial pilot implementation in March 1992, the majority of brokers and underwriters resisted the adoption of the electronic placing system. A key market leader expressed disappointment at the lack of system use following the launch:

After the EPS launch, there was a deathly silence . . . there were cultural hang-ups, EPS went from a situation of no exposure to maximum exposure in 6 months . . . The Market had no time to digest it . . . a lot of practitioners were skeptical of its use. (1994)

And the EPS implementation manager noted that it was clear that:

Brokers and underwriters did not want the market to adopt EPS and hoped that it would go away as had other similar electronic placing initiatives in the past. (1994)

The vision for the system was shaped by efficiency-driven considerations about the need to adopt technology to streamline business processes. Even so, participants held contradictory and often incon-
sistent views. For example, a 1991 brochure on LIMNET EPS noted the importance of existing practices and hinted that technology could support existing work practices:

Future success in maintaining London's pre-eminent position depends on combining the best of traditional working practices with the best in modern technology and business applications.

However, shortly after the introduction of the system in 1992, leaders started to optimistically envisage a far-reaching replacement of institutional practices:

I think we are going to see an element of pure screen trading sooner rather than later. *(Lloyd's List, March 31, 1992)*

Comments such as these only heightened the suspicions of brokers and underwriters that market leaders' promotion of the electronic placing system as just a support tool was merely "the thin edge of the wedge" whose use would lead to the eventual outcome of remote electronic placement. Another market leader reflected on the ambiguous communication concerning EPS use:

It was a communication failure the first time around . . . we always intended it to be viewed as a support system. However, it was perceived as being intrusive and interfering with the work process rather than supporting it. EPS was sold as a flash risk . . . take the risk in 30 seconds or not. We should have played down the "P" in EPS. *(1994)*

Many of the brokers' and underwriters' reasons for not adopting the new system, which were often communicated throughout the market in newsletters and meetings, revolved around its technical limitations, such as insufficient user friendliness, security, and ease of use, and its perceived inability to support complex risks involving multiple underwriters. Additionally, the electronic placing system was perceived as limiting the autonomy traders enjoyed in this geographically highly concentrated market, which was seen as potentially reducing the strategic advantage of London in developing innovative contracts. In 1994, a senior underwriter explained:

Lloyd's is still a true Market where one goes into a discrete geographical area and trades face-to-face and not over the phone. In a short time, a whole new product can be formed. The true unique Market structure of Lloyd's provides a massive pool of expertise and a tremendous marketing advantage. *(1994)*

As the left-hand side of Table 5 illustrates, the brokers' and underwriters' discourse between 1990 and mid 1995 principally concerned maintaining London as an important traditional insurance center for risk placement globally. From the brokers' and underwriters' perspective, P1', P2', and P3' together strongly supported the need to resist the adoption of the electronic placing system and continue with traditional placing practices, enshrined in their shared and embedded risk placement interpretive scheme. Thus, even though market leaders, brokers, and underwriters had some similar deep structures emphasizing the maintenance of London as a premier global insurance center, other assumptions regarding the value of work diverged, leading to distinctive views on how this preeminence might best be maintained. These views were expressed in conflicting communicative actions, with the market leaders urging the adoption of electronic placing and the brokers and underwriters resisting its adoption. Thus, the communicative actions of these two stakeholder groups continually clashed, even though their deep structures were complementary. The deep structures and the communicative actions of market leaders subsequently shifted (slightly in the case of structures, as shown in Table 7, and substantially in the case of communicative actions), in response to brokers' and underwriters' own discourse, but the conflict was still not resolved.

The brokers' and underwriters' enthymeme pattern for the period mid 1995 to 1998 is portrayed on the right-hand side of Table 5. Brokers' and underwriters' interpretations of the technological features of the electronic placing system suggested contradictions between these features and deeply embedded placing practices, enshrined in interpretive schemes emphasizing face-to-face interaction and the building of trust through this interaction. These traders also feared that key institutions of trust thought to be critical in the placing process would be eroded with reduced face-to-face contact brought about with the new system. A broker explained:

The business is based largely on relationships and trust. This is why it is so vital to carry out business in a face-to-face manner. . . . You are negotiating the business. It is important how well you put across the case. . . . You use a lot of different skills in negotiating. You emphasize and deemphasize certain aspects, handle objections. . . . It is a sales situation. *(1994)*

Furthermore, they perceived that use of the electronic placing system would largely eliminate the spontaneity and excitement in the negotiation process that face-to-face communication allows and
TABLE 5
Enthymeme Pattern for Brokers’ and Underwriters’ Discourse

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>P1</td>
<td>Our [brokers’ and underwriters’] key goals are to maintain London as a traditional yet innovative insurance marketplace for risk placement globally.</td>
<td>Our [brokers’ and underwriters’] key goals are to maintain London as a traditional yet innovative insurance marketplace for risk placement globally.</td>
</tr>
<tr>
<td>P2</td>
<td>Traditional face-to-face trading involving negotiation between social networks of brokers and underwriters in a geographically concentrated physical marketplace provides key strategic advantage for London.</td>
<td>Traditional face-to-face trading involving negotiation between social networks of brokers and underwriters in a geographically concentrated physical marketplace provides key strategic advantage for London.</td>
</tr>
<tr>
<td>C1 → P1’</td>
<td>Therefore, we should take appropriate action [or no action] to ensure the continuation of traditional placing practices.</td>
<td>Therefore, we should take appropriate action [or no action] to ensure the continuation of traditional placing practices.</td>
</tr>
<tr>
<td>P2’</td>
<td>EPS does not support complex risks, may be the thin edge of the wedge toward remote placing, and as such may erode trading relationships and quality of work life.</td>
<td>FastTrack system involves accepting an electronic line as the contract in addition to allowing face-to-face trading practices, but adopting it would increase the time and cost of risk placement because of duplication of effort.</td>
</tr>
<tr>
<td>P3’</td>
<td>Resisting the adoption of EPS will also help to ensure the continuation of traditional placing practices and will help us avoid all its attendant dangers.</td>
<td>Adopting FastTrack would also introduce new risks into the market since it accepts electronic lines as the contract despite changes to the paper slip during negotiation.</td>
</tr>
<tr>
<td>C2</td>
<td>Therefore, we should resist the adoption of EPS and continue with traditional trading practices in the London Insurance Market.</td>
<td>C2 → P1’ FastTrack will [therefore] not be useful in helping to maintain London as an important center globally.</td>
</tr>
<tr>
<td>P2”</td>
<td>Resisting the adoption of FastTrack, which still does not support complex risks, will lead to the continuation of traditional trading practices.</td>
<td>Therefore, we should resist the adoption and use of FastTrack and continue with proven traditional trading practices in the London Insurance Market.</td>
</tr>
<tr>
<td>C3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

lead to more impersonal relations with less networking. As a senior underwriter remarked,

The actual bargaining is the reason most of us like to do underwriting . . . the EPS system is seen to drive out the mystique often associated with financial service jobs in the City of London. (1994)

Although a minority of brokers and underwriters could articulate a brighter side of the adoption process, relating to the development of new IT-based skills and improved business efficiency, the majority developed an attitude of fear and distrust. Underwriters feared a shift in power relations and a loss of control, with brokers potentially being able to use EPS to flood the market with risks. A senior underwriter suggested that:

The broker would be able to send the risk to all underwriters early in the morning . . . that would mean that if I was not on the system by 10 a.m. then I would miss the boat on that risk. (1994)

On the other hand, the electronic placing system implementation manager explained that brokers now believed that “underwriters would cherry-pick the risk . . . he [the broker] believes he will not be able to eyeball the underwriter into taking the risk.”

Where brokers and underwriters did appropriate the technology, it was often reinterpreted and used in ways different from what designers and implementers of EPS had hoped for or expected. For example, instead of the broker keying in an electronic version of the risk and transmitting it over the network to selected underwriters for negotiation and ultimately placement, the paper slip method continued to be used, along with face-to-face negotiation. It was only after the placement was completed manually that the risk was then “backfilled” or “backloaded” onto the system so as to merely fulfill the market requirement of electronic risk capture on the new system. During the months leading up to the January 1, 1996, deadline for adoption, a modified version of the system called FastTrack fueled this process. It allowed the active use of the paper slip in negotiating risk, followed by backloading, which unintentionally
encouraged underwriters and brokers to revert to manual procedures.

Despite the concessions made by implementation leaders in introducing FastTrack, the majority of brokers and underwriters still resisted the adoption of the electronic placing system. As shown on the right-hand side of Table 5, their deep structures persisted and even further reinforced the proclivity traders had concerning face-to-face trading and negotiation.

A senior broker who was a system champion in a large firm explained:

People are still resistant to the fact of discussing an issue that is up on the screen rather than on a piece of paper. The face-to-face issue, really, when people talk about it, is the ability to negotiate with a person. And having the flexibility where you can use all your skills in terms of body language and inflection of language. (1997)

Similarly, a senior underwriter explained the persistent confusion over whether EPS was a replacement or a support for traditional placing practices:

I think people didn’t realize it should in fact have been a support system rather than replacing everything. Because the market is still quite old fashioned and predominantly based on personal relationships, the idea of removing all that altogether was not palatable to brokers or to underwriters. (1997)

This is not to say that there was no change over time in the use of EPS. With the mandated deadlines, adoption rates increased to an all-time high of 10 percent in 1996, and there was a build-up of electronic placement of simple risks within certain classes of business. FastTrack, however, played an unintentional role in reinforcing brokers’ and underwriters’ perception that electronic placing systems were not effective in maintaining London as an important center globally. FastTrack raised new concerns as to whether the electronic contract was truly an electronic analogue of the paper slip. The latter, which had formed the actual basis of negotiation, was often amended and as such was invariably out of sync with the electronic line. The subsequent process of reconciliation relied on electronic updates and proved to be too time consuming. A senior broker explained:

We would go in with a paper slip and do the negotiation and then go back to the office . . . do the electronic slip and send it through to him. The underwriter in the meantime would have taken a copy of the paper slip and all its amended changes but then review the electronic slip and compare it against the changes made on the paper slip and then finally confirm his electronic line on that basis. So you are actually going through the process two or three times, rather than just once. (1996)

The right-hand side of Table 5 exhibits the reproduction and replication of brokers’ and underwriters’ deep structures over time, as well as their shifting communicative actions occasioned by the unintended consequences of FastTrack. The same deep structures legitimated equally vehement resistance to the newer versions of electronic placing technologies, notwithstanding the subsequent adjustments in both the technology and the market leaders’ implementation style. During this period, it was the more embedded structure of legitimation, P1, that was more instrumental in supporting the resistance of brokers and underwriters to FastTrack. Although its associated placing procedures allowed and reinforced face-to-face interaction, the additional problem now, from the brokers’ and underwriters’ perspective, was that the modified FastTrack system was perceived as introducing new risks and inefficiency into the market.

Thus, even when London Insurance Market leaders’ discourse and actions shifted in continuous attempts to facilitate EPS implementation, brokers’ and underwriters’ communicative actions also shifted to highlight new problems with both the technology and the work processes it engendered.

**Multinational Brokerage Firms’ Support for the Joint Market Initiative, 1990–98**

At the beginning of the 1990s, brokerage firms that placed risks on behalf of their clients experienced significantly declining commissions, which negatively impacted their profitability. In this context, most of the six largest multinational brokers were, unlike the individual traders, supportive of the joint market initiative on electronic placing support across the London Insurance Market. Two directors of multinational brokerages explained:

Large brokers such as ours and Broker X are keen and showing commitment [to the initiative] . . . the problem with individual placing brokers is that they don’t understand what EPS stands for. (1994)

Senior managers of brokerage and underwriting firms are generally favorable and have business commitment to LIMNET recognizing it is an important part of the future of the Market. . . . However, amongst brokers and underwriters there is very low awareness of EPS, what it can do, how it will integrate with their business, and emotional fears about loss of control of business and jobs. (1995)

The left-hand side of Table 6 presents the entwined structure of the majority of multinational brokers’ discourse between 1990 and mid 1995.
TABLE 6
Enthymeme Pattern for Multinational Brokers’ Discourse

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<tbody>
<tr>
<td>P1</td>
<td>Our [multinational brokers’] key goal is to secure our position in an increasingly competitive global insurance value chain.</td>
<td>Our [multinational brokers’] key goal is to secure our position in an increasingly competitive global insurance value chain demonstrating high-quality service to our clients.</td>
</tr>
<tr>
<td>P2</td>
<td>Whatever fosters this goal by enabling us to survive as intermediaries in this value chain should be encouraged.</td>
<td>Whatever fosters this goal by enabling us to add value to this value chain should be encouraged.</td>
</tr>
<tr>
<td>C1 → P1’</td>
<td>Therefore we [multinational brokers] need to do what is required to implement initiatives that will enable us to increase profitability and survive as intermediaries in the value chain.</td>
<td>Therefore we [multinational brokers] need to do what is required to implement global-level initiatives that will enable us to add value.</td>
</tr>
<tr>
<td>P2’</td>
<td>Working closely with the London Insurance Market on joint market initiatives will facilitate more efficient and timely service to our clients, and this will allow us to survive in a competitive climate of reduced commissions.</td>
<td>Pooling our resources to develop a proprietary network, WIN, for competitive advantage and making a commitment to use it in accessing global insurance markets will enable us to add value to the process.</td>
</tr>
<tr>
<td>C2</td>
<td>Therefore, we need to develop and implement electronic placing support as a joint market initiative.</td>
<td>Therefore, we need to develop and implement WIN as our preferred vehicle for electronic trading.</td>
</tr>
</tbody>
</table>

The multinational brokers’ communicative actions were congruent with the market leaders’, but the formers’ deep structures were related to their concern with their survival in the global insurance value chain. Even though MNB leaders exhibited some awareness of the “emotional fears about loss of control of business and jobs” that brokers and underwriters felt, the relationship between these two groups was more one of talking past each other than one of talking to each other. The belief of the multinationals that, for example, brokers and underwriters “don’t know what EPS stands for” and that they had low awareness of the system and its capabilities reflected their refusal to come to terms with or fully acknowledge the deeper structures of brokers and underwriters. Brokers and underwriters, as competent actors, knew all too well that the electronic placing system had the potential to gradually eliminate embedded institutional placing practices and transform the way they conducted their business in ways that were undesirable, from their point of view.

A comparison of both the deep structures and the communicative action patterns of these two groups reveals a picture of significant dissonance and incompatibility. Between 1995 and 1998, the multinational brokers’ commitment to London was only important if it would help them secure their position in an increasingly competitive global insurance value chain. However, the primary goal for brokers and underwriters was the maintenance of London as a traditional yet innovative global underwriting center for trading (as well as maintenance of their own positions within this center). Thus, there was no significant interpenetration of discourses between these groups and little common ground for dialogue.

Within the multinational broker community, the dominant global brokerage firm, US-Broker, did not join other multinational brokers in their support of the market’s joint market initiative. Beyond acquiring some electronic placing system infrastructure and monitoring marketwide meetings on the system, they had very low usage levels, which suggested little commitment to technological developments in the London Insurance Market. Instead, the firm pursued a proprietary electronic placing system and sought to access many underwriting centers globally. So, although US-Broker shared the other multinational brokers’ deep structures concerning survival in the global insurance value chain, their deep structures underlay different communicative actions arising from a different perceived position in the industry. This discrepancy gave rise to further stakeholder fragmentation in electronic placing system implementation.

By mid 1995, the continued pressure to remove intermediaries from the insurance process led the multinational brokers to seek increased efficiency and ways of adding value. A market leader explained:

The economic pressures on the broker are extreme at the moment, their margins are really being squeezed . . . because rates are falling, and that af-
fects commissions, and more and more of their work is fee-based rather than commission-based.

As a result of these and other issues, the six then-largest global brokers announced, in November 1995, a joint collaboration to develop the World Insurance Network (WIN). The vision for this IntraNet-based technology was that it would become the preferred global electronic marketplace for commercial insurance business. An IT manager of a broker firm explained:

As a broker we know we should only be in the chain if we add value. And if by adding value, it is providing things such as WIN and access to marketplaces that Fred down the road just doesn’t have time or energy or even the contacts to establish, that is what we will do. (1997)

The right-hand side of Table 6 presents the enthymeme pattern of the multinational brokers’ discourse between 1995 and 1998. The main premise, P1, highlights the brokers’ key goal of securing their position in an increasingly competitive insurance value chain. The deep structures were reproduced over time, but with a slight shift from survival through efficiency to include new ways of adding value in the chain (P2). Furthermore, as shown in P1, there was now a focus on providing higher-quality service to clients globally. This, along with increased pressures of disintermediation and global competition in the 1990s, led multinational brokers to work together in achieving this goal.

To this end, multinational brokers challenged the value of appropriating the electronic placing system as a joint market initiative in London. As an IT director of a World Insurance Network broker noted:

As opposed to LIMNET EPS, which is developed by the market and its associations, WIN is “an initiative by [firms in] the industry for the industry.” (1997)

However, a year and a half after the establishment of WIN, multinational brokers started to recognize the necessity for cooperation with other networks, in particular LIMNET, which had established key technical and human resources over many years. A 1997 market newsletter quoted the World Insurance Network chairman’s public pledge to cooperate with other networks, in particular LIMNET:

We don’t see WIN as competitive with the other networks but as complementary to them.

Leaders Rethink the Implementation of Electronic Placing Support, Mid 1995 through 1998

Following these challenges to the marketwide implementation of the electronic placing system by both multinational brokers and traders, leaders conducted marketwide reviews in mid 1995. They subsequently modified the system to address technical limitations and to further reinforce its image as a support tool, an effort that culminated in the development of FastTrack. A market leader reinforced this vision of electronic placing system use as the mandated deadlines, now a set of rolling deadlines between January 1996 and July 1996, loomed ever closer:

It is the combination of two of the greatest strengths of the London Market, the flexibility of face-to-face negotiation and the innovative use of technology. (1995)

The left-hand side of Table 7 shows the enthymeme pattern of the market leaders’ discourse between mid 1995 and mid 1996.

A comparison with Table 4 shows that even though the key goal of maintaining London’s competitive position as a premier global insurance center remained, the second premise, P2, has shifted to include the need to retain institutional practices. FastTrack, allowing face-to-face negotiation, was seen as consistent with the maintenance of these practices. Market leaders realized over time, after sustained communicative actions to this effect by brokers and underwriters (Table 5), that implementation of the electronic placing system would fail unless its design recognized and embodied the perpetuation of traditional placing practices.

Here a structuration process is evident, whereby repeated communicative actions by one stakeholder group, being manifestations of their own deep structures, over time influenced the deep structures of another stakeholder group, the market leaders. In turn, when market leaders began internalizing the key requirement of brokers and underwriters, the need to retain key institutional practices, they also started to explicitly communicate that FastTrack was compatible with such practices and that it would not replace, but support, these practices. This process exhibits how a shift in deep structures can manifest, in a continuous structurational fashion, in more substantial shifts at the level of communicative actions. These shifts would, from the market leaders’ perspective, help to achieve the original goal of maintaining London’s competitiveness without compromising the perception that London was a technically sophisticated, premier

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5 The Intra-Net is an international network using Internet technology.
TABLE 7

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<tr>
<td>P1</td>
<td>Our [market leaders'] key goal is to maintain London's competitive position as a premier global insurance center.</td>
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</tr>
<tr>
<td>P2</td>
<td>Technological leadership at the visible front end of risk placement and the streamlining of business processes whilst retaining institutional practices will help to achieve this goal.</td>
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</tr>
<tr>
<td>C1 → P1'</td>
<td>Therefore, we [market leaders and other actors] need to do what is required to achieve technological leadership and the streamlining of business processes whilst retaining useful institutional practices.</td>
<td>Therefore, we [market leaders and other actors] need to do what is required to achieve technological leadership and the streamlining of business processes whilst retaining useful institutional practices and ensuring a global implementation.</td>
</tr>
<tr>
<td>P2'</td>
<td>Implementing FastTrack, which requires less inputting of risk details by brokers along with revised risk placement procedures whilst not compromising on the electronic line being the contract, will further facilitate London's technological leadership and competitive position.</td>
<td>A participative approach with senior underwriters on EPS's technical design [drawing from the FastTrack experience] and with multinational brokers on global implementation procedures is needed in streamlining business processes.</td>
</tr>
<tr>
<td>P3'</td>
<td>Emphasizing the support role of FastTrack will help in gaining broker and underwriter acceptance of the system.</td>
<td>Enrolling and empowering key underwriting groups that are resistant to EPS adoption will also help gain commitment to technology use in streamlining business practices.</td>
</tr>
<tr>
<td>C2</td>
<td>Therefore, we [market actors] need to reinforce the retention of some of the market's institutional practices through FastTrack's revised placing procedures whilst retaining the electronic line as the contract.</td>
<td>Therefore, we [market actors] need to encourage EPS use by gaining commitment of the participants through redesign of EPS [including international process compliance] so as to ensure London's goal of competitiveness is achieved.</td>
</tr>
</tbody>
</table>

market. Leaders engineered other actions, such as implementation meetings, road shows, trainings, and peer advice sessions, with opinion leaders as advisors, in attempts to ensure that brokers and underwriters met the now revised deadlines.

In light of brokers' and underwriters' confusion and lack of trust about FastTrack use, focused on issues such as whether the amended paper slips or the electronic risk represented the contract, the market associations carried out a number of reviews. It consulted members and came up with new design options for electronic placing system use. EPS-E (electronic) could be used as originally intended, and EPS-S (support) would have a design similar to FastTrack's, with a key distinction being that the paper slip and not the electronic line would form the contract. Despite these interventions, market leaders' deep structures persisted. The links between technology and London's competitiveness as a premier market resurfaced in the leaders' discourses at the critical juncture when EPS deadlines were clearly not going to be met:

Modernization and implementation of electronic systems will play a major part in helping London to maintain its position in global terms. The implementation of EPS in London is essential. (London Market Association chief operating officer, 1996)

Over time, the electronic system supporting the placement process was further downgraded to a "registration line recording system." According to one IT director:

The second method of operation we came up with was EPS-Support. You'd have a paper slip, so it would be face-to-face, the paper slip was the contract, but it [EPS-S] would be a registration line recording system ... but not the contract. (1997)

The content of the market leaders' enthymeme patterns at the communicative action level shifted in response to contextual factors such as delays in system developments and resistance to EPS from powerful underwriting groups to gradually include a more participative approach to EPS implementation during the 1996–98 period. Despite these further concessions on EPS use, such as EPS-S, little progress had been made by the end of the research period in 1998. By 1997, the adoption rate of electronic placing had dropped to 6 percent, and it was
widely agreed at this point that EPS had "died a slow death." By this point, too, the focus had switched to the use of technology to streamline business processes at the back end once the risk was registered electronically, regardless of the front-end placing procedures.

The right-hand side of Table 7 suggests that shifts in the market leaders’ communicative actions were not only targeted at satisfying brokers and underwriters, but also involved carrying out international process compliance reviews to satisfy multinational brokers’ needs for risk placement. This effort was a response to the multinational brokers’ development of the World Insurance Network, which some leaders in the London Insurance Market initially viewed as conflicting with or opposing their cooperative joint market initiative guidelines and LIMNET EPS. An IT director of a brokerage association commented on the impact the World Insurance Network initiative had on his broker members, demanding systems that extended beyond London:

Throughout this period [1996–97], our Market has become more and more global, not just the bigger guys, everyone. The reality is that the major brokers in our market are not really willing to do too much until EPS is seen as part of a global implementation . . . it is “London within the global context.” (1997)

These pressures led to a change in the content of the communicative-action-level enthymeme pattern of the market leaders. No longer was the implementation of EPS as a joint market initiative across London seen as sufficient to demonstrate technological leadership to the world or make London an attractive market for risk placement. As the IT director quoted above continued:

EPS as we envisaged it failed but what we are trying to do is build upon that experience and link it to a global implementation taking into account new technologies.

However, the deep structures of market leaders were both reproduced and replicated, and these same structures provided support and legitimation for shifting communicative actions intended to facilitate the implementation of electronic placing and thus aid the fulfillment of the goals enshrined in their deep structures. These shifting communicative actions represented continuing efforts by market leaders to say and do what was perceived to be necessary for the facilitation of an evolving global EPS implementation.

Market leaders therefore started to focus on the World Insurance Network’s front-end standardization and global interconnectivity as being comple-

mentary to LIMNET’s structured standards and messages. In a 1997 newsletter, the deputy chairman of one of the market associations suggested this:

In fact, together they [WIN and LIMNET] could form the front and back ends of the world’s first global electronic insurance trading for both simple and complicated underwriting.

By 1998, this rapprochement produced a new synthesis exhibited in both Market leaders and multinational brokers’ communicative actions (but not in their deep structures). Market leaders and multinational brokers’ representatives established a steering committee for initiatives including LIMNET and the World Insurance Network to explore the creation of a single global organization that would develop a unified vision of electronic commerce across the industry. This synthesis became a precarious thesis as the dialectical process continued between different stakeholder groups seeking to fulfill the goals enshrined in their deep structures. Table 8 summarizes general trends of the structuring process for the key stakeholder groups for the periods 1990–mid 1995 and mid 1995–1998.

CONTRIBUTIONS AND IMPLICATIONS

Gaining a Deep Understanding of Discourse-Practice Links

Our article has shed light on the often-made but ambiguous statement that discourse affects and shapes practice by advancing a novel perspective on the dynamics of change processes. We proposed that discourses employed by different stakeholder groups exhibit certain structural features that manifest themselves, guide and shape (communicative) actions, interact in cooperative and conflicting ways, and influence practical settings through their effects on agents’ interpretations and actions. We approached these structural features in terms of rhetorical strategies constituted by enthymes, or arguments-in-use, that are persistently employed by different actors in different situational and temporal contexts.

We longitudinally explored and illustrated the dynamics of the discourses of various stakeholders that shaped the trajectory and ultimate failure of an electronic placing system’s implementation through their influence on interpretations and actions. An examination of the discourses of different stakeholder groups highlighted the relative persistence of their deep structures. Uncovering such structural features of discourse has enabled us to discover organizing mechanisms that pattern and
guide communicative actions that might otherwise appear unconnected and disparate.

An adequate understanding of complexity calls for the development of sensitive methodologies that can capture and aid theorizing about it. The discursive approach employed here is a potentially useful alternative method for the study of organizational change. A focus on both discourse and its context is useful in making sense of the multiple perspectives of stakeholder groups and their interaction (Barry & Elmes, 1997), especially in the context of change processes (O'Connor, 1995; Thatchenkery & Upadhyaya, 1996). Through the development of our discourse analysis method, we contribute a novel and potentially fruitful methodological approach to studying change over time and at multiple levels of analysis. This methodological approach, coupled with rich ethnographic data, has enabled us to explore actors’ own arguments and interpretations with regard to the proposed implementation of electronic trading, not as a peripheral endeavor, but as a vital requirement for the in-depth hermeneutic understanding of change processes.

Illumination of Multiple Perspectives and Dynamics in Change Processes

We were able to discern patterns in communicative actions, as well as the “hidden” assumptions, understandings, and values that underlie, guide, and legitimate these communicative actions. Through longitudinal study, we were also able to discern shifts at both these levels over time and relate these shifts to contextual factors. These contextual factors include, for example, the discourses of other stakeholder groups as well as change outcomes, such as the resistance of brokers and underwriters to change initiatives championed by market leaders and the eventual failure of the change program. Contextual factors constitute both consequences and causes of discursive structures and shifts. For example, the resistance of brokers and underwriters was a consequence of their discursive deep structures as well as a cause of the market leaders’ own shifts in their pursuit of successful implementation of electronic trading.

We found discursive shifts at both the communicative action and deep structure levels, even though the deep structure levels were shown to be much more stable, and the communicative action levels more flexible (with regard to all stakeholder groups analyzed). Our analysis highlighted the notion that even though deep discursive structures were stable over time in terms of the fact of their existence and their potency in structuring communicative actions, their nature can shift to some extent over the longer term. Explicit central themes in communicative actions related to particular contextual factors, expressed by the same or by other, related, stakeholder groups, can over the longer term influence the structural features that underlie subsequent communicative actions in a continuous structurational process.

We sought to take seriously the research challenge of exploring multiple discourses, their interrelations, and their impact on practice (Boje, 1995; Grant et al., 1998). Our analysis supports a view of
organizations as constituted of fragmented, competing and, less often, complementary discourses; it is a situation far from the mutually reinforcing discourses found by Thatchenkey and Upadhyaya (1996). We found discursive clashes among stakeholder groups over contested terrain, illustrating both conflict and discursive interpenetration and influence among their discourses. We found fragile agreement and cooperation at the communicative level that was based on potentially conflicting deep structures that could assert themselves in different ways under different contextual conditions. We saw discursive fragmentation, leading to conflicting actions, even within the same stakeholder group sharing the same deep structures, arising because one actor can deem that the group's key goals can be better served by actions that are in conflict with the actions of their own stakeholder group. Lastly, we saw stakeholder groups talking past each other, rather than to each other, because of their almost diametrically opposed discourses, at both the deep structure levels and communicative action levels, and their lack of common ground on which to base a dialogue.

If we take the London Insurance Market as a system, albeit a loosely structured one, such conflicting discourses can attain the status of system contradictions (O'Connor, 1995; Putnam, 1986) that have highly adverse effects on the implementation of systemwide change processes. Further research could usefully explore not only the links between organizational discourses, agents' actions, and change outcomes, but also the dialectical relations between the discourses themselves and broader organizational and industry contexts and the determinants of whether different discourses are mutually reinforcing or contradictory.

Implications for Electronic Data Interchange Implementation

Exploring the above questions has enabled us to further understanding of social and organizational issues associated with the implementation of electronic data interchange as an interorganizational system, an issue of significant importance, as suggested in recent work (Webster, 1995). Our research indicates that leaders should go beyond what multiple stakeholders say about intended implementation of electronic data interchange systems and attempt to understand the deeper values and beliefs of these stakeholders that are enshrined in the groups' discursive structures because these are what persist over time and guide actors' interpretations and actions. The mutability of the content of communicative actions helps in responding to various contextual factors, but it is the deep structures that are the main influence on what the stakeholders say and do and therefore on the success or failure of systems' implementation.

Leaders should thus appreciate stakeholders' competing and divergent perspectives, all of which may nonetheless be legitimate from their own points of view. Thus, even in situations in which a dialectical change process between different groups of actors appears to result in a new synthesis, this synthesis may only occur at the communicative level, and it is probable that there will be little real change to the deep structures of either group of actors. In this sense, any change is intertwined with simultaneous continuity at deeper levels. Our approach thus responds to the need to theorize both stability and change in similar terms, as different aspects of elemental structurational processes (Poole, Seibold, & McPhee, 1996).

The demonstrated importance of deep structures means that contingency approaches to change implementation (e.g., Nutt, 1986) may not tell the whole story; deep structures may be as important determinants of the success of a change program as, for example, whether a change leader adapts a directive or participative style, as the case analysis has shown. This perspective, in addition, illustrates that it is not adequate to view successful organizational transformation as defined by changes in actions (Blumenthal & Haspeslagh, 1994), unless such behavioral changes are sustained over time and, by virtue of their persistence, constitute deeper changes in structures. The concept of organizational inertia can be seen as partly rooted in the daily affirmation, through repeated actions, of deeper structures located in agents' interpretive schemes.

Understanding stakeholders' deep structures, however, still cannot guarantee a trouble-free implementation. Even if the stakeholder groups' deeper structures are uncovered, how an organization chooses to pursue its key goals might still be in conflict with the actions of another organization in the same stakeholder group, much in the same way that actors can react to common beliefs in different ways (Poole, 1985). Uncovering and appreciating other stakeholders' deep structures, however, can be of help in avoiding dead ends and self-defeating compromises in change implementation. Market leaders, for example, continuously adapted the proposed technology as well as their implementation style and communicative actions to respond to brokers' and underwriters' concerns. Even though the market leaders gradually accepted that EPS would always be perceived as an attempt to eradicate entrenched institutional practices of the London Insurance Market, with adverse effects on adoption,
their compromise solution, FastTrack, was still in conflict with brokers’ and underwriters’ deep structures. The market leaders’ intended electronic trading strategy and design required an automation of the risk-placing process so that interlinked back-end processes could also be streamlined. The focus on the creation of an “electronic analogue” of the manual process and the subsequent compromise solution, FastTrack, however, made things worse. It neither eliminated manual risk placing, nor streamlined the process, but instead added higher administrative requirements and a perception of increased risk in the placement process. Market leaders did not fully appreciate the brokers and underwriters’ deep structures, nor that they would still oppose FastTrack, nor that the eventual compromises in technological design defeated the very purpose of electronic placing implementation, which was increases in efficiency resulting from the streamlining of risk-placing processes.

In addition, exploring the discourses of stakeholder groups can help change leaders realize why certain groups don’t seem to be able to talk to and understand each other. Neither the multinational brokers nor the market leaders adequately appreciated why brokers and underwriters did not want to use EPS, instead believing that the brokers and underwriters were simply not aware of the system and its capabilities. An examination of the deep structures and communicative actions of the multinational brokers and of the brokers and underwriters in particular reveals high levels of discordance and illustrates one potent reason for the difficulties in communication that occurred between stakeholder groups. Most brokers and underwriters, for their part, did not share the other stakeholders’ goals, and it was not a high priority for them to cooperate with any group seeking to initiate potentially radical change in entrenched institutional structures.

In summary, our approach enabled us to explore different levels of analysis (communicative actions, deep structures, and context) and their linkages and provided us with a systematic way of studying and tracking shifts longitudinally at these levels. Such multilevel exploration and longitudinal analysis across different groups of stakeholders allowed us to understand how these groups viewed each other as well as proposed changes in a particular social context. Our approach thus helped us to understand why agents in these groups acted as they did.

The study of change processes emerges from this research as a hermeneutic investigation into the longer-term dynamics of discursive interpenetrations and clashes, the deeper structures that guide agents’ interpretations and actions, and how these shape change outcomes. The picture of change that emerges is one of systemic indeterminacy, multiple perspectives, and mixtures of conflict and cooperation. But this picture, though fragmented, is not chaotic; it is patterned by pervasive and largely stable deep structures that guide the course of events through their effects on agents’ interpretations and (communicative) actions.

REFERENCES


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