



Interorganizational imitation heuristics arising from cognitive frames[☆]



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ABSTRACT

The literature on organizational imitation mostly disregards its cognitive aspect. Yet, imitation is a cognitive heuristic. The study draws a unifying framework of imitation theories through a cognitive lens in the context of innovation adoptions. The premise is that organizations imitate in order to improve the status quo or to avoid losing it. The interaction of the framing of imitation and the organization's evaluation of an innovation as threats or opportunities results in the use of combinations of the two most popular imitation heuristics – “imitate the successful” and “imitate the majority.” Since the framings dictate different imitation timings, the speed of innovation diffusion depends on these interactions. The study contributes to the organizational learning literature by proposing that social learning is subject to interpretations resulting in the use of different imitation heuristics. Its contribution to the decision-making literature is that complex strategic decisions employ imitation heuristics from Gigerenzer's adaptive toolbox.

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Introduction

At the core of every organizational action is the decision-making process. Substantial literature documents that individuals and, by extension organizations, rely on social learning or imitation in the decision-making process (Henrich, 2001). Imitation is especially useful when time and knowledge are limited (Gigerenzer, Todd, & the ABC Research Group, 1999), which is often the case with innovation adoptions. Moreover, imitation might be the preferred strategy even when subjects have access to objective information to evaluate the issue (Offerman & Sonnemans, 1998; Vermeulen, 2010). Thus, imitation heuristics may lead to what Gigerenzer (2008) calls “less-is-more” effect. Due to the pervasiveness of imitation, several recent studies have drawn attention to the need to reconsider and re-assess some well-known models of organizational motivations for adoption of new practices (Cheng, 2010; Kennedy & Fiss, 2009). These studies question DiMaggio and Powell's (1983) suggestion that early adopters aim to build knowledge and later adopters respond to legitimacy pressures and Tolbert and Zucker's (1983) model where early adopters pursue technical gains and later adopters seek the social

benefits of legitimacy. According to the classical models, the early adopters do not imitate, but assess the technical value of an innovation whereas later adopters primarily imitate due to social pressure. The new critiques demonstrate that organizations can be jointly affected by technical efficiency/building knowledge motives and by social ones. That is, early adopters may have legitimacy motivations to imitate as well as efficiency reasons.

In fact, since organizational learning has three sources according to Levitt and March (1988) – direct experience, the interpretation of the experience, and the experience of others – social imitation appears to be the only feasible option before the adoption of an innovation. The authors discuss learning from the experience of others almost exclusively from the institutional perspective where imitation occurs because of institutional pressures on organizations “to demonstrate that they are acting on collectively valued purposes in collectively valued ways” (p. 330). Huber (1991) also notes that research has not learned much about social learning beyond the fact that it occurs. This prompts Scott (1992) to comment that institutionalists tend to focus only on the normative while ignoring the cognitive frameworks of the imitation phenomenon. On the other hand, psychologists acknowledge a deficiency in research on the role social imitation plays in decision making (Hastie, 2001). This is also evident in the studies of Gigerenzer and colleagues on decision making who put imitation among the set of heuristics, building blocks, and core capacities, which they term “the adaptive toolbox,” yet devote considerably less time on the study of imitation compared to other heuristics in the toolbox such as recognition, take-the-best, and 1/N, among others (Gigerenzer, 2008; Gigerenzer & Gaissmaier, 2011).

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The current study aims to augment the organizational learning model by discussing the cognitive trigger of the imitation decision. [Levitt and March \(1988\)](#) describe how organizations build routines by encoding lessons from history and storing them in the organizational memory. However, the encoding of the historical events depends on who does it and how they have perceived the outcome associated with those events. That is, past experience is subject to interpretations. Similarly to past experiences, imitation reasons can be coded as good or bad. The contribution of this study is to explicitly put in the picture of organizational learning the interpretation of the experience of others. In this way it also answers the call for special attention to social learning in the broader study of bounded rationality ([Garcia-Retamero, Takezawa, & Gigerenzer, 2009](#)). As [Bandura \(2006\)](#) states from the cognitive perspective of social learning theory, the “observers function as active agents who transform, classify, and organize” the observed actions by others rather than as cameras that store “isomorphic representations” (p. 21). The major point is that the experience of others would have different learning values across organizations because they employ different cognitive frames. In particular, the focus is on the decision to imitate and its interpretation. The idea resonates with the assertion of [Fiol and Connor \(2003\)](#) that one of the key determinants of jumping on the bandwagon is the accuracy of managers' perception of the value of imitation.

This essay serves two purposes. First, it responds to calls of filling the gaps in the extant literature of a more comprehensive theory of imitation and of deeper understanding of the cognitive processes behind imitation ([Ordanini, Rubera, & DeFillippi, 2008](#)) as well as exploring interactions between mimetic and experiential learning ([Lieberman & Asaba, 2006](#)). The latter authors point out that the literature streams on imitation and organizational learning have developed independently of each other. The current study builds on [Jonsson and Regner's \(2009\)](#) premise that the imitation effort consists of three parts: identification of the subject of imitation, willingness, and ability to imitate. It offers a more comprehensive model of learning through the interaction of the interpretation of others' experience and the organization's own evaluation of the potential innovation, which translates into the interaction of the identification and willingness to imitate parts. Its major claim is that it is this interaction of interpretations, which ultimately shapes the organization's adoption decision. Because the interactions can result in various types of responses over time, generalizations about the adoption motivation based on its timing are bound to be not completely accurate. Second, it provides a unified framework of all different models on mimetic behavior in the management, organizations, and economics literatures. Most prior studies explain imitation through tackling its different aspects and settings resting on different theoretical traditions. The current one encompasses those streams by putting a cognitive lens on the imitation decision. To that extent, it follows the position of [Ordanini et al. \(2008\)](#) and views imitation as an intended decision on behalf of the decision-maker in response to observing other actors' behavior. The distinction is necessary as the earliest explanations in psychology of imitative behavior claimed that it is instinctive ([Bandura, 2006](#)), which echoes economics and management theories' references to organizations' “propensity to imitate” ([Bikhchandani, Hirshleifer, & Welch, 1998](#); [Hodgson & Knudsen, 2004](#)). In contrast, this article claims that managers' interpretations of the potential efficiency of the innovation adoption and learning from the prior adopters' experience lead to the employment of different imitation heuristics. It describes mechanisms leading to the utilization of two heuristics from Gigerenzer's adaptive toolbox that have received relatively little attention — “imitate the majority” and “imitate the successful”. Bringing in this cognitive perspective can enrich our understanding of mimetic behavior and the timing of innovation adoptions.

Theoretical background

The paper builds on the following lines of reasoning and existing theories. First, it subscribes to [Simon's \(1955\)](#) assertion that “organisms”

facing a choice are not unboundedly rational. Without disregarding the vast research on decision-making in organizations and the differences between organizational and individual decision-making, the text uses the following terms interchangeably: organization, decision-maker, management/managers. They all mean to represent the nucleus of an organization responsible for strategic decisions. Similarly, the terms novelty, issue, and innovation mean an innovation in technology, practice, process, etc. that an organization is contemplating adopting. Second, since often in the organizational context these issues are uncertain, complex, ambiguous, and unpredictable, the decision makers resolve to use cognitive heuristics from the adaptive toolbox of [Gigerenzer et al. \(1999\)](#). Social learning or imitation belongs to the adaptive toolbox ([Gigerenzer & Brighton, 2009](#); [Goldstein et al., 2001](#)) and is a highly adaptive strategy in various environments ([Henrich, 2001](#)). Even though imitation is a widespread heuristic, questions still persist as to why, when, and what type of imitation decision-makers use ([Goldstein et al., 2001](#)). The terms imitate/imitation, mimetic behavior, follow, and copy also appear interchangeably in the text and mean organizations repeating an action that their predecessors have taken. Third, studies have indicated that organizational decisions are based on the framing of choice ([Barr, 1998](#); [Dutton & Jackson, 1987](#)). [Barr \(1998\)](#), in particular, shows that event interpretation is strongly linked to the type of organizational response. This leads to the core proposition that the choice of an imitation strategy depends on the cognitive frame the decision maker puts on the observed behavior of others. The two sections below give a brief overview of managerial cognition and imitative behavior and their links to the current study appear in following section, which brings forth the unifying model.

Managerial decision-making, cognition and framing

Managers avoid complex problems and instead prefer shortcuts and mappings of complex situations to a more familiar and less complex ones engaging in heuristic-type reasoning ([Moldoveanu, 2009](#); [Ross, Moore, & Staelin, 2000](#)). While the management literature has generally referred to heuristics in negative terms as examples of irrational behavior ([Holcomb, Ireland, Holmes, & Hitt, 2009](#)), a recent study finds that organizations that develop a portfolio of heuristics can achieve superior performance as heuristics proxy for complex information ([Bingham & Eisenhardt, 2011](#)). Imitation is a cognitive shortcut ([Goldstein et al., 2001](#)). Consequently, managers' preference for shortcuts offers a good explanation of the observation that imitation is one of the most frequently used problem solving tactics by companies ([Nutt, 1998](#)). In that sense, mimetic behavior is the result of cognitive limitations. But, this is not a deficiency. In fact, according to some theories, it is exactly the evolved superior instinct and abilities to learn via imitation that separate humans from primates ([Tomasello, 2000](#)). However, the diverse streams on organizational imitation have developed almost entirely disregarding its cognitive aspect.

While at earlier stages of child development, imitation is instinctive ([Tomasello, 2000](#)), as the brain matures, it becomes a conscious decision. The question, then, is how managers reach the conscious decision to imitate. Well documented research shows that managers make sense of the environment through cognitive frames ([Kaplan, 2008](#); [Walsh, 1995](#)). Frames are especially relevant in situations of high uncertainty as managers attempt to decipher ambiguous signals ([Kaplan, 2008](#)). Managers have to first interpret the situations they are facing before they take any actions ([Thomas, Clark, & Gioia, 1993](#)). In support, [Barr \(1998\)](#) attunes to the following realities: on one hand, firms are frequently facing unfamiliar events or choices, and on the other hand, various studies have established that leaders initiate organizational change only after framing the issue at hand. In addition, interpretations of “opportunity” and “threat” impact in a significant way the strategic decision. She summarizes several empirical tests consistently showing that opportunity interpretations incite offensive-type actions and threat interpretations – defensive-type actions and, in extreme cases,

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