Deviate or not, it’s a Matter of Experience: Organizational Adaptation to a Dynamic Institutional Pressure

By

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Abstract

How do organizations adapt to a dynamic institutional pressure comprising multiple waves of demands? This study highlights that conforming experience bestows organizations with both legitimacy benefits and discretion constraints. The resultant tension drives organizations to explore beyond the dichotomous repertoire of conformity versus non-conformity, and to engage with a deviant form of practice adoption in responding to a later wave demand. Moreover, the facilitating effect of conforming experience on subsequent conformity deviation is accentuated for organizations heavily dependent on the pressure-exerting institutional stakeholder, because they face heightened tension between acquiring resources and maintaining discretion. I test this tension-centered framework in the context of Chinese private firms’ adoption of the Communist Party branch after their deployment of the labor union, two practices consecutively demanded by the Chinese Party State. Results show that the firms with more experience on the labor union were more likely to deploy a deviant Party branch than either to adopt the typical Party branch or to dismiss it, and the effect is amplified for the firms deeply indebted to the Party state-endorsed banks. Contributions to organizational adaptation to dynamic institutional environment, intersection of resource dependence theory and institutional theory, and intra-organizational sources of practice variation are discussed.

Dr Jiyang Dong is a Postdoctoral Fellow at The Hong Kong Polytechnic University. He received his PhD in Management from INSEAD in 2016. His research lies at the intersection of organization theory and corporate political strategy, and is primarily developed in the context of Chinese private firms strategically acquiring political resources while avoiding political pressure. His research has been selected by the OMT Research Committee of the AoM as a finalist for the OMT Best Dissertation Based Paper Award. Prior to joining The Hong Kong Polytechnic University, he was on the faculty of the Business School of UIBE in Beijing.

All interested are welcome.