

A MODEL OF ORGANIZATIONAL TRANSFORMATION: THE INCORPORATION OF ORGANIZATIONAL IDENTITY INTO A STRUCTURATION THEORY FRAMEWORK

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ABSTRACT

Giddens' theory of structuration (1979, 1984) is drawn upon to develop a conceptual model of organizational transformation which explains organizational differences in terms of organizational identity and the recursive relationship between agents and structure.

INTRODUCTION

A fundamental question in strategic research is 'why do firms differ?' (Rumelt, Schendel and Teece, 1991). Answers to this question have been offered by evolutionary economics (Nelson, 1991; Nelson and Winter, 1982), the resource based view of the firm (Barney, 1991) and the strategic choice perspective (Child, 1972). While each perspective offers an explanation of firm differences in aggregate, none is able to explain 'why this strategy for this particular firm?' This paper argues that structuration theory offers strategic management a theoretical framework to understand strategic transformation. Integrating concepts about organizational identity into a structuration theory framework has the further potential of yielding insight as to why a firm adopts a particular strategic path.¹

STRUCTURATION THEORY

Anthony Giddens' (1979, 1984) structuration theory is beginning to have a growing influence in management science. Principles of structuration have been applied at the organizational level (Ransom, Hinings and Greenwood, 1980; Pettigrew, 1987) and as an explanation to industry level activity (Huff, Stimpert and Huff, 1994). Applications of structuration theory have yielded insight into organizational culture (Riley, 1983) and technology transfer (Orlinkowski, 1992; Desantis and Poole, 1994). Whittington's (1992) recent review of this work concludes that while Giddens is beginning to be used, the potential contribution of structuration theory "has still not been put fully into action" (pg. 707).

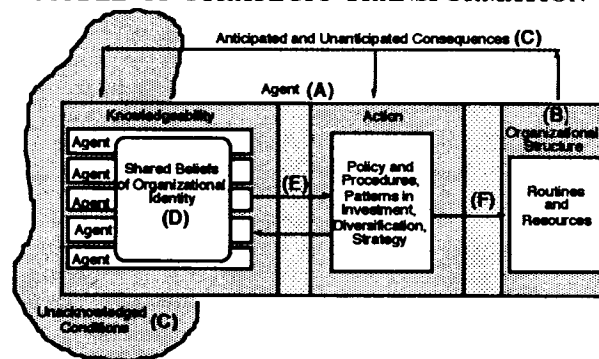
¹I would like to thank Anne Huff for not only introducing me to Giddens, but for a continuing dialog in the application of structuration theory to strategic management. This paper has been improved by her thoughtful comments and insights.

The theory of structuration was developed by Anthony Giddens (1976, 1979, 1984, 1991) to fill what he saw as a gap in social theory. In addition to drawing from Giddens' writings, the discussion will also draw from the interpretations of Giddens' offered by Huff, Stimpert, & Huff (1994), Dear and Moos (1994), Orlinkowski (1992), and Clark (1990). The focus of the theory is reciprocal interaction of human actors and organizational structure. The central idea is that human actors or agents are both enabled and constrained by structures, yet these structures are the result of previous actions by agents. Structural properties of a social system consist of the rules and resources that human agents use in their everyday interaction. These rules and resources mediate human action, while at the same time they are reaffirmed through being used by human actors or agents. This reciprocal relationship between agency and structure is central to structuration theory and is expressed as the "duality of structure". As Giddens describes:

In seeking to come to grips with problems of action and structure, structuration theory offers a conceptual scheme that allows one to understand how actors are at the same time the creators of social systems, yet created by them....It is an attempt to provide the conceptual means of analyzing the often delicate and subtle interlacing of reflexively organized action and institutional constraint (Giddens, 1991; 204).

The following discussion highlights the central aspects of structuration theory, with explicit attention given to the contribution each aspect of the theory can make to the field of strategic management. Components of the model that are to be investigated in this paper are indicated by letter (from A to F) which refers to a model of strategic transformation illustrated in Figure 1.

FIGURE 1
 MODEL OF STRATEGIC TRANSFORMATION



A. Agent. A central premise in structuration theory is that actors are purposeful, knowledgeable, reflexive and active. The use of the word 'agent' implies purpose and power. To be an agent means to be able to intervene in the world, or to refrain from intervention. This presumes that the agent is able to deploy a range of causal power, including that of influencing those deployed by others. An agent ceases to be such if he or she loses the capability to 'make a difference', that is, to exercise some sort of power (Giddens, 1984; 14).

Agents are seen as being knowledgeable, and awareness of social rules is the very core of knowledgeable. Social agents know a great deal about the conditions and consequences of what they do in their day to day lives (Giddens, 1984; 281). Agents possess and apply knowledge in the production and reproduction of every day encounters (Giddens, 1984; 22). This is not to say that all knowledgeable is conscious. According to Giddens, there are three levels of awareness of oneself and ones actions. These are referred to as the consciousness; unconscious, practical consciousness and discursive consciousness (Dear and Moos, 1994).

Reflexive monitoring is another key aspect of knowledgeable. Reflexivity refers to the capacity of humans to routinely observe and understand what they are doing while there are doing it. Actors continue to monitor the flow of their activities and have a theoretical understanding of themselves and others. They are also able to monitor their monitoring. Thus reflexive monitoring is not merely self-consciousness, it includes the continuous monitoring of physical and social contexts, and activities within those contexts as well as the continuous adjustment of ones actions (Giddens, 1984; pg 5).

These descriptions highlight the role of action in structuration theory. Giddens defines action 'as a stream of actual or contemplated causal interventions of corporeal beings in the ongoing process of events in the world' (Giddens, 1979; 55). Thus, there is a tight reciprocal relationship between knowledgeable and action. Action is driven by the knowledgeable of the agents, however action influences knowledgeable as well.

The Value Added of Giddens' Conceptualization of Agent. When applied to managers, Giddens' concept of agents provides an alternative view to that presented in strategic management research. Traditionally, managers have either been seen as rational actors making an optimal choice among given or known choice sets (Andrews, 1971), or they have been viewed as exhibiting bounded rationality (Cyert and March, 1963) limited in time and constrained by the perceptual filters and biases through which every individual observes their environment (Hambrick and Mason, 1984). In the presentation of knowledgeable, structuration theory provides an expanded notion of what managers can do. The emphasis is on the many skills portrayed in everyday activity rather than emphasizing the short fall from abstract rationality. As Huff, Stimpert, & Huff (1994) have pointed out, this view of agents is a break from the traditional social

scientist's stance (strategy scholars included) who Giddens has argued portray actors as "cultural dopes...of stunning mediocrity" (1979; 52).

The incorporation of reflexivity in the definition of agents is another potential specific enrichment of strategic management research. The ability of managers to not only monitor their behavior, but to also monitor their monitoring and the adjustment of action has not been a focus of discussion. For example, Hambrick and Mason (1984) hypothesize that managers' demographics can influence their decisions. However, in Giddens' model, manager's awareness of how their demographics change their decisions could also influence those decisions. This active and dynamic aspect of sensemaking has been overlooked by strategy researchers, even by those who have focused on cognition and management (Walsh, forthcoming).

Finally, recognition of the mutual dependency of structure and agents has also been missing from traditional strategic management research. This is evident in central debates concerning strategy and structure (Chandler, 1962) and environmental determinism and strategic choice (Hrebiniak, & Joyce, 1985). By situating managers within structure, a recognition is made that management is part of a social system, and neither managers or structure can be viewed independent from the other.

B. Structure. The definition of structure is itself an important aspect of structuration theory. Structures are defined as recursively organized rules and resources that individuals draw on and reconstitute in their day-to-day activities (Giddens, 1979; 64). Figure 1 is meant to show a tight reciprocal relationship between Agent (A) and Structure (B). Structures, social systems, do not exist in time-space, but have only a virtual existence as they are drawn on and ceaselessly reconstituted; they have no existence independent of what agents do in their day to day activity (1984, 26). Thus, structures are both the medium and the outcome of the situated practices that make up a social system.

Giddens argues that previous theory has viewed structure as external to human action, and as a source of constraint on free initiative. Within the structuration framework, Giddens' definition of structure moves away from equating structure as a hidden skeleton. Structure, for Giddens, is temporally 'present' only in its instantiation, in the "constituting moments" of social systems (Giddens, 1979; 644).

The Value Added of Giddens' Concept of Structure. Viewing structure in a dynamic way-as changing rules and resources-enables the strategy researcher to stop seeking static categories or static structures at equilibrium (e.g. Williamson, 1985) to focus instead on the dynamic aspect of organizational life (Pettigrew, 1992). This socially constructed view of structure frees scholars to investigate the conditions of structuring itself, and management's role of consciousness affecting structure (Huff, Stimpert and Huff, 1994).

In addition, understanding structure in terms of rules and resources is a more parsimonious explanation than other theoretical frameworks, which brings greater opportunity for explanation and prediction (Bacharach, 1989). This more elegant theoretical framework may help break loose the straight-jacket Bettis (1991) and others (Minzberg, 1990) feel characterize efforts at theory development within the field of strategic management.

C. Unacknowledged Conditions and (Un)anticipated Consequences. Giddens emphasizes that the agent's capacity for knowledgeable, intentional action is not synonymous with unconstrained choice. All social action is seen as being bounded by unacknowledged conditions. The flow of action continually produces consequences which are unintended by actors, and these unintended consequences may form unacknowledged conditions affecting subsequent action in a feedback fashion (Giddens, 1984; 27).

The arrow from structure to agent in Figure 1 recognizes the agents constraint in influencing change. One constraint is that the unanticipated consequences may prevent intentional action from being recognized. Another constraint reflects the notion that there are multiple agents influencing structures which are embedded in social systems. Dear and Moos (1994; 8) argue that these concepts regarding conditions and outcomes of action enable Giddens to connect intentional human activity to the social system.

Value Added of Giddens' Concept of Unacknowledged Conditions and (Un)anticipated Consequences. Giddens' notion of constraints give an alternative rationale to the difference between intended and enacted strategy (Minzberg, 1985). Instead of multiple managers colliding with each other under conditions of bounded rationality, agents can be seen as setting events into motion along with other agents, with intended as well as unintended results. The process of structural change is continually monitored by these action, which allows learning to occur. In other words, placing the strategic change process on a time continuum, managers can be seen as setting intentional events into motion. However, because there are multiple agents and unanticipated consequences, change in the social system will appear to have non-rational elements, which influence managers to set into motion a new set of events. The frequent call for more longitudinal research in strategy (Pettigrew, 1990) necessitates theoretical developments along these lines.

Modalities. While the proposed model of strategic transformation does not include an incorporation of all aspects of structuration theory, in order to present a more complete description of the theory it is important to mention Giddens' idea of modalities. Modalities help clarify the interaction of agents and actors. Actors are said to draw upon modalities of signification, domination and legitimation in the reconstitution of structural properties. These modalities tie together social system that draw upon

communication, power and sanctions and result in a more complete and rich understanding of social order. An example of how modalities can be utilized in management research is illustrated by Huff, Stimpert, and Huff (1994) who have expanded Giddens' concepts of modalities to explain industry evolution.

The central elements of structuration theory provide a strong theoretical base for how organizations change. In order to explain why a firm would follow a particular strategic path, it is necessary to explore more fully agents' understanding of the organization.

ORGANIZATIONAL IDENTITY WITHIN A STRUCTURATION THEORY FRAMEWORK

The concept of an organizational identity has received considerable attention from organizational scholars in recent years (e.g. Dutton and Dukerich, 1991; Fiol, 1991; Fiol and Huff, 1992; Reger, Gustafson, DeMarie, and Mullane, 1994; Dutton, Dukerich and Harquail, 1994). Incorporating organizational identity into the structuration theory framework ties together emerging bodies of work to answer important strategic questions surrounding firm differences.

D. Shared Beliefs of Organizational Identity. Giddens has argued that self-identity presumes self-consciousness. It is not something that is just given, as a result of the continuities of the action-system, but something that has to be routinely created and sustained in reflexive activities (1991; 52). Organizational identity, like personal self-identity, presumes reflexive awareness and focuses on the set of shared beliefs agents hold about their organization. It is set of constructs individuals use to describe what is central, distinctive, and enduring about their organization (Albert and Whetten, 1985). The organization's identity answer the agents' question, "Who are we?". These shared beliefs are shown as being one part of the knowledgeable of the agents in Figure 1.

Knowledgeability about organizational identity includes shared values (Chatman & Jehn, 1994) and shared assumptions (Shein, 1985) of the organizations. In Giddens' terminology, these operate at the unconscious or practical conscious level. Organizational identity would also include beliefs about the organization and in Giddens' framework would operate in discursive consciousness. For example, agents may believe that their organization is aggressive, bold and risk seeking as opposed to conservative, reactive and risk adverse. This would have dramatic impact on the strategic actions of the organization.

E. Link between Identity and Action. The arrows between identity and action on Figure 1 represent a proposed reciprocal relationship between organizational identity and organization action. The arrow going from identity to action reflects the relationship discussed by strategic choice researchers who argue that the vision of the managers drives strategic behavior. The arrow drawn from action back to identity reflects the influence of

strategic behavior on organizational identity, especially the fact that members gain a sense of the organization by seeing what it does. This relationship of behavior and beliefs is reflected in Weick's statement, 'How do I know what I think, until I see what I say' (1979). Translating this notion to the organizational level the statement would be, 'How do I know what to believe about my organization, until I see what we do'.

F. Link between Action and Structure. It is through agents' actions that structure changes. The ability of agents to effect organizational action and structure is a function of the agreement on desired action as well as the power and influence of agents to change routines and resources. Change in strategy and structure would be a function of the degree of agreement on the direction of the change and the power to influence the rules and routines of the organization.

CONCLUSION

This paper illustrates how Giddens' theory of structuration can be integrated into strategic management research to explain firm differences and organizational transformation. Structuration theory provides a strong behavioral theory for how organizations change. The incorporating organizational identity into the framework provides an explanation of why firms move in a particular direction.

Structuration theory allows an alternative to several central debates in strategic management. For example, to the strategy/structure debate it provides an elaboration of the how strategy influences structure in intentional and unintentional direction as well as a recognition of the enabling and constraining influences of structure on strategy. To the determinism/choice debate the framework recognizes the role of intentional action within constraints and without assuming managers have unconstrained choice. Managers are not assumed to be 'cultural dopes of stunning mediocracy' (Giddens, 1979: 52).

The model presented can also contribute to managers' understanding of their organizations. A better understanding of the recursive nature of structure and agents can help focus managers' attention on the translation of intention to structural change. If organizational identity is important in strategic action, then the mechanisms for communicating identity could be utilized by managers to help move members of the organization together in the same direction in its strategic path.

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