

The Placebo Effect in Organisational Change: Expectancy, Behavioural Mechanisms, and the Illusion of Progress

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Abstract: Organisational change programmes frequently display early signs of progress before substantive interventions have taken effect. This paper argues that such patterns reflect an organisational analogue of the placebo effect: the capacity for expectations, symbolic cues, and leadership signalling to generate short-term shifts in perception, behaviour, and reported progress independent of underlying capability. Drawing on research in expectancy effects, cognitive priming, sensemaking, and social contagion, the paper develops a conceptual model of the organisational placebo mechanism and identifies the conditions under which constructive expectancy transitions into maladaptive illusion. The model explains recurring transformation phenomena, including early uplift, change theatre, misattribution, and enthusiasm decay, and highlights governance risks arising when belief-driven signals are mistaken for evidence of adoption. Practical guidance is offered for leaders seeking to harness positive expectancy while avoiding placebo-driven blind spots. The paper contributes a novel behavioural lens for diagnosing early progress signals and strengthening transformation governance.

Keywords: *Organisational Change; Placebo Effect; Expectancy; Behavioural Mechanisms; Transformation Governance; Sensemaking; Social Contagion; Change Adoption.*

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I. INTRODUCTION

Organisations routinely invest in large-scale transformation programmes with the expectation that redesigned processes, new technologies, and structured interventions will deliver measurable improvements. Yet across sectors, a consistent pattern emerges; early signs of progress appear before any substantive changes have been implemented. Staff report heightened optimism, leaders perceive momentum, and performance indicators show short-term uplift despite unchanged systems and capabilities.

Traditional explanations; communication quality, leadership visibility or novelty effects, do not fully account for the speed, consistency, or fragility of these early gains. This paper proposes that these phenomena are better understood through a behavioural mechanism analogous to the placebo effect. In clinical contexts, expectations shape physiological and psychological outcomes (Benedetti, 2009). In organisational contexts, expectations shape perception, behaviour, and the interpretation of ambiguous signals.

Reframing early uplift as a placebo-driven dynamic provides a coherent explanation for premature perceptions of success, subsequent enthusiasm decay, and the misinterpretation of belief-driven behaviours as evidence of

adoption. The organisational placebo lens clarifies an under-examined behavioural mechanism and highlights governance risks arising when belief-driven signals are mistaken for structural progress.

II. THEORETICAL FOUNDATIONS

➤ *Expectancy Effects and Symbolic Influence*

Placebo research demonstrates that expectations can produce measurable changes in perception, affect, and behaviour even without active intervention (Kirsch, 1997; Benedetti, 2009). Expectancy shapes subjective experience, symbolic cues amplify belief, and contextual framing influences interpretation.

➤ *Cognitive Priming and Behavioural Activation*

Cognitive priming studies show that exposure to cues influences subsequent interpretation and behaviour (Bargh and Chartrand, 1999). In transformation programmes, priming occurs through leadership messaging, programme branding, early workshops, and visible sponsorship. These cues activate behavioural scripts, cooperation, attentiveness, and temporary performance boosts, independent of actual capability development.

➤ *Sensemaking Under Uncertainty*

Sensemaking theory emphasises that individuals construct meaning retrospectively, often using limited or symbolic information (Weick, 1995). During change, staff seek cues that signal seriousness, legitimacy, and direction. These cues shape collective interpretations of progress, explaining why early enthusiasm is strong yet fragile.

➤ *Social Contagion and Collective Expectancy*

Beliefs and behaviours spread through social networks, particularly when influential individuals express confidence in a change initiative (Cialdini, 2007; Christakis and Fowler, 2009). This creates collective expectancy effects that amplify both optimism and disillusionment.

➤ *Gaps in the Organisational Change Literature*

While existing literature discusses engagement, communication, and leadership alignment (Kotter, 1996; Armenakis and Harris, 2002), it rarely examines the behavioural mechanisms that generate early uplift or premature perceptions of success. Legacy change models do not account for the systematic way in which symbolic cues and expectancy create the appearance of progress before structural interventions take effect.

III. THE ORGANISATIONAL PLACEBO MECHANISM

To support the conceptual argument developed in this section, Figure 1 presents the Organisational Placebo Mechanism, illustrating the sequential relationship between expectancy triggers, the underlying psychological and social processes they activate, the short-term observable outcomes that follow, and the conditions under which these dynamics transition into maladaptive illusion. The model synthesises insights from expectancy theory, cognitive priming, sensemaking, and social contagion to provide a coherent behavioural explanation for early uplift and subsequent enthusiasm decay in transformation programmes. By visualising these interactions, the figure clarifies how belief-driven momentum can initially accelerate change but later distort governance, mask capability gaps, and contribute to programme failure.

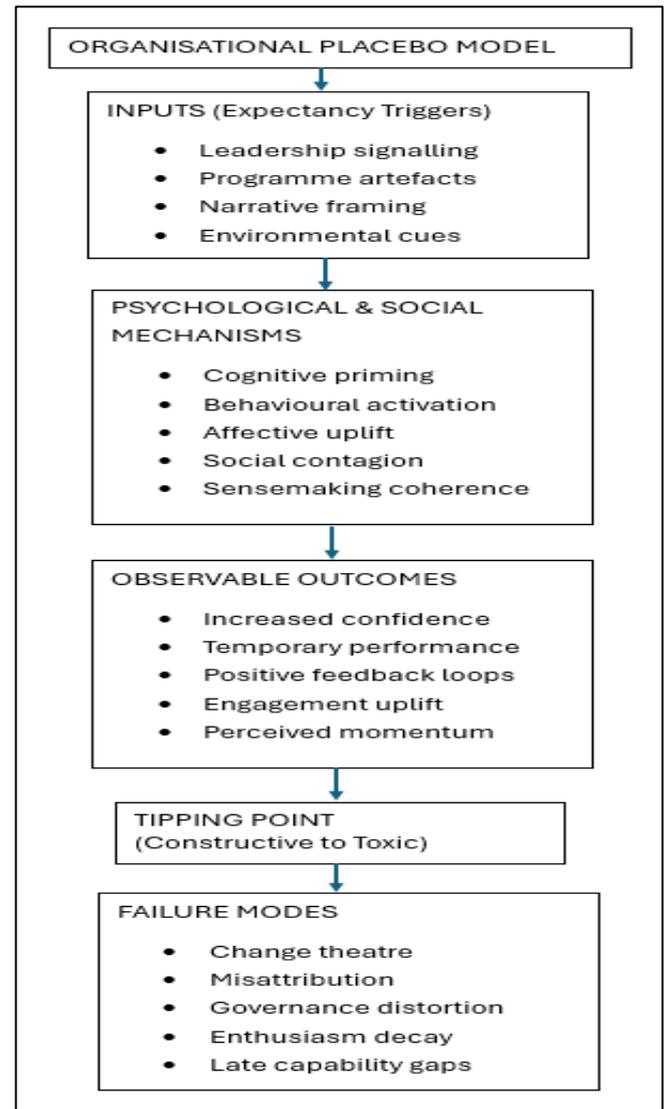


Fig 1 The Organisational Placebo Mechanism

➤ *Inputs: Expectancy Triggers*

- Leadership signalling
- Programme artefacts
- Narrative framing
- Environmental cues

➤ *Psychological and Social Mechanisms*

- Cognitive priming
- Behavioural activation
- Affective uplift
- Social contagion
- Sensemaking coherence

➤ *Observable Outcomes*

- Increased reported confidence
- Temporary performance improvements
- Positive feedback loops
- Engagement uplift
- Perceived momentum

➤ *Failure Modes*

- Change theatre
- Misattribution
- Governance distortion
- Enthusiasm decay
- Late exposure of capability gaps

➤ *The Tipping Point*

The tipping point marks the moment at which constructive expectancy transitions into maladaptive illusion. This occurs when:

- Narrative divergence emerges between leadership narratives and operational reality.
- Resource displacement occurs, as symbolic activity consumes time needed for substantive work.
- Metric decoupling arises when sentiment-based reporting masks capability deficits.

IV. CASE PATTERN: THE DIGITAL TRANSFORMATION TRAP

A typical digital transformation illustrates the mechanism.

➤ *Expectancy Signals*

A firm announces a “Cloud-First” strategy supported by high-gloss branding, leadership roadshows, and vision workshops.

➤ *Placebo Uplift*

Engagement surveys show a rapid rise in readiness. Leadership interprets this as evidence of cultural alignment and accelerates timelines.

➤ *Enthusiasm Decay*

As symbolic cues lose novelty, behaviours revert to baseline. Staff enthusiasm drops as they confront unfamiliar architectures and insufficient training.

➤ *Collision with Structural Reality*

Operational performance declines as placebo-driven optimism collides with missing technical skills, weak processes, and untested workflows.

➤ *Outcome*

Cynicism grows, timelines slip, and leadership credibility erodes. Early uplift is revealed as expectancy-driven rather than capability-driven.

V. GOVERNANCE IMPLICATIONS

➤ *Distorted Reporting*

Teams may rate progress as “green” based on perceived momentum rather than measurable capability.

➤ *Misinterpretation of Early Wins*

Leaders may assume resistance has been overcome prematurely.

➤ *Assurance Blind Spots*

Governance forums reflect confidence rather than capability, creating blind spots.

➤ *Timeline Compression*

Optimism accelerates timelines, increasing programme risk.

➤ *Erosion of Trust*

When placebo-driven progress collapses, credibility suffers.

➤ *Narrative Overreliance*

Compelling stories overshadow weak evidence.

➤ *Late Exposure of Structural Barriers*

Capability gaps surface late, when budgets are committed and expectations fixed.

➤ *Ethical Risks*

Leaders may unintentionally or deliberately amplify symbolic gains to secure funding or maintain confidence, creating fragile foundations for decision-making.

VI. PRACTICAL GUIDANCE FOR LEADERS AND PRACTITIONERS

➤ *Harness Constructive Expectancy*

Use positive expectancy to reduce resistance; however, also ground narratives in credible commitments.

➤ *Pair Symbolic Actions with Substantive Work*

Ensure workshops produce concrete outputs and governance structures carry real authority.

➤ *Distinguish Placebo Signals from Structural Evidence*

Table 1 Distinguish Placebo Signals from Structural Evidence

Indicator	Placebo Signal	Structural Evidence
Reporting basis	Perceived momentum	Validated milestones
Staff sentiment	High readiness	Demonstrated competency
Performance	Temporary uplift	Sustained gains

➤ *Monitor Enthusiasm Decay*

Track declining engagement and behavioural reversion.

➤ *Validate Capability Early*

Use pilots, competency assessments, and scenario-based rehearsals.

- *Use Narrative Transparently*
Distinguish aspiration from evidence.
- *Build Feedback Loops*
Reward early identification of risks and disconfirming evidence.

VII. DISCUSSION

- *Contribution to Theory*
The organisational placebo mechanism bridges behavioural science and organisational change theory, offering a new explanation for early uplift and enthusiasm decay.
- *Contribution to Practice*
The model provides leaders and governance bodies with a diagnostic lens to distinguish belief-driven uplift from genuine progress.
- *Limitations*
The paper is conceptual; empirical testing is required.
- *Future Research*
Future work should measure the “placebo gap” between sentiment and capability, analyse narrative coherence, and conduct longitudinal studies of enthusiasm decay (Somersall-Weekes, 2025).

VIII. CONCLUSION

Placebo dynamics offer a powerful yet under-examined lens for understanding early responses to organisational change. By articulating the organisational placebo mechanism, this paper provides a foundation for more accurate diagnosis and evaluation of transformation programmes. Understanding these dynamics is essential for the integrity and effectiveness of transformation governance.

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