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Why do firms launch corporate change programs? A contingency perspective on strategic change

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ABSTRACT

We study strategic change as a visible and substantive action by examining the circumstances under which firms launch *corporate change programs*. Drawing on prior literature and corroborated by insights from interviews with executives, we propose a contingency perspective on the launch of *corporate change programs* (i.e. that different types of programs are launched under different circumstances). To do so, we combine arguments for three general motives for launching a corporate change program with two distinct types of corporate change programs. More specifically, we argue that firms are more likely to launch growth-oriented programs when the market situation is buoyant, when they have prior experience, and when they are underperforming. Furthermore, we argue that firms are more likely to launch efficiency-oriented programs when there is a new CEO, when they are underperforming, and when they are facing high levels of organizational complexity. To test our hypotheses regarding the motives for launching programs, we conducted a large-scale empirical study. Using hand-collected data for the European financial services and insurance industry over a ten-year period, we found support for our predictions. We discuss the implications of these findings for strategic change research.

1. Introduction

In dynamic business environments, the ability of firms to adapt to changes in their environment is key to their long term success (Agarwal and Helfat, 2009; Gioia, Thomas, Clark and Chittipeddi, 1994). This *strategic change* ability refers to "change that is consciously initiated by top managers and that leads to a significant shift in an organization's key activities" (Weiser, 2021: 815). Scholars have developed a significant body of knowledge about the drivers of and impediments to strategic change, as well as the processes through which it occurs (for reviews, see Hutzschenreuter, Kleindienst and Greger, 2012; Johnson, 1996; Kunisch, Bartunek, Müller and Huy, 2017; Müller and Kunisch, 2018; Rajagopalan and Spreitzer, 1997; Schmitt, Raisch and Volberda, 2018; Stouten, Rousseau and De Cremer, 2018; Weiser, Jarzabkowski and Laamanen, 2020).[1]

Despite the wealth of insights, our understanding about strategic change is far from conclusive. First, much of the existing research has focused on strategic change as the difference in state between two points in time, i.e. once a significant shift in a firm's key activities becomes visible. Less well studied is strategic change as a *substantive action* that can be observed and followed over its entire process (including initiation, implementation and communication). For example, Weiser (2021: 815) recently noted that "prior research has paid little attention to how substantive actions shape the interpretive change process." Relatedly, much of the earlier research has conceptualized strategic change as a coherent event, when in fact it is typically comprised of several strategic change initiatives that come together and need to be orchestrated (Kanitz, Huy, Backmann and Hoegl, 2022; Kunisch, Keil, Boppel and Lechner, 2019).

Second, most empirical research has studied specific aspects of strategic change and applied a particular theoretical angle, for example the 'strategic as practice' perspective that emphasizes day-to-day actions (Balogun and Johnson, 2005) or the 'symbolic management' perspective that focuses on signals of intent (Fiss and Zajac, 2006). While all these

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[1] We acknowledge that scholars have used a variety of closely-related terms to describe this phenomenon including "strategic change", "strategic renewal" and "organizational change." The literature reviews referenced here discuss the conceptual overlaps and differences between these terms.

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perspectives are important, there are relatively fewer studies that adopt an integrative logic that seeks to understand how multiple motivations for change interact together.

In this study, we tackle these shortcomings by focusing on a specific substantive action in strategic change, namely a *corporate change program*, which is a visible temporary CEO-sponsored structure for orchestrating a set of initiatives to fulfil an overarching strategic change agenda. This focus on substantive action serves two purposes: first, there is a clearer link from research to practice, in terms of identifying the types of executive actions that enable strategic change. Second, focusing on specific actions makes it easier to conduct a systematic analysis of the *contingencies* involved in strategic change – the conditions that lead a firm to launch a corporate change program or not. Given the complexity in strategic change, studies in a narrower setting, in which some firms implement a particular technique and other similar ones do not, are likely to help our understanding of strategic change.

The purpose of our paper is therefore to ask: *why do firms launch corporate change programs?* This research question allows us to develop and test arguments about the specific conditions that motivate CEOs to launch these programs, and to explore the different types of programs that are launched under different circumstances. In a first step, we draw on a variety of arguments from the literature to put forward an integrative view of the motives of CEOs to launch corporate change programs, specifically: (1) as a response to underperformance; (2) to improve internal coordination in the face of complexity, and (3) to enable buy-in to the proposed change by announcing the program to external stakeholders. In a second step, we combine these motives with two different types of programs, *efficiency-oriented programs* that seek to reduce costs and improve quality and *growth-oriented programs* that seek to increase revenues through innovation and market expansion.

To test our hypotheses, we conducted a quantitative analysis of a sample of firms in the European financial services industry (banking plus insurance) for the decade 2000–2010. Using detailed, hand-collected data which captures all corporate change programs launched by these firms during that timeframe, as well as all cases of firms that did not launch such programs we found support or partial support for our hypotheses. Our analysis revealed that all three contingencies were important, but more importantly it showed the two types of programs were instigated under different circumstances. Firms launched efficiency-oriented programs when there was a new CEO, when they had been underperforming, and when they were facing high levels of organizational complexity. Firms launched growth-oriented programs when the market situation was buoyant, when they had prior experience (typically an earlier efficiency program), and also when they had been underperforming.

These findings suggest some interesting ideas about the conditions under which different types of corporate change programs are launched. We discuss the implications for theory and practice related to strategic change in the final part of the paper.

2. Background and hypotheses

The notion of a *corporate change program* as a substantive action that enables strategic change is well established in the literature. There are analogies to well-known public sector programs, for example Roosevelt's "New Deal" (1933–1936) and NASA's Space Shuttle program that were concerted efforts to achieve an overall purpose by pulling together a number of linked initiatives (Badger, 2009; Gordon, 2008). In a business context, one can trace the idea of a corporate change program back to Ansoff's (1965) work on strategy implementation in the American aerospace industry which relied on a number of "impermanent" initiatives requiring contributions from various organizational units. More recently, Morgan, Levitt and Malek (2007) referred to programs as a "cluster of tightly coupled projects /in which significant interdependencies exist between the projects," and Huff et al. (2009) argued for "creating and managing a portfolio of such initiatives" to achieve corporate goals in a coordinated way. In the world of practice, recent examples of this phenomenon include Siemens' *Accelerating High-Value Growth* program for delivering growth through technology, Arla's *Future26* plan for growing responsibility to meet consumer's fast-changing eating habits, and Lufthansa's *SCORE* program for coordinating a range of strategic initiatives in joint purchasing, fuel efficiency and streamlining administrative functions.

As these examples suggest, and as pointed out in the introduction, firms have employed corporate change programs (in the generic sense of the term) for many years. Our approach here is to focus on a much narrower definition of the phenomenon than usual to gain analytical traction. Three characteristics are important: First, *corporate* denotes that the program operates across the entire firm, and typically with a corporate executive taking responsibility for announcing and following up on the program. For example, Rio Tinto's *Improving Performance Together* was instigated by the CEO, Tom Albanese, to generate synergies and cost-savings across its various business units, and consisted of five strategic initiatives (Slentz, 2009). Programs that focus on a single division or function are therefore excluded from our study. Second, *change* refers to the intention of delivering on certain aspects of the firm's strategic change agenda. As noted below, any program is comprised of several strategic change initiatives. Third, *program* refers to the structured coordination of a set of lower-order strategic initiatives with the intention that their combined effect is greater than the sum of the parts. An important feature in this regard is a "program office" that oversees the program's activities, reporting directly to the CEO and working in parallel to the line organization. Consider this example from Banca Monte Dei Paschi (2006):

> "Immediately after the approval of the Business Plan, the Group started all initiatives preliminary to the Plan's fast implementation […] The expected projects (with about 60 fulltime dedicated resources) were launched with 6 major issues being followed up by the Heads of the Business Areas, the CFO and the Head of Human Resources. A specific Program Management Office (PMO) dedicated to the monitoring of these issues was set up." (page 32 of annual report, 2006).

In sum, a corporate change program is a *temporary CEO-sponsored structure for orchestrating a set of strategic initiatives to fulfil an overarching change agenda*. The notion of top-level orchestration is important because in most large firms there are strategic initiatives of various types underway all the time (Darragh and Campbell, 2001; Gerstner, Konig, Enders and Hambrick, 2013). By creating a program, CEOs explicitly seek to pull together a set of initiatives in a coherent way, rather than let such initiatives proceed in a more loosely coupled way.

2.1. A contingency perspective on corporate change program launch

Our focus on the firm's decision to launch a corporate change program (or not) informed our theoretical framing in two important ways. First, we adopted a *contingency perspective* to understand the circumstances in which a corporate change program might be launched.[2] A contingency perspective simply means there is no one best way of

[2] To clarify our choice of term: structural contingency *theory* was developed in the field of organization design, looking for example at the effect of environmental complexity or technology on how the firm was structured (Burns and Stalker, 1961; Woodward, 1965). A contingency *perspective* is broader, in that it considers the impact of various external factors on choices about decision making, leadership and other aspects of organizational behavior (Ginsberg and Venkatraman, 1985). This perspective is common in strategy and organizational change research (Battilana and Casciaro, 2012; Hambrick and Cannella, 2004; Jung, Mallon and Wilden, in press; Maula, Heimeriks and Keil, 2023; Menz and Scheef, 2014; Oehmichen, Schrapp and Wolff, 2017; Posen, Yi and Lee, 2020; Yuan, Qian and Pangarkar, 2016).

leading a business (Galbraith, 1973: 2; Lawrence and Lorsch, 1967) – there are likely to be several contributory factors or contingencies that make a decision such as launching a corporate change program more or less effective. It also suggests there are likely to be different types of programs, some better suited to particular circumstances than others.[3] Given the current state of the strategic change literature, we used existing theory to develop formal hypotheses around the circumstances that give rise to the launch of corporate change programs. However, in terms of understanding the circumstances linked to two different types of programs, there was much less to go on in the literature, so we adopted a more exploratory approach, which we subsequently linked back to the existing theory.

Second, we took an *integrative theoretical view* on the phenomenon of strategic change. As noted in the introduction, there are many different views of strategic change, some focusing more on the substantive actions of CEOs, others emphasizing their more symbolic moves (Fiss and Zajac, 2006). Rather than narrowing down on one single perspective, we sought to understand the full range of motivations and circumstances leading to the launch of corporate change programs. This research approach involved doing interviews with executives as well as collecting systematic quantitative data, and it required some back-and-forth between theory and evidence before we settled on the arguments we present below.

Our integrative view is grounded in the behavioral theory of the firm (Cyert and March, 1963), with the boundedly-rational CEO in the center, seeking to decide whether or not to launch a corporate program, given the specific circumstances he or she is facing at that time. We consider first the situation the CEO is facing vis-à-vis the firm's current performance level and whether the timing might be right for embarking on a process of risky change. We then consider the internal context, looking at the overall complexity of the organization as one variable that a boundedly-rational CEO might factor in on their thinking about what to do. Finally, we look at the external context, and we highlight the potential value of launching a corporate program to signal a commitment to strategic change to customers and shareholders. Or stated slightly different, in an uncertain environment where the best way forward is unclear, we anticipate there is value in signaling change to the outside world, over and above the substantive effects of the corporate change program itself, as a way of gaining buy in and support. In the paragraphs that follow, we develop these three arguments in detail, drawing on the relevant bodies of theory along the way.

2.2. Circumstances influencing program launch

Our first set of arguments is that corporate change programs are often launched in the face of poor performance. This is consistent with a behavioral theory of the firm perspective (Cyert and March, 1963; Greve, 1998; Kahneman and Tversky, 1979), specifically the idea that when a firm's performance drops below aspiration level, a process of problemistic search is triggered. The CEO and top executive team search for a solution to address the perceived shortfall to a satisfactory level (Cyert and March, 1963; Greve, 1998), and the greater the gap between performance and aspiration level, the greater the level of risk executives are likely to take (Kahneman and Tversky, 1979; Labianca, Fairbank, Andrevski and Parzen, 2009). The corporate change program, as a visible commitment to a course of action, is one such example of a risky change activity (Greve, 1998). We therefore put forward the following hypothesis:

H1a. *A corporate change program is more likely to be launched when a firm has recently underperformed.*

In a related way, it can be expected that corporate change programs are more likely to be launched with the arrival of new CEOs, either because they bring an expectation of change or an increase in aspiration level (Beatty and Zajac, 1987). This argument is consistent with prior research on CEO succession and strategic change, suggesting that firms are more likely to initiate strategic change after a new CEO takes the helm (Hutzschenreuter et al., 2012; Schepker et al., 2017; Zhu, Hu and Shen, 2020).

H1b. *A corporate change program is more likely to be launched after the appointment of a new CEO.*

Our second set of arguments relates the organizational complexity of the firm, and specifically the task-oriented dimensions of a corporate change program, which are often about improving the internal allocation of resources in the face of high levels of organizational complexity. These arguments can be linked to the organizational design literature on organizational complexity (Galbraith, 1973; Simon, 1962) as well as the strategic change literature (Kunisch et al., 2017; Müller and Kunisch, 2018). Organizational complexity is a function of the number of elements in a system and the inter-linkages between those elements (Simon, 1962). Large firms typically pursue multiple interdependent goals (Thompson, 1967; Van de Ven, Delbecq and Koenig, 1976; Zhou, 2013), which creates coordination demands (Ashmos, Duchon and McDaniel, 2000; Ethiraj and Levinthal, 2009) because the pursuit of one goal often undermine the progress of another, which in turn can create conflicts across organizational units. Firms therefore use a variety of structural and informal mechanisms to address complexity, one of which might be a corporate program that facilitates the internal coordination of resources towards their more efficient use. And the greater the organizational complexity of the firm, the more likely it is to employ a discrete mechanism such as a program to help alleviate those coordination and alignment problems (Galbraith, 1973).

Linking this line of argument back to the specific decision facing the CEO, our expectation is that a high and growing level of complexity in the firm is a problem that a (boundedly-rational) CEO would be aware of and concerned about. A corporate change program, which sought for example to simplify and optimize activities across parts of the organization, might therefore be a solution that was consistent with a problemistic search perspective. In formal terms, we therefore suggest the following hypothesis:

H2. *A corporate change program is more likely to be launched when a firm faces high and growing levels of organizational complexity.*

Our third set of arguments is that corporate programs provide a means for CEOs to signal their change agenda to external stakeholders, such as stock market analysts, shareholders and customers in the face of uncertainty. Linking back again to the perspective of the boundedly-rational decision maker, the process of strategic change is complex and typically takes many years to play out, so there is likely to be value in *announcing* a corporate change program to external stakeholders, as a way of signaling commitment and with the intention of increasing understanding and buy-in (Fiss and Zajac, 2006). This argument links back to the well-known economics literature on signaling theory (Ghemawat, 1991; Johnson, 1990; Spence, 1974), and it also fits with our broader theme of a CEO seeking to chart a way forward under complex and uncertain circumstances. We view the announcement of a corporate change program to the external market as complementary to (rather than a substitute for) the substantive work undertaken in the program to increase revenues or reduce costs.

To make this argument operational, we focus on the link between the announced launch of the program and the state of the external market. Specifically, we argue that signaling is more important in times of uncertainty, as a means of providing clarity around the direction of change

[3] There is a third aspect we do not explore here for space reasons, namely the link to firm performance. A contingency perspective often links specific external and internal factors to strategic decisions, and it suggests that firms where these links (or configurations) are correct will outperform those where the links are incorrect. This should be considered as an opportunity for future research.

to a wide variety of stakeholders, so that they work in a more coordinated fashion (Barr, 1998; Gioia and Chittipeddi, 1991; Kaplan, 2008; Weick, 1987). By this logic, corporate change programs would be more likely to be launched when uncertainty is high, as one means of providing the desired sense of direction. Thus, we submit the following hypothesis:

H3. *A corporate change program is more likely to be launched in a period of high economic uncertainty.*

2.3. Types of programs

Central to the contingency perspective is the notion that there is no one-size-fits all response to external circumstances. In other words, there are likely to be different *types* of corporate change programs depending on the circumstances. However, the academic literature on strategic change does not provide much guidance on what these different types might be, so we relied instead on our exploratory interviews to guide us.

The interviews suggested that a useful first step is to distinguish between two different types: *efficiency-oriented* programs (cost-cutting, quality improvement and risk mitigation) and *growth-oriented* programs (new revenues within and beyond the core business). While this was a novel distinction within our narrowly-defined empirical setting, it has close counterparts in strategic alliances (exploitation and exploration alliances (Rothaermel and Deeds, 2004)), digital transformation (efficiency and growth imperatives (Björkdahl, 2020)), acquisitions (scale economies versus market expansion (Walter and Barney, 1990)), and other contexts. An example of an efficiency-oriented program was SwissLife's 'Milestone Program 1′, initiated in 2009 to restore profitability and improve capital efficiency. It consisted of five dedicated work streams, each led by a senior executive. For example, one work stream sought to improve distribution by creating strong linkages across channels, another was focused on cost reduction in corporate centers and improving back-end efficiency and a third emphasized strengthening the balance sheet to release risk capital. The CEO reflected on this program in 2012:

> "Swiss Life negotiated a tough market environment and can look back on a successful 2011. Thanks, in particular to the successful execution of the Group-wide MILESTONE programme, we have been able to further improve the resilience of our business model. Despite the historically low interest rates, our Group has grown in key business areas." (press release, 29th February 2012, on www.swisslife.com).

Growth-oriented programs focused on opportunities for revenue enhancement in existing and new lines of business. For example, Finnish logistics firm Itella's 2011 program had five initiatives: logistics development in Russia, pick-up stations, Itella bank, a real-estate model rollout and an internet service, each headed by a senior executive and coordinated through a CEO-led steering group. Another example was SwissLife's 'Milestone 2′ program, which was launched after the efficiency-oriented program, and built on insights from that program to find new revenue opportunities. The CEO observed in 2013:

> "Our objective was to make our business model more resilient. For instance, we increased the share of new business through modern risk and pension products to 70%, thereby again already achieving the target we set for 2012. Furthermore, we succeeded in growing in strategically important business areas." (Swiss Life 2013 Annual Report).

In sum, we argue that the separation between efficiency-oriented and growth-oriented programs is important and potentially meaningful, in that they are likely to be launched under somewhat different circumstances. However, because of the lack of prior research in this specific area, we further explored this argument through an exploratory research question rather than through deductive hypotheses. More specifically, we were interested in: *To what extent do the factors predicting the launch of a corporate program vary between the two types, efficiency-oriented programs and growth-oriented programs?*

We note that there were also some dual-focus programs which comprised both efficiency and growth-oriented initiatives in parallel,[4] and as part of the same overarching structure. For example, the large Scandinavian bank Nordea took a dual focused approach to its corporate program during the financial crisis. The program included initiatives for scaling back capacity, downsizing the organization, and reducing investments in high-risk markets, while also working on improving customer satisfaction, harmonizing the operating model, growing prudently in the Nordic region, and expanding to a full-service bank in Central and Eastern Europe. In our findings and discussion we acknowledge these dual-focus programs, but we focus mostly on the contrast between the efficiency-oriented and growth-oriented programs.

3. Methods

As already noted, we started this research with a set of 15 exploratory interviews. These were discussions with senior executives in a range of large organizations who had launched corporate programs in recent years. The purpose of these interviews was to sharpen our definition of what constituted a corporate program, and to get their perspectives on the factors that led them to launch a program, and the types of program that exist. Insights from these interviews were used, alongside the existing literature, to motivate the development of the hypotheses in the previous section.

3.1. Sample and data collection

To test our three hypotheses, we conducted a quantitative analysis in the European financial services industry (banking plus insurance) for the decade 2000–2010, in which we identified all the corporate change programs launched by firms during that timeframe, as well as all cases of firms that did not launch such programs. A single-industry setting helped reduce the number of extraneous factors in the analysis (Klarner and Raisch, 2013; Yeoh and Roth, 1999). We chose this sector and time period to provide a high level of external variation and therefore a rich context in which corporate change programs might be launched. The firms in this sector faced several market shocks (e.g. the burst of the tech bubble, the global financial crisis, European sovereign debt crises), and had to respond to regulatory and technological changes. The timeframe enabled us to cover a period of time that included periods of economic uncertainty *and* stability, so we could shed light on questions of timing. Almost all of them were engaged in several distinct but related business areas, and were organized into different divisions (e.g. investment banking and private banking; life and nonlife businesses),[5] which was important given our focus on firm-level change programs.

We identified the 100 largest publicly listed European financial service firms by total assets in 2000. We excluded firms that were publicly listed but were controlled by another corporation or were state-owned. When firms were fully nationalized during the financial crisis to be wound down or merged with another institution, we included only those observations prior to this intervention by government (four firms).

[4] Note that we use the term 'dual focus' here rather than ambidextrous, to avoid the presumption that there are hard-to-reconcile tensions between coordinating both types of initiatives at the same time (Raisch and Birkinshaw, 2008). While such tensions may exist, they are not central to our research focus in this paper.

[5] European banks are usually universal banks, pursuing both retail and commercial banking. Many banks also engage in investment banking and asset management. Different insurance product types differ significantly in terms of risk, product composition, or distribution.

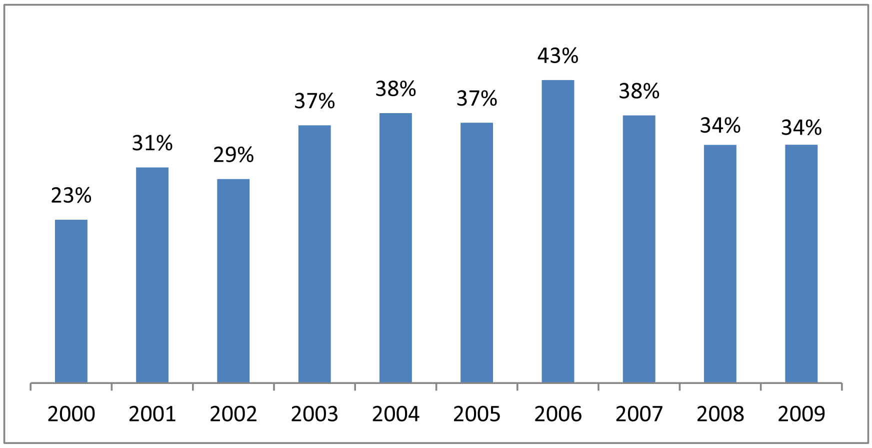

Fig. 1. Percentage of firms with corporate programs in place (n = 674).

Four other firms were acquired and became subsidiaries of other firms during the observation period; we included only the observations prior to such acquisition, since we are interested in corporate-level programs. And consistent with our interest in corporate-level programs in large firms, we excluded firms that operated in only in one line of business and small firms with fewer than 1000 employees. Our final sample consisted of 74 firms (42 banks and 32 insurance firms) that represent approx. 82% of the total European market in 2000. In total, we obtained 674 firm-year observations.

We identified corporate change programs from annual reports and corroborated these with investor presentations when available. Annual reports and letters to shareholders are a reasonable source for assessing corporate strategies and major organizational actions (Ferrier, 2001; Flier, Van Den Bosch and Volberda, 2003; Klarner and Raisch, 2013). Firms report their corporate change programs in their annual reports and investor presentations, to convey the progress of the execution of their corporate strategies. Furthermore, regulations such as the International Financial Reporting Standards (IFRS) require firms to comment on major strategic activities in management commentaries.[6] While firms rarely communicate details about future strategic moves, our interviews corroborated that firms usually convey a fairly accurate picture of past corporate change programs in their annual reports and investor presentations, to meet information expectations from investors and regulatory requirements.

To be specific, using the definitional criteria described above we read through the annual reports of the sample firms carefully, looking in particular at the shareholder letters and group strategy sections of those reports. We documented all cases of strategic initiatives *and* corporate change programs, where strategic initiatives were focused on a single goal (Burgelman, 1983; Burgelman, 1991; Lechner and Floyd, 2012; Noda and Bower, 1996) and corporate change programs were group-level activities that spanned multiple initiatives. To make sure that we captured only launches of new undertakings rather than the resurfacing of existing ones, we tracked their names such as Allianz's '3 +One program' and also whether they had a dedicated role such as head of program, or a dedicated program management office (PMO). The appendices provide a list of all identified corporate programs. Based on these clear instructions, all firms were coded initially by one rater. To address data reliability, a second rater double-checked the coding of corporate change programs, and the few disagreements were discussed and resolved. We also used two raters to distinguish between program types, as described in detail below.

3.2. Measures

To evaluate the importance of the various drivers of program launch, we developed operational measures as follows. Where possible we used existing measures, but we also had to develop context-specific approaches to measurement in some cases.

We used a binary variable (0/1) to capture the *launch* of a corporate change program in any given year. We also recorded how long each program lasted (though this was used only in the qualitative analysis). As Fig. 1 shows, the average incidence of corporate change programs is 0.35. Moreover, the number of corporate change programs seems to be gradually increasing over the observed time period with a slight decline from 2007 to 2009. In the observed period, 59.5% of firms (n = 44) ran at least one corporate change program, while 40.5% never launched a program (n = 30). A closer look at the former shows that 25.7% of the firms in our sample (n = 19) had exactly one program, while 33.8% (n = 25) had two or more (see also Fig. 3 for details).[7] Overall this shows that a considerable proportion of firms, albeit by far not all of them, use corporate change programs.

To operationalize a *shortfall in performance*, we used the same approach as prior research (Audia, Locke and Smith, 2000; Fiegenbaum and Thomas, 1988; Greve, 1998). Return on assets (ROA) is an appropriate measure of performance in financial services firms because it is least sensitive to changes in capital structure and is consistent with regulatory practices (e.g. Deephouse, 1999; Delgado-García and De La Fuente-Sabaté, 2010; McNamara, Deephouse and Luce, 2003; Ramaswamy, 1997; Reger, Duhaime and Stimpert, 1992). We created the variable *prior firm performance* which is the firm's ROA in the prior year (t-1). We also tried an alternative measure of performance shortfall by measuring the difference between the firm's ROA and the performance of industry peers in the prior year. This analysis yielded very similar findings and is not reported here.

To measure changes in market conditions, we created the variable *change in stock-market index compared to the prior year*. In other words, we computed the year-on-year change in the European banking market index (for the banks in our sample) and the insurance market index (for the insurance companies), so that a positive number for a given year meant the average market index for that year was higher than in the previous year, and a negative number meant it was lower. Moreover, the

[6] The International Financial Reporting Standard (IFRS) and most European national accounting standards, such as the British Accounting Standards, require firms to convey a true and fair view about the firm and require comment about major strategic activities in management commentaries.

[7] Notably, firms never had two programs at the same time. Sometimes a new program was introduced immediately after the completion or termination of another program. This is in line with our conceptualization that corporate programs are major corporate-level umbrellas.

Table 1
Corporate change program launch: means, standard deviations and correlations (n = 674).

		Mean	S.D.	Min	Max	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1)	Corporate change program launch	0,12	0,32	0,00	1,00	1.00												
(2)	Efficiency-oriented program launch	0,09	0,29	0,00	1,00	0.87***	1.00											
(3)	Growth-oriented program launch	0,06	0,23	0,00	1,00	0.67***	0.39***	1.00										
(4)	Year variable	4,56	2,77	0,00	9,00	-0.08*	-0.08*	-0.02	1.00									
(5)	Home country profitability	0,10	0,83	-7,09	4,07	-0.03	-0.03	0.05	-0.31***	1.00								
(6)	Firm size (log)	10,06	1,22	6,90	12,66	0.07†	0.03	0.06	0.12***	-0.02	1.00							
(7)	Firm slack (log)	3,09	0,65	0,66	6,98	0.05	0.03	0.05	-0.06†	-0.15***	0.15***	1.00						
(8)	TMT size (log)	1,83	0,43	0,69	2,94	0.07†	0.08*	0.05	0.01	0.04	0.16***	-0.10**	1.00					
(9)	Formal structure	0,30	0,46	0,00	1,00	0.03	0.01	0.05	0.14***	0.01	0.34***	0.02	-0.07†	1.00				
(10)	Prior shortfall in firm performance	-0,58	0,67	-5,82	3,20	0.10**	0.10**	0.06	0.14***	-0.35***	0.04	0.43***	-0.03	-0.02	1.00			
(11)	New CEO	0,17	0,38	0,00	1,00	0.06†	0.08*	-0.01	-0.01	-0.04	-0.00	-0.01	-0.02	0.02	0.04	1.00		
(12)	Corporate program experience	4,37	1,17	0,00	6,00	0.08*	0.10**	0.00	-0.06	-0.01	0.10**	-0.14***	0.06	-0.09*	0.01	0.03	1.00	
(13)	Org. complexity (# of goals)	0,55	0,83	0,00	5,00	0.04	0.00	0.08*	0.48***	-0.15***	0.22***	0.02	0.14***	0.16***	0.08**	-0.06†	0.13***	1.00
(14)	Δ stock market index	-4,62	22,24	-40,00	27,00	0.06	0.02	0.12**	-0.04	0.37***	0.03	0.00	0.00	-0.01	-0.12***	-0.06	-0.01	-0.02

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

larger the number (whether positive or negative), the greater the change vis-à-vis the prior year. This is an appropriate measure for this study because the dramatic sell-off in shares in 2000 (dotcom bust) and in 2008/09 (financial crisis) was symptomatic of a period of massive uncertainty for all financial services firms, as they sought to make sense of their worsening financial position, as well as the changes in the regulatory environment that might ensue. By contrast, the period 2002 through to 2006 was a period of relative munificence for the financial services sector.

We measured *CEO change* with a dummy variable, which was coded 1, when a firm had a new CEO in year t and 0 otherwise.

We measured the firm's *organizational complexity* as the number of goals being pursued by each firm in any given year, as differences in complexity might affect the decision to launch a corporate change program. Organizational complexity was measured using content analysis of annual reports, and specifically the number of goal types being actively pursued in a given year (Rajan, Ramella and Zingales, 2023). We used the six goal types defined by Kreutzer and Lechner (2010), namely: growing outside the core, growing the core business, improving efficiency, improving product or service quality, improving financial leverage, and altering the risk profile.

As we discuss below, an important finding from the exploratory stage was the different *program types*. The key distinction was between growth-oriented programs (focusing on revenue enhancement) and efficiency-oriented programs (focusing on cost reduction). We operationalized this distinction by examining both the names given to programs and by the substantive activities they pursued. Efficiency-oriented programs typically had names such as 'Cost Cutting Program' (Credit Agricole) and 'Back to Basics' (ING bank), and growth-oriented programs had names such as 'Managing for Growth' (HSBC) and 'Future Through Growth' (Commerzbank). However, not all programs had such clear-cut names, so we developed a systematic coding scheme to ensure programs were correctly defined. We coded each strategic initiative within a given program (based on information provided in annual reports and investor presentations). We then added up the number of efficiency-oriented initiatives (i.e. where the focus was improving efficiency, improving product or service quality or improving financial leverage) and the number of growth-oriented initiatives (i.e. emphasizing growth inside the core or outside the core (Kreutzer and Lechner, 2010)).

This analysis showed there were also several "dual focus" programs pursuing both efficiency and growth objectives to varying degrees. In the results, we therefore present two analyses, one where we split the programs into three types (efficiency, dual, growth) and one where we split them into two types (efficiency, growth) depending on which area the majority of initiatives were focused on. These different approaches yielded very similar overall findings.

We measured *prior program experience* with a variable for the number of previous programs the firm had launched (in the past decade).

In addition, we used the following variables to account for other factors that might influence the propensity to establish corporate change programs but were outside the scope of our study. We included *year dummies* where possible to control for time trends of launching corporate programs. To capture potential regional differences, we included *home country profitability,* measured as the average ROA in each firm's home market. For each of the firm's in our sample, we used all financial service firms in this country that were available from Thomson One Banker in any given year. To control for a potential confounding effect that larger firms may be more likely to have the resources to launch corporate change programs, we measured *firm size* using the natural logarithm of employees (Damanpour, 1996; Donaldson, 2001; Hambrick and Cannella, 2004). While total assets are often used to classify financial service firms in terms of size (Kim, Kim and Miner, 2009), we used the number of employees in order to measure size independent from financial engineering that allowed many smaller firms to inflate their balance sheet in the period before the financial crisis. We considered *firm slack* using

Table 2
Logistic regression with program launch as dependent variable.

	All programs	Efficiency only	Dual only	Growth only	Primarily efficiency	Primarily growth
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	0.024 *	0.009 *	0.002 * *	0.003 *	0.016 *	0.006 * *
	[0.015]	[0.019]	[0.003]	[0.024]	[0.020]	[0.003]
	(0.037)	(0.019)	(0.004)	(0.009)	(0.029)	(0.010)
Year	0.876 * *	0.865 *	0.962	0.819	0.895 *	0.904
	[0.007]	[0.031]	[0.717]	[0.161]	[0.035]	[0.224]
	(0.043)	(0.058)	(0.101)	(0.117)	(0.047)	(0.075)
Home country profitability	0.705 *	0.619 * *	1.860	0.503 *	0.779	1.080
	[0.025]	[0.008]	[0.171]	[0.013]	[0.126]	[0.832]
	(0.110)	(0.112)	(0.842)	(0.139)	(0.127)	(0.391)
Firm size (log)	1.099	1.072	0.831	1.619 *	0.964	1.128
	[0.404]	[0.612]	[0.346]	[0.035]	[0.772]	[0.422]
	(0.124)	(0.147)	(0.163)	(0.370)	(0.123)	(0.170)
Firm slack (log)	1.012	0.886	1.586 +	0.724	1.055	1.234
	[0.380]	[0.646]	[0.073]	[0.420]	[0.812]	[0.312]
	(0.198)	(0.233)	(0.409)	(0.290)	(0.238)	(0.256)
TMT size (log)	1.533	1.416	3.461 *	0.985	2.000 *	1.680
	[0.179]	[0.393]	[0.015]	[0.979]	[0.035]	[0.186]
	(0.487)	(0.576)	(1.766)	(0.555)	(0.658)	(0.660)
Formal structure	1.246	1.133	1.666	1.376	1.313	1.389
	[0.953]	[0.737]	[0.251]	[0.537]	[0.363]	[0.325]
	(0.312)	(0.423)	(0.740)	(0.710)	(0.393)	(0.464)
Factors of interest						
Shortfall in firm performance	1.827 * **	1.547 *	1.951 *	2.633 *	1.682 * *	1.995 *
	[0.000]	[0.023]	[0.047]	[0.031]	[0.006]	[0.017]
	(0.310)	(0.296)	(0.656)	(1.181)	(0.316)	(0.576)
New CEO	1.611 +	2.166 *	1.142	0.793	1.837 +	1.008
	[0.093]	[0.046]	[0.839]	[0.721]	[0.059]	[0.986]
	(0.457)	(0.839)	(0.744)	(0.515)	(0.592)	(0.471)
Corporate program experience	1.417 * *	1.005	1.303	1.973 * *	1.130	1.672 *
	[0.009]	[0.982]	[0.294]	[0.006]	[0.424]	[0.013]
	(0.188)	(0.217)	(0.329)	(0.489)	(0.172)	(0.346)
Organizational complexity	1.117	1.407 *	1.183	0.750 *	1.310 *	0.935
	[0.374]	[0.030]	[0.332]	[0.048]	[0.047]	[0.597]
	(0.139)	(0.222)	(0.205)	(0.109)	(0.178)	(0.119)
Δstock-market index	1.020 * *	1.005	1.016	1.061 * *	1.010	1.032 * *
	[0.002]	[0.603]	[0.208]	[0.001]	[0.113]	[0.001]
	(0.007)	(0.009)	(0.013)	(0.020)	(0.006)	(0.010)
Observations	673	673	673	673	673	673
Firms	74	74	74	74	74	74
Wald χ^2	64.53	36.32	29.50	26.46	51.74	44.03
Sig	0.0000	0.0001	0.0019	0.0055	0.0000	0.0000

Notes: coefficient represent odds ratios; exact p values are reported in brackets. Robust standard errors in parentheses.
* ** $p < 0.001$, * * $p < 0.01$, * $p < 0.05$, + $p < 0.10$

the *debt to equity ratio (log)*. Capital level may influence the propensity to have programs, since they require substantial financial investments. It also may affect the financial performance, since it determines capital risks (Kim et al., 2009). We measured the firm's *formal structure* in terms of whether it was organized around business segments or geographical regions. We also controlled for the size of the top management team (*log TMT size*).

3.3. Analyses

We used logistic regression to examine the likelihood of a corporate change program launch, using the independent and control variables described above (Liang and Zeger, 1986; Zeger and Liang, 1986). Given our data set's panel structure, we used generalized estimating equations (GEE), which accounts for autocorrelation and thus increases parameter estimates' efficiency (see also, Hambrick and Cannella, 2004; Menz and Scheef, 2014). Table 1 provides means, standard deviations and correlations. Table 2 shows the logistic regression models.

While the signs of the coefficients in Logit models would enable one to interpret the direction of the effects (increase vs. decrease), one cannot interpret the magnitude of the effects. Thus, we report odds ratios (Petersen, 1985). An odds ratio of 1 means no effect, and an odds ratio greater (smaller) than 1 indicates a positive (negative) effect. To interpret the effect sizes, one has to subtract 1 from the odds ratio. For example, an odds ratio of 1.25 means that a 1-unit increase (decrease) in the independent variable is associated with a 25% higher (lower) likelihood of program launch. Likewise, an odds ratio of 3.5 means that a 1-unit increase in the independent variable is associated with a 2.5 (3.5–1) times greater likelihood of program launch.

We complemented these analyses with a systematic analysis of the timing and sequencing of all the programs launched by sample firms during the period 2000–2010. This analysis is illustrated graphically in Fig. 2 and Fig. 3, and is discussed in qualitative terms alongside the quantitative findings.

4. Results

A key insight from the analyses, as indicated at the outset, was that the drivers of launch varied by program type, with efficiency-oriented programs being launched under different circumstances than growth-oriented programs. Our description of the findings therefore considers both the aggregate story (all programs, model 1) and the separate effects when we split out the programs into efficiency, dual and growth programs (models 2–4) and primarily efficiency vs. primarily growth (models 5–6) into discrete categories.

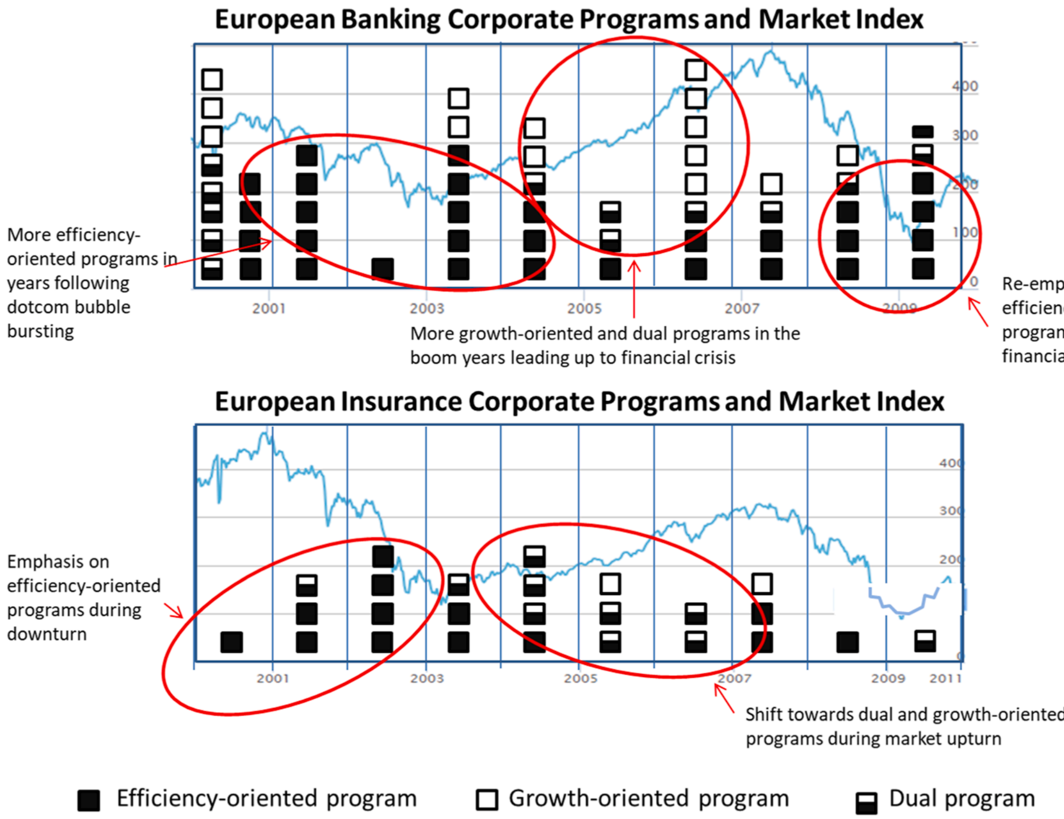

Fig. 2. Number and type of program launches over the market cycle.

4.1. *Initiating strategic change in response to underperformance (Hypothesis 1)*

Looking first at Table 2, programs (in aggregate) tend to be launched when a firm has weak prior performance (OR=1.827; $p = 0.000$)[8] and prior experience with programs (OR=1.417; $p = 0.009$). However, these effects for all corporate change programs mask important differences between the types of programs: efficiency-oriented programs are launched in response to weak prior performance (OR=1.547; $p = 0.023$) and a change in CEO (OR=2.166; $p = 0.046$).[9] Growth-oriented programs are launched when the firm has weak prior performance (OR=2.633; $p = 0.031$) and prior experience with programs (OR=1.973; $p = 0.006$). In terms of our formal hypotheses, we therefore see strong support for H1a and partial support for H1b.

To illustrate this, our interviewees spoke about responding positively to a downturn or a crisis ("react quickly and appropriately to the unfavorable economic climate"), pulling people together around a unifying purpose ("defining a shared agenda…after an intense phase with monthly workshops"), and providing impetus around a new strategic agenda ("… a tool to communicate the need for substantial changes").

Our interviews provided anecdotal support for this perspective suggesting that corporate change programs were sometimes indeed launched to show that the firm was responding to external market conditions ("as a vehicle for postponing capital-intensive initiatives when the financial crisis hit"), or to underline to the external markets that the CEO was taking charge ("we defined the targets… to center our communication towards the capital markets"). Many interviewees emphasized the high-profile nature of the programs, and the extent to which they were communicated in annual reports and press releases. They also were given evocative names such as 'Changing Gear' or 'Back on Track'.

Fig. 3 provides some important additional insights about sequencing. First, firms that launched more than one program during 2000–2010 usually ran them in a "back-to-back" fashion, with the new program explicitly building on the previous one (there were 30 such instances, compared to just six where there was a gap between programs). Second, the two most common sequences were for an efficiency-oriented program to lead to another such program (8 cases), or for an efficiency-oriented program to lead to a growth-oriented or dual program (12 cases).

These insights help clarify the statistical findings. Essentially, the launch of an efficiency-oriented program is highly likely to be a response to underperformance, particularly with the arrival of a new CEO, but once that program has been completed, the CEO often follows it up with another program that puts greater emphasis on growth. For example, French re-insurer Scor ran its 'Back on Track' program in 2002–04 with an emphasis on cost-cutting and operational efficiencies, which gave way to the 'Moving Forward' program 2004–07, and then the 'Dynamic Lift' program 2007–10, which would be focused on "dynamically managing the existing economic capital base to allocate it to profitable markets and lines of business" (Scor investor presentation, 2007).

4.2. *Implementing strategic change through internal coordination (hypothesis 2)*

As shown in Table 2, the odds ratio for organizational complexity for

[8] Note that an odds ratio below 1 means that a 1-unit increase in prior performance reduces the likelihood of program launch.

[9] We conducted some additional analysis looking at attributes related to a new CEO that could be associated with the likelihood of a program launch. The tenure of the CEO in the firm has a negative coefficient (i.e. fewer years in the CEO role are positively associated with the likelihood of a program launch). A program is also more likely to be launched if the CEO is an outsider, and if s/he has prior experience in the field of strategy (based on analysis of prior roles). This additional analysis is available in Appendix 1.

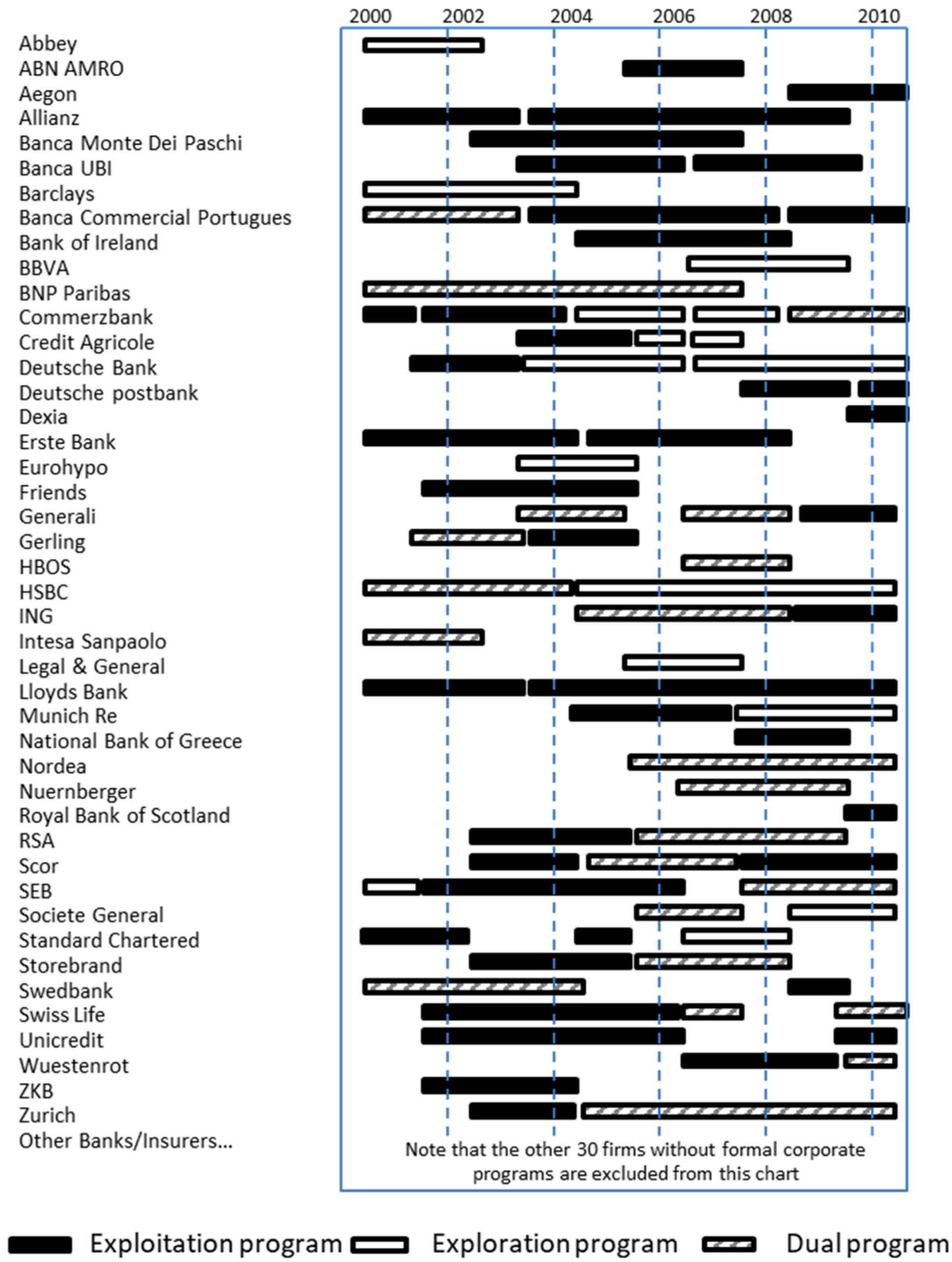

Fig. 3. Sequencing of corporate change programs over time.

all programs is greater than 1 but not significant (OR=1.117; p = 0.374). Notably, the odds ratio for organizational complexity greater than 1 for efficiency-oriented programs (OR=1.407; p = 0.030) indicates a positive effect; while the odds ratio is smaller than 1, albeit not significant, for growth-oriented programs (OR=0.750; p = 0.048). These findings suggest that firms launch efficiency-oriented programs in part to improve resource allocation in the face of greater organizational complexity, thereby supporting H2.

By way of illustration, the Bank of Ireland's Strategic Transformation Program announced "the streamlining of some Group support services and the consolidation of some processing activities [...] to ensure ongoing efficiency enabling" while one of the key goals of ING's 'Back to Basics' program was "to reduce the complexity of the Group. [...] The need for simplicity, in combination with the negative impact of the financial crisis on ING, outweighs the former benefits of the bancassurance model." It is also worth noting, based on our first phase interviews, that efficiency-oriented programs, such as those put in place by Nokia and Clariant, were typically managed in a highly controlling way, with all activities being orchestrated through the program office, whereas growth-oriented programs typically had a looser governance structure.

As noted earlier, this perspective builds on a complexity theory perspective (Egelhoff, 1982, 1991; Galbraith, 1973; Tushman and Nadler, 1978), and it emphasizes the functional logic that corporate programs might be a specific mechanism for achieving greater coordination to achieve an efficiency-based goal. However, this logic did not apply to the growth-oriented programs. Here, resources were allocated to new opportunities where the effectiveness of the allocation decisions would not be known for some time, and in a way that potentially *increased* complexity (note the odds ratio below 1.0 for organizational complexity in model 4 of Table 3, i.e. organizational complexity is negatively associated with the decision to launch a growth-oriented program). There were, in other words, very different logics at play depending on the primary objective of the program.

This insight can be summarized as follows: *Efficiency-oriented programs are launched to improve internal coordination in the short term by reducing complexity, whereas growth-oriented programs are launched to improve the coordination of strategic initiatives in the long term, sometimes resulting in increased complexity.*

4.3. Signaling the importance of change to external stakeholders (hypothesis 3)

To assess the validity of our argument about signaling to external stakeholders, we conducted a statistical analysis as above (see Table 2), and we mapped the launch dates of programs against the ups and downs of the financial services market (see Fig. 2). Fig. 2 suggests some important qualitative insights. For the banking sector, there was an emphasis on efficiency-oriented programs from 2000 to 2003, then a relative emphasis on growth-oriented and dual-focus programs from 2004 to 2007, before a reversion back to efficiency-oriented programs in 2008 and 2009. These trends track the changes in the European banking index (the jagged line) as one might expect, with more efficiency-oriented programs when market conditions are unfavorable and uncertainty is highest, and more growth-oriented programs when market conditions are favorable. For the insurance sector, a similar (though less clear-cut) pattern can be seen, with more efficiency-oriented programs when the market turned down following the dotcom crash in 2000, and more growth-oriented or dual-focus programs in the period 2004–2007 when market conditions were positive.

Table 2 shows the results of the panel dataset analysis, which importantly includes the full population of firms, including those that did not launch any programs (which avoids sampling-on-the-dependent variable problems). Overall, it indicates that firms are more likely to launch programs of all types when market conditions are positive ($OR=1.020$; $p = 0.002$), and specifically that growth-oriented programs tend to be favored in such conditions ($OR=1.061$; $p = 0.001$). However, the observation from Fig. 2, i.e. a relatively large number of efficiency-oriented programs are launched in weak market conditions, is not supported by the large-sample data.

In sum, the signaling perspective emphasizes the potential value of a program as a way for CEOs to communicate their strategic agenda to external stakeholders. Hypothesis 3 was therefore partially supported: the findings were consistent with our expectations for growth-oriented programs, but for efficiency-oriented programs they were *not*. Indeed, one pattern that emerged from Fig. 2 is that the period immediately following a market downturn (2007 for banks; 2001 and 2008 for insurance companies) had very few programs at all. In such periods, when the uncertainty in the market was the highest, there was some evidence of the threat-rigidity phenomenon (Staw, Sandelands and Dutton, 1981), with executives ‘circling the wagons’ and reducing their amount of external communication while they made sense of the changing situation. The periods when most efficiency-oriented programs were launched (2001, 2003 and 2008 for banks, 2003 for insurers) typically lagged the downturn in the market by a year or more.

We summarize this insight as follows: *Corporate change program launches do not correspond to changes in market sentiment in a symmetrical way; growth-oriented programs are more prevalent at the time of an upturn in market sentiment; efficiency-oriented programs are more prevalent after a downturn in market sentiment.*

5. Discussion

In this final part of the paper, we discuss the findings of our research in two areas: (1) the role of corporate change programs as a visible and substantive action in strategic change in general, and (2) the key differences between the efficiency-oriented and growth-oriented types of corporate change programs, in the context of our contingency perspective. We also discuss limitations and directions for future research.

5.1. Corporate change programs as a visible and substantive action in strategic change

Our study especially contributes to the literature on strategic change (Kunisch et al., 2017; Müller and Kunisch, 2018; Weiser et al., 2020). We focused on corporate change programs as a visible and substantive action in strategic change, and we took an integrative and multi-faceted perspective on the motives firms have for launching them (Kunisch et al., 2017). It is noteworthy that both academics and practitioners have noted that there is often a disconnect between initiation and implementation of strategic change (e.g., Darragh and Campbell, 2001; Herrmann and Nadkarni, 2014). Our study suggests that corporate change programs are a means for linking up these two parts of the strategic change process.

Our study provides some useful insights in terms of practical tactics for managing strategic change. As widely acknowledged, effective implementation is a key challenge for firms and has a substantial impact on their long-term performance (Dobni and Luffman, 2003). In our conceptualization, corporate change programs are a structural means to coordinate a set of interrelated strategic initiatives (e.g. Bryson and Bromiley, 1993; Burgelman, 1991; Lovas and Ghoshal, 2000). In other words, while essentially all firms use strategic initiatives, we show that some firms take the extra step of creating corporate programs to coordinate these strategic initiatives. As we know from prior studies, clarity of direction, sufficient resource endowments and communication are all critical success factors for strategy implementation (e.g. Bryson and Bromiley, 1993; Hickson, Miller and Wilson, 2003). Our study suggests that corporate programs are one useful mechanism to manage these critical factors. For example, firms communicate corporate programs and their goals explicitly, which clarifies their strategic direction and provide guidance. Often a dedicated program name highlights its importance and thereby boosts strategy implementation. In addition, dedicated program management offices are in charge of coordinating activities associated with strategy implementation and allocating resources, and by bundling several strategy implementation decisions, corporate programs offer senior management a single point to revisit and alter strategy implementation efforts. Thus, they also combine several features that can help address several reasons why many change efforts fail (Kotter, 1995, 2007). Future research might consider the benefits and costs of these mechanisms in comparison to other approaches, such as pursuing strategy implementation through the line organization.

5.2. Differences between types of program

Central to the contingency perspective in organization studies is the notion that different types of responses are used in different circumstances. This was borne out in our empirical findings. Despite some important points of similarity, the circumstances in which efficiency-oriented and growth-oriented programs were launched varied significantly. Firms launched efficiency-oriented programs when there was a new CEO, when they had been underperforming, and when they had faced greater organizational complexity. Firms launched growth-oriented programs when the market situation was buoyant, when they had prior experience (often an earlier efficiency program), and also when they had been underperforming.

These differences reflect a point noted at the outset around the distinction between the tangible changes that are implemented (e.g. greater internal coordination) and the way they are communicated to various stakeholders. We observed that efficiency-oriented programs are undertaken to reduce complexity and improve internal coordination, and indeed are often announced several years after a downturn is underway, whereas growth-oriented are typically announced at the beginning of an upturn in market sentiment, and often on the back of an earlier efficiency-oriented program.

Theoretically, this observation can be linked to behavioral arguments and the notion that individuals are inclined towards risk aversion when confronting a potential loss, but have greater risk tolerance to potential gains (Kahneman and Tversky, 1979). In the context of this paper, behavior varies depending on where a firm is in its business cycle (Bromiley, Navarro and Sottile, 2008). CEOs use efficiency-oriented programs to cut costs and get their firm's performance back on track, so they favor a substantive program of activities with minimal levels of visibility to external stakeholders. However when the goal shifts to growth, firms are likely to have greater risk tolerance, which manifests itself through a more visible communication of the program's activities to internal and external stakeholders.

This observation suggests a related insight into the ways in which CEOs enact their strategic agendas. The conventional view is that programs such as these are used to set an agenda for strategic change, in other words as a means of pushing the firm in a new direction, as the spearhead for a significant shift in direction (Ansoff, 1965; Huff et al., 2009). An example of such agenda-setting in other contexts might be the back-and-forth switching between centralization and decentralization employed by Hewlett-Packard from 1980 to 2010 with each structural change "seemingly focused on correcting the outcomes of the past structure" (Boumgarden, Nickerson and Zenger, 2012, p. 601).

However, our findings point to a slightly different view, namely the notion that corporate change programs are sometimes used to *reinforce* an existing change agenda, as a way of increasing emphasis on and building commitment to a particular course of action. This is similar to the well-known case of Intel announcing that it was exiting the memory chip business, which reinforced the strategic shift towards microprocessors that was already underway (Burgelman, 1994).

Again, there was a discernable difference between program types. The efficiency-oriented programs were typically launched with a lag following changes in market conditions, and generally as a reaction to internal or external challenges, rather than in a proactive fashion. They were also typically formed to orchestrate an existing set of strategic initiatives – with a view to implementing them in a coherent and joined-up way, rather than as a spearhead for new initiatives. Examples included ING's *Back to Basics* program and Swiss Life's *Milestone 1* program. Growth-oriented programs, in contrast, were more likely to be used for agenda-setting – as a means of informing internal and external stakeholders about the firm's intended future state. Examples Swiss Life's *Milestone 2* and Commerzbank's *Future Through Growth* program.

5.3. Limitations and further research

We acknowledge several limitations of this study. As an exploratory study, the insights gained are by definition based on the empirical context studied, and may not be generalizable to other sectors or other periods of time. Clearly, the European financial service sector in the 2000 s had a number of distinctive features that might have affected the propensity of firms to create corporate change programs, as well as their reasons for doing so. We therefore encourage future research to replicate our study in other industries, and to examine how different environmental conditions such as industry dynamisms or munificence (Dess and Beard, 1984) might influence the likelihood of corporate program presence.

Relatedly, we used mostly secondary data such as annual reports and investor presentations in phase two of the research. Although content analysis of secondary data is frequently used in large-scale longitudinal quantitative research, this approach is not without limitations. Future research might therefore examine the relationships proposed in this study from an inside perspective. Further empirical strategies could be to utilize multiple in-depth case studies to further deepen theoretical insights.

Finally, we note that our chosen methodology was suitable for identifying a particular form of "corporate change program", namely the type that is given a high level of visibility and formal recognition by the CEO, but we recognize that other less-formal or under-the-radar programs would not be picked up with our methodology. There is scope for future research to use different approaches to measurement as a means of tapping into other manifestations of this broad phenomenon.

Other promising opportunities for research also exist. As the phenomenon of corporate change programs is on the rise, we need to gain much more knowledge regarding its occurrence and its merits. For example, how do they relate to the broader palette of strategic actions that firms use to enact their agendas? It would be interesting, for example, to take our final arguments about programs as agenda-reinforcing rather than agenda-setting mechanisms, and to apply them to other types of actions to see if they are generalizable.

Second, what are the performance consequences of corporate change programs? Given our findings about the functional versus symbolic aspects of such programs, it is not clear a priori what the answer to this question would be. It would be intriguing to understand the short- and long-term consequences of programs for financial performance and growth, and to seek to measure their costs as well as their benefits.

A third avenue would be to 'open the black box' and understand how corporate change programs function. For example, how exactly do executives achieve the necessary levels of coordination across strategic initiatives? What are the appropriate leadership styles and internal processes for managing such programs? One important part of such research might be to look at the internal tensions between initiatives. Our 'dual focus' programs sought to achieve both efficiency and growth within the same structure, and it is well known (March, 1991) that these contrasting sets of activities do not readily coexist. While we did not perceive enormous challenges on this matter in the interviews we conducted, it would be interesting to observe how effective dual focus programs were in delivering on their objectives in comparison to programs with a singular focus.

Finally, future research could conduct a careful analysis of the timing and sequencing of corporate change programs over time, how they linked to external changes in market conditions, and how the launch of the corporate change program mapped onto these changes. Such a study would offer interesting insights into the role of CEOs in managing change: do they seek to enact their own vision by imposing changes that push against the current way of working, or do they monitor the stream of actions emerging and then seek to orchestrate theme through a reinforcing mechanism? Again, these are issues that have been studied sporadically, but much more work is needed to understand which approach is seen under which conditions.

6. Conclusions

While strategic change is one of the most studied phenomena in the academic literature on strategy, there are still relatively few studies that seek to understand why and how specific practices or techniques are selected and implemented. In this paper we focused on the specific phenomenon of corporate change programs, with a view to understanding the circumstances in which they were launched. Drawing on existing theory, we argued and found evidence for three sets of circumstances in which such programs were launched. We also provided clear evidence that two different types of programs (efficiency-oriented and growth-oriented) could be identified and were launched under different sets of circumstances. These insights provide a window on the larger issue of top-down strategic change in large firms. We hope that our findings, and our industry-level approach, stimulates others to look closely at this and related phenomena.

Data Availability

Data available from authors on request.

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Appendix 1: Post-hoc analysis of CEO influence

Another potential source of variation was the attributes of the CEOs themselves, as the evidence from our sample suggested their 'mandate for change' was a significant factor in the launch decision. More specifically, we were wondering if some CEOs are more likely to use corporate programs than others (i.e. program-prone vs. program-averse CEOs). To shed further light on this issue, we identified all CEOs of the firms in our sample of 74 European financial service firms and gathered additional information about them. More specifically, we collected information about their tenure at the focal company (years as CEO, tenure in the top management team), their work experience (prior strategy experience, hands-on experience), and educational background (MBA, business education) (Campbell, Bilgili, Crossland and Ajay, 2023; Darouichi, Kunisch, Menz and Cannella, 2021). The firms in our sample had 176 different CEOs during the study period. We were able to obtain information about the career history and educational background of 120 of these CEOs.

Table 3 shows the logistic regression analysis.[10] CEO tenure has a negative influence on the likelihood of corporate program launch (odds ratio = 0.859; $p < 0.05$), which corroborates our finding that a firm with a new CEO is more likely to launch a corporate program (H2). Moreover, when the CEO's origin is from outside, the likelihood of a corporate program being launched is significantly higher (odds ratio = 3.055; $p < 0.05$). While the educational background does not seem to play a role, previous work experience does seem to matter. In particular, a CEO with strategy experience

Table 3
Analysis of CEO influence on corporate program launch (program-prone CEOs).

	Model 1	Model 2
Constant	0.012 *	0.007 * *
	(0.022)	(0.012)
Controls		
Year dummies	included	included
Home country profitability	0.000 +	0.000 +
	(0.000)	(0.000)
Banking/insurance	1.468	1.794
	(0.595)	(0.739)
Within-industry diversification	2.335 +	1.933
	(1.096)	(0.931)
Firm size (log)	0.929	1.012
	(0.135)	(0.151)
Firm slack (log)	1.287	1.158
	(0.499)	(0.457)
TMT size (log)	1.493	1.576
	(0.551)	(0.581)
Prior firm performance	0.003	0.012
	(0.031)	(0.133)
Years CEO observed	1.049	1.107 +
	(0.047)	(0.062)
CEO characteristics		
At the focal firm		
CEO tenure		0.859 *
		(0.065)
CEO origin (from outside)		3.055 *
		(1.363)
Prior TMT tenure		1.039
		(0.037)
Prior work experience		
Prior strategy experience		2.872 *
		(1.450)
Hands-on experience		0.771
		(0.297)
Educational background		
MBA		0.698
		(0.571)
Business-oriented education		0.809
		(0.234)
Observations	470	470
Number of unique CEOs	120	120
Wald χ^2	24.92	35.42
Sig	0.0966	0.0624

Notes: coefficient represent odds ratios; robust standard errors in parentheses
† $p < 0.10$, * $p < 0.05$, * * $p < 0.01$, * ** $p < 0.001$
[1]) We also used the GEE procedure. The results were similar.

[10] For space reasons, the descriptive statistics are included in an appendix.

(odds ratio = 2.872; $p < 0.05$) is more likely to launch corporate programs.

These findings provide additional support for our behavioural theory perspective. For example, CEOs hired from outside the firm typically have a stronger 'mandate' for change than those promoted to the CEO post from inside (cf. Karaevli and Zajac, 2013; Vancil, 1987; Zhang and Rajagopalan, 2010), which makes them more likely to engage in a problemistic search process. We see indicative support for the effect of CEO origin (i.e. from inside or outside the firm) on the launch of programs, but because of the limited number of incidences of new CEOs from outside in our dataset we cannot say that new outsider CEOs are *more* likely to launch programs than new CEOs from inside. This is therefore a question we leave for future research. Moreover, CEOs with a strategy background are more likely to focus their attention on a "solution" to an aspiration-performance gap in the domain of strategy implementation (i.e. a corporate program), whereas CEOs with hands-on experience (i.e. business experience in the industry, such as head of a business division) or a finance background, might focus more on other areas, such as operational efficiency (cf. Vancil, 1987). These findings also confirm and extend related research on CEO experience and decision making (Busenbark, Krause, Boivie and Graffin, 2016; Hambrick and Cannella, 2004; Herrmann and Datta, 2006).

Appendix 2: Reasons for launching corporate change programs from interviews

Examples and quotes	First order themes	Second order themes
"…involving and gaining acceptance by middle managers […] is the key challenge" (Itella, Head of Strategy). "to address this situation [poor performance], the program encouraged regional heads to collaborate on defining a shared agenda … After an intense phase with monthly workshops, Schindler's top executive agreed on 10 shared initiatives and measures that cut across the regions". (Schindler, Head of Controlling)	To pull employees together around a unifying purpose	To *initiate* strategic change in the face of poor performance and mandate for change
"Goal was to catch up with competition … Faced with a high cost base and a pronounced organizational complexity, we saw an obvious need for a leaner and more flexible structure in order to react quickly and appropriately to the unfavorable economic climate and maintain the delivery of high results". (Clariant, Head of Strategy) "…the demands that the EU posed to approve the merger (with ForeningsSparbanken) were so tough that we decided to withdraw our application. We immediately made an analysis of our experiences from the integration work and, after five weeks, we launched a programme aiming at making better use of our own potential". (SE Banken, Group CEO)	To respond positively to a downturn in performance	
"Create a sense of urgency… we have taken action. We are now tackling these issues so as to strengthen our position". (Swiss Life, CEO) We defined the targets of our Milestone program to be able to use it as a tool internally to communicate the need for substantial changes…" (Swiss Life, CFO)	For a new CEO to provide internal impetus around his/her strategic agenda	
"Many of these new initiatives cannibalize existing products and businesses. So one of the things we do in the steering committee is look for areas to prioritize." (Itella, head of Corporate Strategy) "We were dealing with huge levels of complexity that had built up over the last ten years, and highly successful businesses each doing things their way. We needed a way to cut through this and simplify and focus on the right priorities…" (Nokia, VP Strategic Planning)	Prioritization of effort across multiple initiatives	To *implement* strategic change in the face of complexity and scope of change
"Through The Zurich Way, we set appropriate pricing guidelines with a focus on consistent technical pricing across the organization. As part of these guidelines, the Group requires the setting of a technical price according to common standards". (Zurich FS, Head of Program Management) "Instigated at the end of 2008, Project Clariant was developed with the aim of increasing cash generation, reducing cost and complexity. Project Clariant is the vehicle for Clariant's restructuring program, which through 2009 and 2010 will systemically analyze the company layer by layer to optimize processes across all areas". (Clariant, Head of Strategy).	Standardization and/or simplification of processes	
"The operating units of [Rio Tinto] historically had very levels of autonomy, so there had been no sharing of best practices and lots of duplication. One of the goals of IPT was to overcome this not-invented here problem". (Rio Tinto, group strategy director) "One of important benefits of our Milestone initiatives was the 'intercultural exchange' among the different business and regional units. This positive impact for cross-unit collaboration remained even after the end of the initiatives". (SwissLife CFO)	Identification of synergies across initiatives	
"… to have an equity story for external investors…" (Swiss Life, CFO) "…used our program as a vehicle for quickly postponing capital-intensive initiatives when the financial crisis hit, which allowed us to move more quickly than otherwise." (Alpha bank executive)	To show that firm is responding to external market conditions	To *signal* strategic change to external stakeholders in the face of market uncertainty
"Sense that the platform was burning, need for drastic action… The program became the management tool for the CEO, to articulate change and follow up on change". (Nokia, VP Strategic Planning). "We defined the targets of our Milestone …[in part] to center our communication towards the capital market around IT" (Swiss Life, CFO)	To underline to external stakeholders that the CEO is taking charge	

Appendix 3: Qualitative study interview respondents

Job title	Firm	Sector	Time period covered by interview
VP, Strategic Planning	Nokia	Infocom	2009–2012
Head of Corporate Strategy	Itella	Logistics	2008–2012
Head of Program Management Office	Allianz	Insurance	2003–2009
Head of Controlling	Schindler	Manufacturing	2009–2011
Head of Program Management	Alpha Bank*	Banking	2009–2011
Managing Director Corporate Development	Credit Suisse	Banking	2009–2011
Chief Financial Officer	Swiss Life	Insurance	2009–2011
Head of Strategy	Clariant	Chemicals	2008–2010
Head of Program Management	Zurich Financial Services	Insurance	2004–2010
Head of Corporate Development	Emmi	Food	2008–2012
Managing Director Corporate Development	Car Group	Automotive	2011–2012
CEO	KBC Bank	Financial services	2012–2015
Head of Corporate Strategy	Rio Tinto	Mining	2003–2008
Group head of innovation and VP, Strategy	Bayer	Material and life sciences	2011–2016

Appendix 4: List of corporate programs in the European Financial Service industry

#	Program Name[1)]	Firm	Start	End	Duration
1	Growth program	Abbey	2000	2002	2
2	Integration & Group SSC program	ABN	2005	2007	2
3	3 C Program (Aegon)	Ageon	2008	2010	2
4	Growth and efficiency program	Allianz	2000	2003	3
5	3 + 1 program	Allianz	2003	2009	6
6	Increase productivity and capacity	Banca Monte Dei Paschi	2002	2007	5
7	Industrial Plan 03–05	Banca UBI	2003	2006	3
8	Industrial Plan 06–09	Banca UBI	2006	2009	3
9	i-06	Banco Santander	2003	2006	3
10	Transformation program	Barclays	2000	2004	4
11	Consolidation Program	Banca Comercial Portugues	2000	2003	3
12	Millenium Program	Banca Comercial Portugues	2003	2008	5
13	Millenium 2010	Banca Comercial Portugues	2008	2010	2
14	Strategic Transformation Programme	Bank of Ireland	2004	2008	4
15	Investment Programm	BNP	2000	2007	7
16	CB21	Commerzbank	2000	2001	1
17	Cost-cutting Offensive	Commerzbank	2001	2004	3
18	Grow to win	Commerzbank	2004	2006	2
19	Future through Growth	Commerzbank	2006	2008	2
20	Focus	Commerzbank	2008	2010	2
21	Cost Cutting Program	Credit Agricole	2003	2006	3
22	Growth program	Credit Agricole	2006	2007	1
23	Strategic Development Program	Credit Agricole	2007	2008	1
24	DB Phase I	Deutsche Bank	2001	2003	2
25	DB Phase II	Deutsche Bank	2003	2006	3
26	DB Phase III	Deutsche Bank	2006	2010	4
27	Next	Deutsche Postbank	2007	2009	2
28	Postbank4Future	Deutsche Postbank	2009	2010	1
29	Response to Financial Crisis	Dexia	2009	2010	1
30	Integration Program	Erste Bank	2000	2004	4
31	New Group Architecture Programme	Erste Bank	2004	2008	4
32	Eurohypo 2005	Eurohypo	2003	2005	2
33	Friends Achieving Customer Excellence	Friends	2001	2005	4
34	Implementation Program of Business Plan 03–05	Generali	2003	2005	2
35	Implementation Program of Business Plan 06–08	Generali	2006	2008	2
36	Implementation Program of Business Plan 07–09	Generali	2007	2010	3
37	Aufbruch	Gerling	2001	2003	2
38	New Gerling	Gerling	2003	2005	2
39	Value Program	HBOS	2006	2008	2
40	Managing for Value	HSBC	2000	2004	4
41	Managing for Growth	HSBC	2004	2010	6
42	Transformation Program	ING	2004	2008	4
43	Back to Basics	ING	2008	2010	2
44	Integration Program	Intesa Sanpaolo	2000	2002	2
45	Customer Experience Program	Legal General	2005	2007	2
46	Efficiency Program	Lloyds	2000	2003	3
47	New Efficiency Program	Lloyds	2003	2010	7
48	Renewal	Munich RE	2004	2007	3
49	Changing Gear	Munich RE	2007	2010	3
50	Implementation Program of Business Plan 2007–09	National Bank of Greece	2007	2009	2
51	Growth Program + Efficiency	Nordea	2005	2010	5
52	BEST	Nuernberger	2006	2009	3
53	Strategic Restructuring Programme	Royal Bank of Scotland	2009	2010	1

(*continued on next page*)

(*continued*)

#	Program Name[1)]	Firm	Start	End	Duration
54	Performance Improvement Programme	RSA	2002	2005	3
55	Operational and Capital Improvement Programme	RSA	2005	2009	4
56	Back on Track	Scor	2002	2004	2
57	Moving Forward	Scor	2004	2007	3
58	Dynamic Lift	Scor	2007	2010	3
59	Doube Revenue Program	SEB	2000	2001	1
60	3 C Program	SEB	2001	2006	5
61	SEB Way	SEB	2007	2010	3
62	Synergy Program	Societe General	2005	2007	2
63	Ambition SG 2015	Societe General	2008	2010	2
64	Fit for Growth	Standard Chartered	2000	2002	2
65	Outserve	Standard Chartered	2004	2005	1
66	Outserve Plus	Standard Chartered	2006	2008	2
67	Cost Reduction Program	Storebrand	2002	2005	3
68	Storebrand Competiveness Program	Storebrand	2005	2008	3
69	Change Programme (7 Points)	Swedbank	2000	2004	4
70	One Group Program	Swedbank	2008	2009	1
71	Cost Saving Program	SwissLife	2001	2006	5
72	Efficiency & Growth Program	SwissLife	2004	2007	3
73	Milestone Program	SwissLife	2009	2011	3
74	S3 Program	Unicredit	2001	2006	5
75	ONE4C	Unicredit	2009	2010	1
76	W&W 2009	Wuestenrot	2006	2009	3
77	W&W 2012	Wuestenrot	2009	2010	1
78	FOKUS	ZKB	2001	2005	4
79	The Way Forward	Zurich	2002	2004	2
80	The Zurich Way	Zurich	2004	2010	6

[1)] Names include original names as well as generic names in the few cases were no official name was found.

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