



Article

Beyond the internal dynamics of organizational responses to conflicting institutional demands



Viviana Gutiérrez-Rincón*

Docente investigadora, grupo FSOP, Departamento de Gestión de Organizaciones, Pontificia Universidad Javeriana, Cali, Colombia

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ABSTRACT

This paper presents some reflections on strategic response models, in particular the models proposed by Pache, Santos and Oliver, and it evaluates their complementarity and differences, especially regarding the interactions between decision making and the possible strategic responses to institutional demands. It is argued that the theoretical contributions of Pache and Santos can be categorized under the dimension of utility, because they can enhance the potential to operationalize and test the model. However, the reflections made in this paper not only highlight the need to take into account other external and internal factors for the study of strategic responses, but also the integration of different linkages of the decision process with strategic responses to institutional demands.

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Más allá de las dinámicas internas de las respuestas organizacionales ante demandas institucionales conflictivas

RESUMEN

Este artículo presenta una reflexión sobre los modelos de respuesta estratégica, en particular, los propuestos por Pache, Santos y Oliver, a fin de evaluar sus complementariedades y diferencias, especialmente las interacciones entre las decisiones y las diferentes posibilidades de respuesta estratégica ante las demandas institucionales. Se argumenta que las contribuciones teóricas realizadas por Pache y Santos pueden clasificarse en la dimensión de utilidad, debido a que pueden aumentar el potencial de operacionalizar y poner a prueba el modelo. Sin embargo, este artículo pone de manifiesto la necesidad de tener en cuenta otros factores externos e internos en el estudio de las respuestas estratégicas, así como la integración de diferentes vínculos del proceso de decisión con las respuestas estratégicas a demandas institucionales.

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* Correspondence to: Calle 18 #118-250, Avenida Cañasgordas, Pontificia Universidad Javeriana, Cali, Colombia.

E-mail address: vgutierrez@javerianacali.edu.co

Indo Além Das Dinâmicas Internas Das Respostas Organizacionais Perante Os Pedidos Institucionais Conflitivos

R E S U M O

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Este artigo apresenta uma reflexão sobre os modelos de resposta estratégica, em particular, os propostos por Pache, Santos e Oliver, com o objectivo de avaliar as suas complementariedades e diferenças, especialmente das interações entre as decisões e das diferentes possibilidades de resposta estratégica perante os pedidos institucionais. Argumenta-se que as contribuições teóricas realizadas por Pache e Santos podem ser classificadas no âmbito da utilidade devido ao facto de poderem aumentarem o potencial de operacionalizar e pôr à prova o modelo. Porém, este artigo manifesta a necessidade de levar em consideração outros factores externos e internos no estudo das respostas estratégicas, assim como a integração de diferentes vínculos do processo de decisão com as respostas estratégicas a pedidos institucionais.

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1. Introduction

In organizational studies, particularly in institutional theory, there has been a growing interest in the strategic responses of organizations to institutional demands (Lawrence, 1999), especially those of a conflicting nature (Goodrick & Salancik, 1996; Oliver, 1991; Scott, 2005; Seo & Creed, 2002), which are broadening the limits of attention on the part of institutional theorists, which was hitherto focused on the effects of the institutional environment on structural conformity and isomorphism effects (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Oliver, 1991; Zucker, 1977). Using these frameworks as a basis, Pache and Santos (2010) built a model of organizational responses to answer the question “How does an organization respond when influential stakeholders hold contradicting views about its appropriate course of action?” (Pache & Santos, 2010, p. 456). The authors affirm that even though current models recognize that compliance with conflicting institutional demands is problematic, and point to alternative response strategies, they treat organizations as unitary players developing strategic responses to external pressures and largely ignore the role of intra-organizational dynamics, which Pache and Santos included in their model to increase its predictive power, and to identify with more precision the conditions under which specific response strategies are used.

Even though these authors made a contribution to the model developed by Oliver (1991), organizational theorists have already acknowledged the intra-organizational dynamics by recognizing the fragmentation of complex organizations (Flingstein, 1990; Lawrence and Lorsh, 1967 in Kostova & Zaheer, 1999); furthermore, Kostova and Zaheer (1999) in their study of Multinationals Enterprises identify the need for organizational subunits to achieve internal legitimacy within the organization, in addition to legitimacy with the external environment.

Although Pache and Santos (2010) critique previous models because of their lack of integration of institutional field and intra-organizational levels, the authors put aside some external and internal factors that also play predominant roles in the organizations' strategic response to institutional demands, such as media exposure and the size of the organizations; they justify these limitations as an effort to achieve parsimony. Among the external factors is media exposure, which, having taken on increased significance in assigning importance to issues, plays a role in confirming or eroding the legitimacy of individual firms, and by doing so, affects the organization's responses to institutional pressures (Greening & Gray, 1994; Gupta, 2009). On the other hand, an important internal factor is the size of the organizations, because by virtue of their size and visibility, large organizations are subject to considerable attention from state, media and professional groups, which is a strong incentive to take actions to ensure their legitimacy (Mintzberg, 1983 in Goodstein, 1994).

Moreover, with their claim of the predictive power of the model and a systematic understanding of the influences of conflicting institutional pressures, they assume that all strategic responses are the result of a rational process of decision making (March & Simon, 1958; Simon, 1979), which can be a sequence of decomposed stages that converge on a solution (Langley, Mintzberg, Picher, Posada & Saint-Macary, 1995), in this case responding to social and legal institutional demands (Simon, 1979). Nevertheless, organizational decision making is a socially interactive process (Cyert & March, 1963; Langley et al., 1995), which makes it difficult to follow what is simply a rational decision making process.

In conclusion, it is argued here that the contribution made by the authors to the model developed in the first instance by Oliver (1991) is basically the addition of the role of intra-organizational dynamics, and although it does not significantly modify the logic of the pre-existing model, it offers better comprehension of the different elements that can affect organizations' strategic responses to conflicting institutional demands, making it a contribution more of utility than of originality. However, there is no empirical evidence of the predictive power of the complete model, which leaves the need of empirical studies to assess each of the propositions and the model.

In formulating these arguments, this paper is divided into three sections. First, it builds on the concepts of institutional demands and strategic responses to identify the conceptual bases of the strategic response models. Second, it evaluates the contributions of Pache and Santos' model to the study of different decision making processes behind the organizations' selection of strategic responses to institutional demands. Third, it identifies some other external and internal factors that also play predominant roles in the organizations' strategic response to institutional demands that can change the predictive responses identified by Pache and Santos (2010), and concludes with theoretical implications.

2. Internal dynamics of organizational responses to conflicting institutional demands

This paper highlights two main concepts that are present in the mainstream literature of institutional theory that has focused on strategic decision making, and represent the basis of the models developed by Pache and Santos (2010) and Oliver (1991). These concepts are institutional demands and strategic responses.

With the aim of evaluating the complementarities and differences of the models of Pache and Santos (2010) and Oliver (1991), the sections presented below introduce the concepts of institutional demands, strategic responses, and the description of the predictors of the strategic responses proposed by Oliver (1991) and Pache and Santos (2010).

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