

CREATING A SHARED MEANING TOWARDS ORGANIZATIONAL CHANGE INITIATIVES: YAHOO CASE STUDY*

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ABSTRACT

In recent years, the intensification of research that treat organizational change as the new normality has led to a renewed interest in organizational change and has entailed redefining the role of leadership and other stakeholders in terms of the success of the process. Since the need for change has become an unpredictable fact as a result of constantly evolving environment, it tends to be more unplanned and often subject to a certain level of resistance. Unlike previous organizational change practices, the attention has shifted towards more an inclusive perspective to create shared meanings instead of centralized approaches. The purpose of this paper is to, first, explore the role of transformational leadership in mediating emerged organizational change in Yahoo! and then, second, investigate the role of constructive communication in diminishing resistance to change that comes from different interest groups based on power/interest that they possess. A single case study approach has been applied in order to examine the dynamic nature of organizational change in Yahoo! between 2012 and the beginning of 2016. The data for this study is collected through analyzing the range of quality researches that were done before and derived from a variety of newspaper and journal articles and online collections.

Keywords: Organizational Change, Transformational Leadership, Resistance to Change, Power-Politics, Yahoo!

ÖRGÜTSEL DEĞİŞİMLERE YÖNELİK ORTAK BİR ANLAMIN YARATILMASI: YAHOO VAKA İNCELEMESİ

ÖZ

Son dönemde örgütlerin deneyimledikleri değişimin yoğunlaşması hatta 'yeni normal' haline gelmesi örgütsel değişime yönelik akademik çabaların yoğunlaşmasına ve değişimde yer alan aktörlerin rollerinin yeniden tanımlanmasına neden olmuştur. Sürekli değişen çevre koşulları belirsizliği arttırmış ve değişimler çoğunlukla plansız hale gelmiştir. Bu anlamda geçmişte olanın aksine değişime yönelik daha kapsayıcı bir bakış açısının benimsenmesi fikri yaygın bir şekilde desteklenmiştir. Bu çalışmanın amacı Yahoo firmasının 2016 yılında satın alma sürecinde deneyimlediği değişimde dönüşümcü liderlik ve politik söylemlerin değişime direncin azaltılmasındaki rolünü ortaya koymaktır. Mevcut araştırma tekli vaka incelemesi olarak tasarlanmış olup, veriler daha önce yapılan akademik araştırmalardan, çevrim içi kaynaklardan ve gazete-dergi makalelerinden toplanmıştır.

Anahtar Kelimeler: Örgütsel Değişim, Dönüşümcü Liderlik, Değişime Direnç, Güç-Politika, Yahoo!

Introduction

In recent years, organizations have experienced enormous changes in order to meet market conditions which subject to constant change and volatility. Heerwagen et al. (2010) suggest that organizations should acquire new skills such as being more team-based and collaborative, being more mobile and less dependent on geography and more customer-focused. Particularly, there is the need for knowledge-based organizations to be “*agile*”, and to continuously adapt to volatile market conditions. These new conditions

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This study is an extended version of the dissertation submitted to University of Sussex in 2016.

Received/Geliş: 04/08/2020 Accepted/Kabul: 28/12/2020, Research Article/Araştırma Makalesi

Cite as/Alıntı: Uyan, U. (2020), “Creating A Shared Meaning Towards Organizational Change Initiatives: Yahoo Case Study”, Çukurova Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, cilt 29, sayı 4, s.423-442.

also require new workplace settings and new working arrangements such as teleworking and flexible working. Interestingly, when Marissa Mayer took over the CEO position of Yahoo in 2012, she banned remote-working and invite all workers to work in the company office. The decision has been criticized by many researchers and commentators based on possible negative effects on productivity and commitment. Despite certain critiques, there are some evidence that support Mayer's idea as Guthrie (2013) pointed out "*Yahoo has been facing significant challenges as they are considered stodgy and lethargic in comparison to its competitors*". In order to decrease bureaucracy and regain necessary skills for innovation and creativity, Mayer has been transforming Yahoo working environment into an attractive place for talented workers based on her prior experiences in Google. Apart from challenges that are triggered by Yahoo's organizational culture, the company has been facing several difficulties in terms of strategic direction. Mayer is Yahoo's eighth CEO since the company was founded in 1995 and its fourth from 2011 and all these CEOs possess their own ideas about what actually Yahoo is (Tsukayama, 2012). At the end of the first year of her tenure, Mayer determined a vision for Yahoo which transforming the company into a media company for the mobile age.

Recent studies suggest that leadership positively and significantly affect change readiness (Seo et al., 2012; Santhidran et al., 2013; Penava and Sehic, 2014). In general, the success of an organizational change process is associated with effective communication and participation of all parties. In this sense, it is crucial to creating a vision about organizational change and not the only sharing this vision but also delegates it within the organization. Nevertheless, leadership is not the only factor that may influence organizational change. There are many different interest groups that can influence or are influenced by these transformations. Followers, shareholders or even suppliers may affect organizational change process according to their power/interest. Therefore, it is important to ensure all these different parties ready to organizational change. In this respect, the current study purposes to outline key changes happening in Yahoo's organizational culture under the leadership of Marissa Mayer. The study mainly focuses on the role of leadership during organizational changes and investigates the effects of communication as a political factor in this change process. After providing relevant literature, this paper will analyze the transformation of Yahoo as a case study and will be finalized with discussion and conclusion.

Theoretical Background

Organizational Change

One of the first systematic studies of organizational change was originally reported by Lewin (1947 cited in By, 2005). Lewin's theory suggests that a successful change project must involve the three steps of unfreezing the present level, moving to the new level and refreezing this new level. Although there are many changes since the theory was established, it is still relevant with contemporary change initiatives and most of other theories were built based on this model. One question that needs to be asked, however, is whether the model adequately addresses complex and uncertain nature of the environment of organizations. Yet, Thomas et al. (2011) suggest that organizations should not be seen as a fixed entity but rather they are emergent properties of change, therefore, change is natural and on-going process for any type of organizations. Another seminal piece of

work was published by Kotter (1996 cited in Appelbaum et al., 2012). This model suggests eight steps in order to transform an organization: establish a sense of urgency about the need to achieve change, create a guiding coalition, develop a vision and strategy, communicate the change vision, empower broad-based action, generate short-term wins, consolidate gains and produce more change and anchor new methods in the corporate culture. Despite the universal acceptance of the model, it consists of several limitations such as lack of scientific evidence and it needs validation (Learmonth, 2006).

The generalizability of much published research on the categorization of organizational change is problematic due to the presence of many different jargons that are used by different researchers to define the model of change in an organization. However, there is a consensus about drivers of change that often compel organizations to adapt a transformation: Internal factors such as management philosophy, organizational structure; external factors such as new technology, changes in the marketplace and competitors' activities (Balogun and Hope Hailey, 2004; Burnes, 2003; Kitchen and Daly, 2002). Although there is a discrepancy of characterizing an organizational change, By (2005) reviewed a great deal of organizational change literature and classified organizational changes into three distinct categories: *by the rate of occurrence*, *by how it comes about* and *by scale*. This study suggests two main organizational changes based on the rate of occurrence: *incremental* and *continuous* (Burnes, 2003; Luecke, 2003). Based on how an organizational change comes, the literature mainly addresses two types of organizational changes: *planned* and *emergent* (Bamford and Forrester, 2003). However, planned approach has been criticizing due to assumptions that organizations operate in a stable environment (Bamford and Forrester, 2003). At this point, Burnes (2003) points out 'successful change is less dependent on detailed plans and projections than on reaching an understanding of the complexity of the issues concerned and identifying the range of available options. Lastly, based on the scale of initiatives, Dunphy and Stace (1993) suggested four different organizational changes: *fine-tuning*, *incremental adjustment*, *modular transformation*, and *corporate transformation*.

Although there are many factors undeniably contribute to failure of organizational change process such as ineffective leadership (Burnes, 2003; Penava and Sehic, 2012) and organization culture (Kleiner and Corrigan, 1989); scholars and practitioners increasingly emphasized the importance of eliminating the resistance factors that are predominantly caused by "*human element*" (Seo et al., 2012). Williams (1989) point out organizational transformations often creates turbulences and individuals are often unclear about the impact that change will have on them personally, and unsure whether they will be able to meet the new demands which are being made of them. William (1989) also suggests that change can disclose poor practices and relationships which had been accommodated within the existing setup. Bernerth (2004) also suggests that employees seek predictable relationships and dependable and consistent job functions. However, change initiatives often subject to uncertainty. During these processes, employees who experience more positive affect are likely to exhibit more supportive and creative behaviors in the long term whereas, negative influences tends to foster defensiveness and various competitive behaviors (Seo et al., 2012).

In the first place, the frequency of communication during a change initiative has been portrayed as a key success factor of employee readiness by many different researchers and practitioners (Armenakis et al., 1993; Cardon and Philadelphia, 2015;

Quirke, 1996; Kotter, 2008). Marques and Esposito (2014) suggest “*a continuous exchange of messages can allow new meanings to develop, and these will stem from changes in each individual’s original meanings, which can lead to a process of meaning convergence that can be understood as the beginning of communication, the possession of something in common*”. Apart from the volume of internal communication, the quality of it has been outlined by various studies (Armenakis et al., 1993; Bernerth, 2004; Quirke, 1996). Bernerth (2004) asserted five components that are necessary for successful change communication:

“The **discrepancy** element addresses the gap between the desired state of the organization and the current state. The **appropriateness** component involves whether the change is the right answer to bridging the gap. Most appropriateness statements address the decision-making process for a change policy and explicitly address why the change is superior to alternatives. The **efficacy** factor refers to the capability of the business to implement the change. The **principal support** element relates to the commitment of leaders and stakeholders to the change. Lastly, the **personal valence** component relates to benefits to the employees”.

Organizational Change and The Role of Leadership

There is a large volume of published studies describing the role of leadership in an organizational change. Particularly, organizations have become more complex than ever which means leading an organizational change also becomes problematic in terms of considering many different factors at the same time. Recent studies argue that the role of leadership has changed and the traditional role of leadership has become obsolete along with novel outcomes of globalization such as “*deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends*” (Graetz, 2000). In addition, organizations work with a new type of generation. Compared with older generations, millennials tend to more readily adopt workplace values such as teamwork, community orientation, collaboration, and sharing (Cardon and Philadelphia, 2015). Since therefore, the role of leadership in an organizational transformation process has shifted through more participative approach. The role of the change agent in shaping employees’ perceptions of the desirability of change is to present an attractive vision that will minimize the negative aspects of change (Penava and Sehic, 2014). At this point, Manning (2012) pointed out leadership is crucial in terms of building a network of support for the vision and stir up feelings of welcome so that they have the necessary skills and knowledge for the change(s) to succeed.

Numerous studies have attempted to link certain types of leadership and successful organizational change (Graetz, 2000; Herold et al., 2008; Seo et al., 2012). Mainly, these studies address *transformational leadership* as a tool for effective organizational transformations because it treats followership as a part of reciprocal interactions rather than leader-centric approaches (Bien et al., 2014). There are five dimensions associated with transformational leadership (Bass and Avolio, 1997 cited in Harms and Crede, 2010):

“**Idealized influence (attributed)** denotes the socialized charisma of the leader and whether or not he or she is perceived as being confident and committed to high-order ideals. **Idealized influence (behavioral)** defines charismatic actions

by the leader that are based on values, beliefs, or ideals. **Individualized consideration** is the extent to which a leader attends to the needs and concerns of his or her followers by providing socio-emotional support. This involves mentoring followers, maintaining frequent contact, encouraging followers to self-actualize, and empowering them. **Inspirational motivation** is the degree to which leaders inspire and appeal to followers by setting challenging objectives and communicating optimism with regard to goal attainment. **Intellectual stimulation** refers to the extent to which leaders engage in behaviors that cause followers to challenge their assumptions, think creatively, take risks, and participate intellectually”.

Despite the widely acknowledged idea of “*transformational leaders motivate their followers to perform beyond expectations by making them more aware of the importance and value of goals*” (Bien et al., 2014), one question that needs to be asked, however, is whether transformational leadership approach is appropriate for a specific change initiative especially in which organizations experience several difficulties. Although Herold et al.’s study (2008) suggest that transformational leadership has a strong impact on followers' change commitment, there is a little attempt to explain the role of transformational leadership in organizational change literature. Lastly, most studies in the field of transformational leadership have only focused on face-to-face job setting and the virtual job setting has been neglected in the current organizational change literature.

Organizational Change and Politics

Although extensive research has been carried out on the role of leadership in an organizational change literature, researchers have not treated politics in many details. The concept of organizational politics is often rooted in Machiavellian political theory which focuses on the rational and strategic use of power bases in political processes (Blazejewski and Dorow, 2003). According to Pfeffer (1978, cited in Kitchen and Daly, 2002) organizations are political systems and coalitions of interests and when status quo or balance is changed, politics within an organizational context can inhibit the change initiatives. An actor’s influence in organizational change processes depends on the accessibility and applicability of power bases and on the accredited interests and resources available to his/her opponents who might build up resistance to the change efforts (Blazejewski and Dorow, 2003). Pfeffer (1992: 299 cited in Blazejewski and Dorow, 2003) suggests four steps in order to manage changes with politics effectively: First, recognizing the colliding interests and strategies of the relevant power-holders; secondly, analyzing to what extent and why these interests and strategies differ from each other’s within the business; thirdly, managing with power requires a relative power surplus in relation to opponents; and fourthly, outlining the strategies through which power is developed and used in organizations.

Kitchen and Daly (2002) consider power and politics as an important aspect of internal communication during an organizational change. Depending on employees’ perceptions of a change, they will transmit positive or negative messages to other important stakeholders and coalitions inside and outside the entity. In this respect, McClellan (2011) argues that organizational changes fail because talk of change often suppresses, rather than celebrates, the emergence of conflicting organizational meanings.

Besides, McClellan (2011) also argues that “*Organizational change is no longer directly related to how successfully managers communicate information, but to a practice of enabling creative conversations among organizational participants*”. Thomas et al. (2011) suggest that senior managers may hold privileged positions in terms of their capability to introduce new patterns but, ultimately, the meanings of these texts have to be negotiated with other organizational participants, as a result of which they may be interpreted differently. Thus, organizational change has become a “*multi-authored*” process (Buchanan and Dawson, 2007). At this point, the importance of “*value alignment*” is stressed by different researchers in terms of preventing unintentional alternative meanings about the organizational change (Branson, 2008; Thomas et al., 2011).

To sum up, this review of the literature maintains that today’s organizations are being forced to change constantly due to the extremely competitive and unpredictable nature of their environment. Unlike previous change practices in the past, the human factor is no longer taken for granted while new structures and systems are paid attention. While the widely acknowledged internal communication is addressed as the critical aspect for those organizations desiring to change, the accessibility of powers those who are supposed to shape the perception of workers is too narrowly focused and generally neglected. Yet, change agents who are not equipped with necessary powers adequately may not prosper in eliminating colliding interests within the company. In this sense, communication might be considered as a political practice that limits the conflicts inherent in the constitution of new equilibrium by challenging pre-defined meanings. Consequently, the incorporation of generating convergent meanings and enabling others to perform on those meanings is vital in terms of necessary enthusiasm and commitment.

Methodology

A variety of methods is used to assess organizational change in the current literature. Each has its advantages and drawbacks. Due to the explanatory nature of the research, a *qualitative case study* methodology was adapted to this study. Despite certain types of prejudice about the case study strategy such as being the lack of evidence for scientific generalization and being the lack of rigor (Yin, 1994, p. 9), Yin argues that a case study is a distinctive form of empirical inquiry. Yin maintains (1994, p. 13) the case study examines a contemporary phenomenon within a real-life context, especially and to explore those situations in which the intervention being assessed has no clear set of consequences. One of the important rationales for designing a *single-case study* is to investigate whether transformational leadership approach has an impact on Yahoo!’s organizational change and the role of political issues in terms of resistance to change.

The data for this study is gathered through analyzing the range of quality researches that were done before and derived from a variety of newspaper and journal articles and online collections. Although collecting secondary data includes several drawbacks in terms of research ethic such as lack of control over the quality of existing data (Robertson, 1993) and some attempts to manipulate the data into a suitable form (Cowton, 1998); There are two main advantages of collecting secondary data according to Hakim (1982, p. 16 cited in Cowton, 1998): The first benefit of secondary data analysis is that it forces the researcher to think more closely about the theoretical objectives and substantive issues of the study rather than the practical and methodological problems of

collecting new data. Secondly, the time and effort involved in obtaining funds for and creating new data can be dedicated instead to the analysis and interpretation of outcomes.

Case Study: Organizational Change Experienced in Yahoo

The Company Background

One of the world's leading internet media companies, Yahoo! Inc., was founded in 1994 by two Stanford University students. Initially, Jerry Yang and David Filo spent their time cataloguing their favorite website as a hobby and then they established their own website which was called "Jerry's Guide to the World Wide Web". When they realized the potential of their website, they decided to change the name of the website to Yahoo!. Due to the World Wide Web boom in the late 1990s, co-founders of the company decide to commercialize their product. At first, the main revenue of the company was generated through banner advertisement and following years the company also started to make distribution agreements with companies who would like to enhance their own websites traffic. The company also provide extra services to their customers such as free e-mail and chat areas.

As the website grew both in the number of users and the number of clients dramatically, the company went public in 1996. Soon after, the company increased its marketing activities via national-scale advertisement campaigns on television. Meanwhile, the company accelerated its acquisition and partnership activities by purchasing many different size and types of companies across the world. At the end of 1998, the number of regular Web users grew to 142 million and the total dollars spent on Web advertising was about double that of 1997 and registered e-mail users reached at 12 million (Yahoo!, 1998). However, right after millennium, the company started experiencing difficulties due to increase in the number of new competitors such as Google and Facebook. Besides, the company has failed to catch the new trends in the mobile industry while their competitors highly focus on mobile services based on the idea of being mobile is the critical success factor for high-tech companies in the near future. Bureaucratic organizational culture has been mainly addressed as the main source of the being incapable of innovative and in 2012, Marissa Mayer was hired as the CEO of the company in order to overcome the problems and shift the company on the right track again.

Arising Problems at Yahoo That Led to Organizational Change

Since the World Wide Web revolution, the internet service industry has overwhelmed by many different size and type of competitors. Besides, some of them started to catch public attention and dominate the industry by providing innovative product and services to their customers. For instance, the companies such as Google and Facebook create a great organizational culture to support constant innovation process, in fact, they integrate innovation into their company strategy as a core aspect. These require high levels of collaboration, an agile team, individual creativity and knowledge sharing among team members (Pathak et al., 2015). In contrast, Yahoo has been considered as a bureaucratic organization and far from being innovative. Therefore, the company has been struggling to protect its strong position in the market and sustain its competitive advantage. Some commentators suggest that Yahoo!'s investments in Alibaba and Yahoo Japan have saved

the company from the danger of confronting more severe financial problems (Solomon, 2015). As it is illustrated in *Figure 1. and Figure 2.* (Orbis, 2016), there is a dramatic decline in the company turnover between 2006 and 2015 respectively.

Operating Revenue (Turnover) 2006

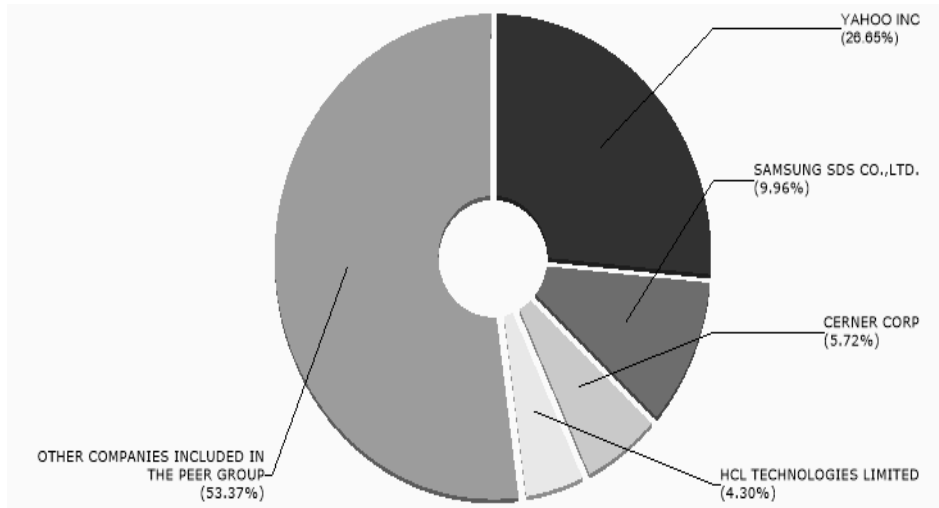


Figure 1. Peer Group Comparison According to the Operating Revenue, Adopted from Orbis

Operating revenue (Turnover) 2015

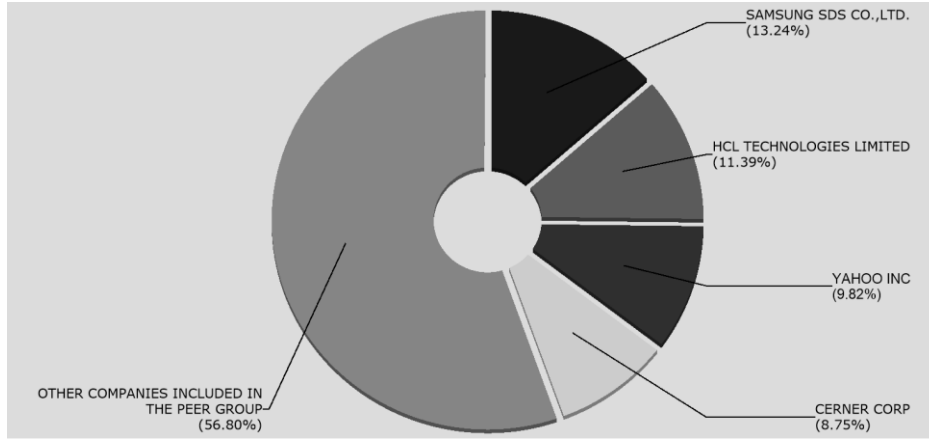


Figure 2. Peer Group Comparison According to the Operating Revenue, Derived from Orbis

Besides, Yahoo! has amended CEO position of the company four times since 2011, and each individual possess her/his idea about what Yahoo! is. Naturally, the company has also experienced confusion about strategic mission and values of the company. The company derived its major revenue from internet search industry. Apart from this, the company also operates as an online advertising company. However, it can be suggested that Yahoo! did not realize the importance of being mobile while others build a strong position in this industry. Due to the absence in the mobile services industry, the company missed the opportunities such as innovating their own operating system as Samsung and Apple did and reaching much more individuals. Although, the company has acquired several well-known mobile services such as Tumblr and Flickr recently, the questions arise whether these mobile services are well enough to prove Yahoo!'s presence in the mobile service industry and more importantly to what extent these services help to the company to understand new trends in the industry and assist in regaining innovative organizational identity. All in all, Yahoo! has been struggling to create innovative product and services in order to prevent further financial problems and find ways to turn the company around.

Creating A Flourishing Culture: Mayer's Turnaround Efforts

Due to the nature of organizational changes, organizational transformations often creates instabilities and individuals are often unclear about the impact that change will have on them personally, and unsure whether they will be able to meet the new demands which are being made of them Williams (1989). In the case of Yahoo!, the situation is even more problematic since, on one hand, the company had to follow lay off strategy due to financial difficulties, on the other hand, they had to create an innovative organization culture at the same time. Right after Marissa Mayer was assigned to the CEO position of

the company, she had to confront with a huge dilemma; resolving the trust issue within the company triggered by fear of losing their job, as well as encouraging workers to be more productive and innovative. Primarily, she prioritized creating a clear vision and sharing the vision within the company in order to prevent confusion about Yahoo. In pursuit of Mayer scrutinizes the company closely, she came up with a clear vision which emphasizes the strong presence in the mobile service industry.

In the first place, Marissa Mayer banned telecommuting and invited to employees who work from remote places to the company offices in 2013. The decision has been heavily criticized by external and internal parties based on the idea of teleworking boost the flexibility of talented knowledge workers which is essential for innovation. Flexibility is an instrument that enables firms to cope with growing uncertainty as it facilitates a quick response (Sanchez, et al., 2007). The question arises why Marissa Mayer banned remote working despite certain benefits for productivity and innovation such as high-level autonomy (Newell et al., 2009, p.13) and low-level work-family conflict (Gajendran and Harrison, 2007). The answer is hidden in her public discourse after the decision was made “the ban was necessary in order to foster a collaborative, creative environment and it may not be relevant to other companies’ situations”. Her decision to changing work arrangement is likely to be based on a cautious analysis of Yahoo employees’ productivity and with a desire to imitate the vibrant creative working environment she experienced at Google. As Harris (2015) claimed that “*workplace is likely to continue to form a hub for bringing colleagues together for networking, knowledge sharing, mentoring and collaborating*”.

Meanwhile, in order to support the idea of co-location, she attempted to create an attractive working environment for knowledge workers such as providing free lunch in the cafeteria and renewing old company mobile phones with the newest model. Furthermore, she introduced several initiatives in order to reduce bureaucracy and augment collaboration. One initiative she introduced to facilitate this effort was her “*Friday town hall*” meetings where she encouraged employees to come up with ideas and to discuss and vote on each other’s ideas (Sellers, 2012). In addition, she also announced “Process, bureaucracy, jams” (*PB&J*) program in order to reduce bureaucracy and removing jams within the company. Her intention was also bringing the new talents to the company in order to obtain fresh perspectives. Kleiner and Corrigan (1989) suggest, transformational change often requires new blood that is brought in from the outside and placed in key positions. The changes are small in number, but are necessary, as new executives are more likely to provide the necessary motivation, commitment to the new mission, energy to overcome organizational inertia. All these attempts hold only one purpose which makes Yahoo best place to work by facilitating internal processes and eliminating barriers in front of the current organizational change.

It is clear that Mayer adopted several aspects of Kotter’s eight steps model during the current organizational change. She created a change vision for the company and shared the vision through all parties although the way and the quality of her communication have been criticized by different commentators. Then, Mayer created a supervisory coalition by the help of freshly hired middle level managers and ensure that the coalition holds several essential characteristics such as position power, expertise, credibility and leadership. Most importantly, she empowered broad-based actions by eliminating bureaucracy, jams and other obstacles within the company. She also provides

short-term wins such offering rewards for creative ideas in order to turn this process into a sustainable change and achieve long-term goals. However, it can be suggested that she neglected to create a sense of urgency via emphasizing the current situation of the company before sending a memo to all employees demanding that all staffs work on-site. Besides, the seventh step of the model “*consolidate gains and produce more change*” can be seen as irrelevant for this organizational change due to the uncertain outcomes of the process.

The positive relationship exists between transformational leadership and commitment to change described as “*more transformational leaders seem to get more “buy in” to an organizational change regardless of their specific behaviors in planning or implementing that change*” by Herold et al. (2008). They also emphasized the strength of the relationship may vary based on the trust that has been constructed over time. Undoubtedly, Marissa Mayer possess some aspects of transformational leadership: *idealized influence (attributed)* such as socialized charisma based on her former experiences in Google; *Idealized influence (behavioral)* such as banning telecommuting in order to share the values and beliefs more effectively; *individualized consideration* that requires encouraging followers to self-actualize, and empowering them (i.e. introducing FIY program). On the other hand, the high credibility of Marissa Mayer is a crucial aspect when reformulating the organizational culture. However, the question arises to what extent the change message of Mayer aligned with other parties’ values within the company. In the case of Yahoo, as Herold et al. suggest (2008) the lack of trust that has been built up over time between parties created difficulties in terms of employee readiness which will be outlined in the further discussion.

Contextual Challenges During the Change Process: Power & Politics

In February 2013, when an internal memo was leaked to the media, it was considered as a scandal and heavily criticized by internal and external stakeholders of the company. This decision has been considered as a backwards step in an era when remote working is easier and more effective than ever. The initial reaction of the employees to this decision was negative as expected especially, female workers want to telecommute to retain their jobs and take care of their children. Yet, Mayer built a nursery for her young son next to her office made parents working at Yahoo even angrier (Miller and Perlroth, 2013). Furthermore, several activist shareholders in the board declared their contradiction to this decision based on productivity and employee rights (Reisinger, 2016). Failure to build a sense of urgency before taking actions has been portrayed as the main reason of these oppositions by Gersch (2013). She also suggests that if she had created an awareness within the company, the changes may have received more cheers than jeers. It is clear that different interest groups within the company inferred different meanings from the change process. In order to compensate negative outcomes of the decision and make all employees willing to work from their offices, Marissa Mayer intended to create a home-like atmosphere in the workplace to reconstitute team spirit and synergy. In July 2016, employee ratings on the website Glassdoor (2016) exposed that employee satisfaction in Yahoo has increased and arrived at 3.5 (out of 5). Nevertheless, this rating can be still considered as poor when it is compared with other rivals such as Google 4.4 and Facebook 4.5.

Another important factor that creates resistance to current change was unavoidable lay off strategy resulting from financial difficulties. In such cases, trust between managers and employees weaken and it must be dealt with by managers in order to increase employee motivation for organizational changes. Organizations like Yahoo, are complex organisms and they profoundly dependent on talented knowledge workers in terms of competing with other rivals. The constant fear triggered by job cuts may have influenced these talented workers negatively in terms of commitment to the change even if they did not verbalize it explicitly. Kegan and Lahey (2001) explain the situation from a psychological perspective as those individuals generally resist changes because of their *competing commitment* and *big assumptions* that they often hold. In addition, they suggest people often reluctant to disclose, because admitting to big assumptions makes them uncomfortable. In the case of Yahoo, individuals may have held an assumption such as “*Even if I do a good job, they will fire me soon*”. Therefore, the disclosure process should be managed by leaders otherwise, the employee perception can shape the reality. Most importantly, if these sorts of assumptions become prevalent within the company, it may well poison the change process as a whole. In this respect, the role of senior level managers should be emphasized in terms of creating communication channels, unrevealing hidden assumptions and diagnosing them.

Evaluation of The Organizational Change

After all structural organizational changes that Mayer envisioned, analysts suggest that the company still struggle to maintain its core business (search industry) despite the various partnership with strong institutions such as Google, Microsoft and Apple (Helft, 2015). Furthermore, in spite of considerable changes, there is a consensus that outlines the ongoing risk of being acquired by other rivals. After the fourth year of her tenure, Mayer points out that Yahoo still needs to prove that it can launch new apps that can capture the dreams of massive numbers of customers. Recently, the company has launched new strategy which is called “*MaVeNS*”. The name of the strategy stands for the acronym of mobile, video, native advertising and social services. Making significant money via mobilizing the company has become the core aspect of Yahoo’s new business strategy, however, they must create an innovative organization culture that supports the growth of the company. It is clear that expectation from Mayer is very high, nonetheless, other factors such as capability and willingness of followers, organization culture and communication must be considered as the sources of sustainable change creation.

There are two different perspectives about Marissa Mayer and what she has done: Firstly, several practitioner and researcher portray that Mayer is a visionary leader and put the necessary synergy for shifting the company to the right track. They also believe that this size of the organizational change takes time and cannot be completed over a night and Mayer can manage to turn the company around if she is given enough time and resources. In contrast, others possess skeptical thoughts whether Mayer is capable of reinventing Yahoo. Most argue that Mayer has not a vision for Yahoo and she has been characterized as an over defensive person (an unwillingness to delegate) (Seller, 2012). In fact, she was blamed using threats or intimidation to force employees to accept desired changes instead of making employees support and encourage these changes of their own volition (Roth, 2013). In addition to these, the idea of Ms. Mayer was hired in order to

prepare the company for future acquisition might be considered in order to fully understand this organizational change.

Parenthetically, in the second half of 2016, the company's operating business was acquired by a well-known American mobile company, Verizon, for \$4.83 Billion excluding Yahoo's shares held in other companies such as Alibaba. Right after the acquisition Mayer published a letter which explains the underlying reasons for this acquisition and states that "*Today's announcement not only brings us an important step toward separating Yahoo's operating business from our Asian asset equity stakes, it also presents exciting opportunities to accelerate Yahoo's transformation*" (Solomon, 2016). Although this acquisition has considered as the failure of Mayer in terms of transforming the company by many commentators, yet, Mayer's performance may be considered well enough if she was hired for a future smooth acquisition of the company. All in all, the transformation process of the company that changed the world once can be evaluated differently according to various lenses adapted.

Discussion

This study set out with the aim of assessing the role transformational leadership in employee readiness to Yahoo's organizational change and to measure the impacts of value creation by effective communication on overcoming colliding meanings through organizational changes. Although scholars have generally presumed that transformational leadership has an important role in the success of organizational change initiatives, the context of organizational change (e.g., scale and type of organizational change) has been relatively neglected. Carter et al. (2013) have claimed that organizational changes in hard times require employees to adjust not only work routines but also social practices (e.g., relationships with their executives and peers). Thus, these individuals often experience a certain level of pressure and tensions while adapting to their new job requirements. Yahoo's female CEO, Marissa Mayer, initially challenged unproductive processes within the company then create a change vision and encourage employees to co-creation of new organizational culture. In addition, she established several initiatives in order to deal with possible obstacles that may have inhibited the change process. By doing so, Mayer managed to reduce initial resistances triggered by previous work practices and help employees to embrace new meanings. The results of this study indicate that transformational leadership has a significant impact on the willingness of workers by "*challenging the status quo*" (Graetz, 2000). The findings of the current study are consistent with those of Bernerth (2004); Herold et al. (2008) and Seo et al. (2012) who suggest transformational leadership behaviors were both positively and negatively associated with positive and negative affect, respectively, among their employees, which in turn related to greater commitment to change in addition to more supportive, more creative, and less resistant employee behaviors during organizational change. Besides, this finding is in agreement with Herold et al. (2008) findings which showed that "*under conditions of high personal job impact, transformational leadership is positively associated with change commitment regardless of whether change leadership was seen as good or bad*".

As mentioned in the literature review, transformational leadership comprises five distinctive characteristics and it may be hard to show and perceive these transformational behaviors in electronically-mediated communication settings (Thompson and Coovert,

2003). The reason for this assumption clarified by Kirkpatrick and Locke (1996) as “*both charisma (idealized influence) and inspirational motivation employ non-verbal and para-verbal cues*”. Besides, the results of Hambley et al. (2007) study supports the idea of leaders may involve fewer individualized consideration (behaviors) in virtual job settings, such as taking the time to form close relationships with individual team members. In the case of Yahoo, Mayer banned virtual job setting in order to create internal cohesiveness and to establish collaborative teamwork within bricks and mortar. However, Purvanova and Bono (2009) found that leaders change their behaviors across team types and leaders often scale up their transformational leadership behaviors with virtual teams. Therefore, the results of the study proved that transformational leadership has a stronger effect on team performance in virtual than in face-to-face teams. In addition to these contradictory arguments, the idea of bringing all employees to offices challenge to the notion of knowledge workers need a certain level of autonomy and flexibility for innovation (Newell et al.,2009, p.13).

These contradictory findings suggest that effectiveness of job setting can vary depends on the specific situation of the organization. As Pathak et al. (2015) suggest technology companies may arrange their job settings according to types of project that they carry out: First, projects intended to the improvement of new products. These require high levels of collaboration and knowledge sharing among team members. Therefore, working together in an office is highly favorable. Second, projects that perform bespoke software application development. These types of projects can be considered as similar to the new-product-development projects. In these projects, working together in an office would be beneficial, but not vital and, thus, the company can allow working from home. Third, maintenance projects for providing support and minor upgrades to existing software applications. Most of the work in these projects relates to fixing errors (or bugs) and carrying out routine maintenance. Companies do not expect innovation in these projects. The main focus is to do these tasks as efficiently and cost-effectively as possible. For these projects, locating employees in an office offers no additional value to the company. Offering work-from-home is highly recommended for employees engaged in such projects. In this sense, it can be suggested that Yahoo’s projects might be predominantly categorized in the first group and Mayer’s decision about banning remote working can be justified according to these criteria.

As noted earlier, this study also assessed power relations during an organizational change and it must be emphasized that organizational changes have evolved through multilateral processes. In spite of the fact that the role of leadership is heavily addressed as the key success factor of organizational changes by many researchers, the ability and willingness of followers have become more of an issue in terms of achieving long-term purposes of these processes. In this way, change is transformed from the strategic practice of persuasion into a collective practice of conversation aimed at generating new ways to organize (McClellan, 2011). Mostly, organizational scholars address existing colliding meanings about the proposed change as the central reason for the conflict. Parallel to this, they emphasize the role internal communication during the change initiatives regardless the type of transformation (Buchanan and Dawson, 2007; McClellan, 2011; Waddell and Sohal, 1998). However, few study treats communication as a tool for aligning different meaning in spite of simplistic approach (Blazejewski and Dorow, 2003; Johnson et al., 2000). In addition, some of them neglect the uniqueness of each organizational change

process even though organizational transformations comprise similarities. For instance, in the case of Yahoo, due to lack of mutual trust between parties triggered by the layoff strategy, restrict change agent's scope of action. Thus, practical guidelines and recipes that suggest specific checklists for steps to adhere tend to oversimplify the highly dynamic nature of organizational changes.

Since organizational changes are often non-linear and politicized (Dawson, 2003, p. 81), Blazejewski and Dorow (2003) argue that "*change agents will safeguard them depending on their access to power bases against resistance*". In their seminal piece of work, French and Raven (1959, pp. 150-167) identified five sources of power: *coercive power, reward power, legitimate power, referent power, expert power*. In 1965, Raven identified the sixth source, *informational power*, and once he recognises the new base, he portrayed the informational power as the only catalyzer of cognitive change. Turning now to Yahoo case, despite the increase in using information power after Mayer take over the responsibility (e.g., FYI meetings and regular electronic memos), one question arises whether being a female CEO of one of the well-known tech company affect especially access to *referent power* refers to recognition by the target through enabling him or her to maintain a satisfactory relationship with the agent and consider themselves as similar to the agent at some points. At this point, it is suggested that the association between gender of agents and access to these powers is investigated in future studies. It is also worth to be questioned that whether or not resistance to change should be considered the pure enemy of an organizational change. If not, can it be used as a tool for reconsidering organizational transformations and discovering ineffective processes that are embedded in the organization culture?

The current project was limited in several ways that point to future investigation directions. First, the study solely relied on secondary data due to time and resource constraints. This fact raises questions about the degree of appropriateness of the data used in the study and the transferability of the results to other cases. In order to increase reliability, *maintaining chain of evidence* (Yin, 1994) has been applied which allows external observers to trace steps in the process. However, what is now needed is a multiple source study involving collecting data directly from employees as well as managers in order to assess the perceptions of the related parties about current change process. Another limitation that may undermine the value of the current study is the undertaken change process is to be continued for a while and therefore consequences of the change process are not still evident. Hence, further researches should be conducted after the results come along. Finally, the most important limitation lies in the fact that addressing subjective research lenses when evaluating the data. In this sense, the study has become open to possible systematic bias. Therefore, it is strongly suggested that future studies integrate multiple (both subjective and objective) approaches while assessing the employee behavioral outcomes related to the examined organizational change.

Conclusion

The case of organizational change at Yahoo challenge the idea of organizational transformations can be dealt with pre-checklists or recipes due to the dynamic nature of these scale organizational changes. In fact, beyond the several similar characteristics, each organizational changes encompasses a number of unique aspects that should be analyzed cautiously. The company attempted to transform its environment under severe

financial problems and there was a confusion about the strategic direction of the company. Therefore, time constraints to turn the firm around created great pressure on both employees and change agent. In addition, in parallel with requisite lay off strategy, trust between workers and the change agent was degraded. All, these factors are considered together, challenging current equilibrium and reshaping shared meanings within the company requires transformational leadership behaviors such as *individual consideration* and *inspirational motivation*. It is suggested that the perception of Yahoo's employees on the leadership of Ms. Mayer should be investigated with objective methods in the future. Because information derived by parties directly on this relationship would help us to establish a greater degree of accuracy on this matter. Lastly, further research might focus on two questions about leadership in terms of legacy; first, does gender of leaders has any influence on the perception of leaders' adequacy? and secondly, is there any relationship between the background of leaderships and power of influence on others?

The evidence from this study also suggests that creating new meanings predominantly depends on challenging different power coalitions triggered by colliding interests. At this point, most researchers emphasize the vitality of internal communication. However, beyond sharing the necessary information through up to down, generating an enabling environment which allows to all parties involve creating new meanings and negotiating them has become a crucial factor for executing a transformation successfully. As indicated from Yahoo case, the new meanings were attempted to create in a collaborative way by the help of new initiatives such as FYI meetings and PB&J program. Moreover, the change agent created a home-like environment in order to reduce post-resistance to change triggered by banning telecommuting. In other words, the agent followed a compromise strategy wisely which absorb the certain level of resistance. On other hand, power bases that change agents possess against those who resist changing essential for resolving the conflict of interests particularly, where the organizational changes are carried out under various difficulties. The main reason for this, crises often divert attention from transformations process and individuals heavily concentrate on not losing their positions or jobs. At this point, it is critical transforming cognitions by convincing followers that the change will preserve their rights. If the debate is to be moved forward, a better understanding of potential positive effects of resistance over *learning from the process* needs to be developed. Yet, significant decisions are taken by senior managers may always not represent absolute right but rather that decisions need be altered according to different perspectives within the company.

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