A FIELD STUDY OF COMPETITIVE ORGANIZATIONAL BEHAVIOR AND IMPLEMENTATION

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There is still little research on implementation, compared to the fast growing literature an strategy formation. Strategy implementation has either been focused on the fit between strategy and structure (e.g. Galbraith & Kazanjian, 1986; Hrebaniak & Joyce, 1984), building on the seminal work of Chandler (1962), it has been adressed indirectly by studying strategy making as an integrated process (Schreyšgg, 1984) or as a varient of leadership processes (Nutt, 1986, 1987, 1989a, 1989b; Bourgois/Brodwin, 1984; Shrivastava/Nachman, 1989). The latter stream of research has not been related to strategy so far. Therefore Barney and Zajonc (1994), for example, called for research into Competitive Organizational Behavior, which should link behavoral processes within organizations to the type of strategy or competitive behavior of the firm. This is the aim of the research presented in this paper. In the first section, five types of behavioral patterns are identified that were found to be dominant for implementation in previous research. This is linked to research on strategy and to theoretical considerations about organizational consequenses of these strategies. The empirical part has two purposes. First, to examine the possibility of a standardized measure for implementation tactics and, second, to test whether this is a measure of Competitive Organizational Behavior by examining differences between types of competitive strategies.

CONCEPTUALIZING COMPETITIVE BEHAVIOR

In the literature on behavioral processes in the context of strategic management a limited set of patterns emerge. In particular, five patterns will be described in the following. They can be described in regard to the underlying paradigm of strategy analyses, the used leadership behaviours, and dominant criteria of efficiency. Moreover, environmental types, organizational configurations and competitive strategies will be proposed to be related to these patterns, which establish them as patterns of competitive behavior. Each pattern will be characterized through a dominant metaphor. This leads to an additional correspondence to previous work, because, the metaphors are to some extent simlilar to those identified by Morgan (1984) for organizations.

Hierarchy

Many views on stratetic planning have a rational actor in mind who is able to implement a once chosen strategy through command (Bourgois/Brodwin, 1984) or edict (Nutt, 1986). For this, some source of strong power is needed, which is either a machine-like bureaucratic hierarchy, an exclusive knowledge basis or control over boundaries. Managers try to get compliance by referring to externally determined rules of the market or the law. The use of the hierarchy is likely if managers have strong personal interest in a chosen course of action, if it seems to be of utmost importance for the organization, and if alternatives to the course are not available or are perceived to be of significant lower value.

The Hierarchy is dominant in two leadership patterns identified by Shrivastava and Nachman (1989) in regard to strategic processes. It is entrepreneurial if the strategy is primarily formed by one person, which is the case most frequently in small organizations with a simple structure. In larger organization it becomes bureaucratic, where the focus is on internal processes and internal efficiency. The dominant aim is to react to threats.

In the Hierarchy, control problems emerge with increasing size of the organization. Since strategies and their implementation are not programmable tasks, behavioral control is hardly applicable. Rather, control of results will dominate if they can be measured.

Politics

Whereas the Hierarchy emphesizes strategy formulation and views implementation as a subordinate problem, the relationship between strategy and implementation is reversed in Politics. Either strategies emerge from chosen courses or strategies are evaluated primarily based on the likelihood of implementation success. The dominant implementation tactic consists of isolated interventions

by changing single aspects of planning, information systems or incenctive systems. Most efficient in this sense are changes of performance standards that are used for evaluation, because they encourage desired behaviors. This shows the strong link between implementation and evaluation, especially in political contexts (Pressman & Wildavsky 1973).

A second difference between Hierarchy and Politics lies in the role of organizational members. Because opinions, interests and goals of members may play a much stronger role in Politics, this patterns may be applied in a much broader set of organizational or environmental configurations. Four aspects are not restricted to Politics but are frequently observed to be associated with political processes and are used with a motivation and in a form which distinguishes its use from other contexts:

• *Equifinality*. Political behavior is most likely, if there is more than one alternative and if alternatives are not singificantly different in regard to their overall instrumentality for the strategy. Acceptance of an alternative is of utmost importance. This is associated with the second aspect.

• *Satisficing*. Instead of searching for the optimal alternative, a course is chosen that fulfills all criteria to a satisfizing degree and which for which acceptance by all relevant stakeholders is likely.

• *Participation*. To increase the likelihood of acceptance some form of participation will be oberserved before implementation and during implementation.

• *Pilot projects* are used in Politics primarily to show that an implementation course is successful, rather than testing its efficiency. In other words, pilot projects are used as an intervention rather than for experimentation. Therefore, pilot projects will be located in areas where success is more likely than in other areas and resources will be spent to an extent that exceeds the potential for later implementation.

Organism

As in Politics, participation plays a key role in Organism. Again, the difference between participation in Politics and in Organism lies in the role of organizational members. Whereas Hierarchy and Politics assume a differentiation within organization in thinking members and acting members this distinction is relaxed in organism. This provides participation with a different meaning. Participation under Hierarchy or Politics is autocratic in the sense that courses are not chosen depending on the quality of a course as it is perceived by subordinates. There, the only motivation for participation is acceptance. In Organism both acceptance and quality are important, as it is suggested in the model of Vroom and Yetton (1973; Vroom & Jago, 1991).

Implementation in the sense of Organism involves the whole organization. Therefore it is similar to approaches that are discussed by Tichy (1983) under the label Strategic Change. These approaches frequently use laboratories, retreats and seminars with external consulting because of their potential to facilite organic processes and change. Further, task forces are created, without lines of authority, as an addition to the formal organizational structure.

Culture

As in Politics and Organism, participation of organizational members may be important in Culture. However, here it is only one possibility among others to convince members that a chosen course is the best alternative for them and for the whole organization. Other possibilities include internal marketing for implementation, reference to superordinate values, ideas, norms or to personal friendship and loyalty. A core part of strategy implementation is seen in the creation of an organizational culture which fits the strategy. As an implementation tactic this patterns has been identified most frequently by Nutt (1986), although it was not the most successful.

Also it has been critized because of its totalitarian flavor (Bourgeois & Brodwin 1984). It can also harm the organizational effectiveness, if the pressure towards a homogenous organizational culture discourages members that are important to the organization but that do not fit into the new culture.

Market

The organization seen as a market is at first sight an oxymoron. However, the Crescive Model which was identified by Bourgeois and Brodwin as a model for strategy implementation and the Organized Anarchy as a paradigm for strategy analysis (March & Olson, 1976); Schreyšgg, 1984) can be subsumed under the label Market. Still older is the idea of Vilfredo Pareto (1897) to create a procedure for planning which simulates market forces. Instead of seeking acceptance of a previous chosen course as it is the case in Politics, Organism and Culture, the Market waits for emerging alternatives for implementation. Eventually a particular alternative is selected out.

TABLE 1

TYPES OF COMPETITIVE ORGANIZATIONAL BEHAVIOR

Metaphor	**Hierarchy**	**Politics**	**Culture**	**Organism**	**Market**
Tactics, Models, Underlying Paradigms	Edict, Command, Rational Actor	Intervention, Change, Power Games	Conviciton, Organizational Culture, Process Orientation	Participation, Collaboration, Process Orientation	Crescive, Pareto-Process, Organized Anarchy
Basis of Acceptance	Pressure, Legitimate Power	Coalition	Reference to Values, Norm, Friendship, Loyalty	Consultation Exchange	Ownership by Agent
Degree of Participation	Very low	Low	Depending on org.culture	High	High, depending on the stage of the process
Environment	Simple, stable	Stable	Stable in regard to values	Complex, dynamic	Uncertain
Organization	Simple Structure, Entrepreneurial, Machine-Bureaucracy	-	Professional	Organic	Large and division-alized or small and adhocratic

Strategy	Exploitation of Internal Efficiency	Status Quo	Growth through Innovation	Different-iation through Innovation	Exploitation of Scope

Bourgeois and Brodwin (1984) consider this pattern as the most successful by referring to Principal-Agent Theory. A second-best alternative chosen by the agent is more likely to be implemented successfully than a first-best solution selected by the principal, for which the risk of effort avoidance is higher. This pattern is seen to be similar to incremental approaches to strategy making. If, however, there are no superordinate criteria for evaluating emerging alternatives, then frequent criticism of incremental approaches will hold. Especially, the danger of diverging courses which do not result into a coherent pattern of strategic behavior is high. Therefore it seems that the Market has to be controlled by comprehensively formulated strategies which allow to select a cohesive pattern of implementation courses.

Table 1 summarizes the above characterization of implementation patterns. In addition, organizational, environmental conditions and competitive strategies are given which are most likely to be associated with these patterns and which establish them as types of competive organizational behavior. These associations will be explained in the next section.

ENVIRONMENTAL, ORGANIZATIONAL, AND STRATEGIC CONTEXT FOR IMPLEMENTATION

For each of the three foci, the enviroment, the organization and the strategy, there are diverging typologies and dimensions for the distinction of types. This is a technical reason why a one-to-one correspondence between these factors and organizational behavior for implemntation will not be found. The more important reason is that only a rather small subset of factors that determine strategy implementation and its success can be covered in this framework. Therefore, instead of searching for clear contingenies, the main purpose here is to establish the patterns outlined above as valid representations of competitive organizational behavior.

Exploitation of internal efficiency

There is a class of competive strategies or types of strategic choice that have a focus on the exploitantion of internal efficiency: cost leadership (Porter, 1980), defending (Miles & Snow, 1978) or harvest strategies (MacMillan, 1982). Such strategies either are chosen in a stable environment or seek to create a stable environment, because considerable time is necessary.to harness the potential of internal efficiency. Internal efficiency is possible in small organizations with a simple structure. With increasing size of the organization efficiency is achieved by less centralization and more formalization, signifying a machine-bureaucracy (Mintzberg, 1979). Both the simple structure, usually with an entreupreneurial figure at the top, and the machine bureaucracy, are characterized through stron hierarchichal relationships. Accordingly, Hierarchy as a pattern of organizational behavior should be observed most frequently to implement efficiency oriented strategies.

Status Quo

In the typology of Miles and Snow, both Defender and Reactor try to stay with the status quo in regard to the environment. Whereas the former does this actively by adapting technology and administrative processes towards more efficiency, the latter is passive in regard to these internal processes also. In a relatively stable environment, however, even such a passive strategy might be successful if the status quo provides enough resources. This is the situation where Politics is most likely and can survive. In a munificient environment many alternative courses are available (equifinality). The primary task in such a case is to react to threats that might jeopardize the status quo. Any course of action which holds the firm near the status quo is compatible and the search of optimal alternatives is of little importance (satisficing). Incremental changes, if they are perceived to be necessary, are restricted to isolated interventions. Coalitions among interest groups are frequent and hold as long as the stakes stay constant.

Innovation

A complex or dynamic environment is created through highly innovative firms or it makes innovation necessary to compete within this environment. Moreover, the success of particular innovations is usually highly uncertain. There are two possibilities to cope with this kind of enironmental complexity and with uncertainty. On the one hand, to cope with failures, which are a necessary consequence of trying to launch innovations, slack of resources is necessary. Large organizations are more able to provide this slack than small firms. Therefore size is of advantage for innovation. On the other hand, common wisdom sees small organizations to be more innovative. This paradox can be resolved by considering structural contingencies and competitive organizational behavior.

Small firms either have a simple structure or an organic structure to enable innovation. In these cases Organism is possible and appropriate for innvation. Competitive strategy will be differentiation. Through Organism high exchange of information with rich media (Daft & Lengel, 1988) is possible, which allows to reduce equivocality and subsequently to asses uncertainties that are associated with particular innovations. In contrast, in large organization with increasing formalization and decreasing centralization Organism will fail with increasing likelihood. Large innovative firms frequently tend towards a professional bureaucracy, with standardization of skills as the prime coordinating mechanism (Mintzberg, 1979). With standardization of skills it is likely that a specific professional culture emerges. Motivation for innovative strategies can be obtained by utilizing this culture. Therefore all behavioral patterns that were subsumed under Culture can be applied in this situation. However, a strong culture as a form of a homogenous worldview, where critics are systematically eliminated, faces increased dangers of frequently observed phenomena like groupthink (Janis, 1972) or escalation of commitment to failing courses (Staw, 1976). Therefore, the likelihood of failing innovations beside some very successful ones, is higher in this situation. Accordingly, size and slack of ressources is essiential for this type of competitive behavior. Morevover, it will be accompanied by a growth strategy to secure the position in the future.

Diversification

As for innovation, there have to be two forms of diversification strategies to be distinguished. First, to harness the potential of synergies or economies of scope, related diversification has been favored (Hill, Hitt & Hoskisson, 1992). Second, unrelated diversification serves the motivation for distribution of risks. In the latter case, no specific behavior of agents is necessary to implement the strategy. The strategy is implemented at the corporate level by either establishing new divisions or by acquiring new firms. Only on the business unit level strategies may be implemented through one of the patterns discussed above.

Even if diversification is related, organizations will choose a divisionalized form, at least in large companies. Instead of being a market for risks, as it is the case for unrelated diversification, a divisionalized organization, where the divisions share some similarities, can be viewed as a market for ideas. Therefore, Market is at least a possible type of competitive behavior. Because of the similarities, these ideas can be exchanged, combined, or a single idea can be chosen to be implemented in the whole organization. Therefore, Market might be not only possible but also efficient. In contrast, all other types of competitive behavior face limits, because of the lack of lines of command, the lack of rich information channels between divisions, or the lack of a single culture. Politics may fail because of the independence of business units.

METHOD

The following empirical section has two purposes. First, to test whether the five patterns of behavior proposed above can be identified empirically through a simple standardized measure. Second, to test whether these patterns represent competitive behavior in the sense that they are related to strategic configurations as they were proposed in the previous section. The data used in this study provide a first test in a single industry. We interviewed 49 executives in the Upper Austrian Machine and Engineering Industry. During the interview a single project was identified for

the implementation of the corporate strategy. After this, a questionnaire was administered by the same executive with the measures for competitive behavior, organizational structure, environment, and competive strategy. For this 33 executives returned a questionnaire.

Measures and Results

To assess competitive strategy items have been constructed to scale the importance of costs, of innovative products, differantiation and diversification. As a measure of competive behavior two items have been constructed for each of the above described patterns. They are directly related to the key aspects of these patterns.

To examine the validity of the competitive behavior measure a confirmatory factor analysis was performed on the 10-item measure, with a VARIMAX-rotation on the proposed 5 factor-solution. The loadings on the proposed factors are shown in Table 2. Only two items for Organism and for Market have low loadings on the proposed factor and one items loads on a wrong factor. Reliability in terms of Cornbach-Alpha (bottom line in Table 2) is still above .70 for Organism, but is very low for Market. Therefore in the following, the one-item measure was used in addition.

TABLE 2

FACTOR ANALYSIS (ROTATED SOLUTION) AND RELIABILITY ANALYSIS OF COMPETITIVE BEHAVIOR MEASURE

(Loadings below .50 are ommited)

	Factor 1 Politics	Factor 2 Culture	Factor 3 Hierarchy	Factor 4 Organism	Factor 5 Market
Res. of Confl	.70				
Coalition	.88				
Loyalty			.92		
Values		.74			

Rules			.86		
Pressure			.83		
Acceptance				.61	
Member Orient				.85	
Proposals Memb				.81	
Bottom-Up					.91
Alpha	.66	.73	.71	.73	.60

To validate this measure as an interpretation of competitive behavior, I correlated it with measures of cost focus, innovation strategy, differentiation, and diversification, controlling for size. According to the previous section we expect high correlations between cost focus and Hierarchy, a negative correlation between innovation and Politics, a positive correlation between Organism and differentiation and positive correlations between Market and innovation and diversification strategy. Table 3 shows partial correlations with the logarithm of employess as controlling variable, which are all in the predicted direction, although not always significant.

TABLE 3

Partial Correlations (Control Variable: LN(size); n=33)

(Predicted Correlations are bold; Correlation $>.30$ $p<0.05$; Correlations $<.10$ are ommitted)

	KOST	INNO	DIFF	DIV
HIER	**.10**	-.20		-.12
POL		**-.22**	-.16	
KUL	.16			.13
ORGAN	.28	.31	**.35**	.33
MARKT		**.33**		**.11**

DISCUSSION

The results of this first empirical test provide partial support for establishing the five proposed patterns as competitive organizational behaviors. There are, however, some correlations that are not predicted. For example, Organism has a higher correlation with cost focus than hierarchy. The latter correlation is low and non-significant. This indicates that possibly other moderators than size may play a role. This is supported by theoretical arguments developed earlier, which see important additional functions of organizational behavior patterns like Hierarchy in the presence of high equivocality, indpendent from strategy content (Lehner, 1996). Such effects will be examined in future work. Further, the measure for Market needs further development, because here only one item remained in the measure for this dimension.

In summary, this study is a step towards more systematic research into competitive organizational behavior and strategy implementation. This should facilitate to close the huge gap in the strategy literature in regard to implementation and behavioral consequences of strategies.

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