

Historical perspectives on organizational stability and change: Introduction to the special issue

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Abstract

In this Introduction to the special issue, we begin by providing a brief review of the way history has been treated in existing work on organizational change, noting that a historical approach has either been non-existent or at best employed in a 'supplementarist' way. We then proceed to summarizing the empirical and theoretical foundations and the core arguments of the articles included in this special issue. In the final section, we conclude by pointing to the main themes that emerge from these articles and the contributions that they make to the literature.

Key words • organizational change • organizational stability • historical perspectives on organizations • historical research on organizations

Introduction

Organizational change has been a long-standing core concern in organization studies, leading to a broad array of views as to what needs to be studied and as to the ways this should be done (Van de Ven and Poole 2005). Notably, however, much of this voluminous work has been aloof to a historical perspective. This continues to be the case despite increasing calls over the last two decades or so for greater engagement with history in studying organizations (e.g. Booth and Rowlinson 2006; Kieser 1994; Kipping and Üsdiken 2008; Üsdiken and Kieser 2004; Zald 1993). As the following brief overview of the extant literature on organizational change will show, the approach to history has so far been either entirely absent or at best of a 'supplementarist' kind – to use the terminology proposed by Üsdiken and Kieser (2004).

The articles in this special issue share a concern with redressing these predominant orientations in the literature.¹ While each of them brings in history and historical

research in different ways, collectively they show the potential benefits of a more explicitly historical perspective when studying organizational change and stability. The empirical bases of the articles in most cases span very long periods of time and rely extensively on primary sources. At the same time, all of them demonstrate an explicit interest in engaging with theory, even if they do so to a varying degree and draw on different theoretical perspectives.

In the remainder of this Introduction, we begin by providing a brief overview of how history has been treated in the existing literature on organizational change. We then summarize the empirical and theoretical foundations of the articles included in the special issue. We conclude by pointing to the main themes that emerge from this collection of articles and the contributions they make to the literature.

History in the extant studies of organizational change (and stability)

There was little room for a historical perspective in the earlier literature on organizational change dating back to the 1960s and 1970s, which was predominantly preoccupied with the 'management' of change. This was due not only to the prevailing attention at the time to the human variable in organizations, but also to the advent of open system approaches that have led to a greater awareness of environmental interdependencies and to ensuing adaptationist views (e.g. Katz and Kahn 1978). The main motive in these forward-looking approaches was the search for rationalistic models that would provide managers with guidelines and tools for planned change initiatives and organizational development projects. Given this problem-solving focus, accompanying empirical research turned out to be very much technique-orientated and ahistorical in character. Only rarely has attention been paid in this prescriptive literature to the effects of an organization's history or to the ways that change may actually be taking place (e.g. Greiner 1972; Kimberly and Miles 1980), the work of Chandler (1962, 1977) on the development of the multi-divisional form remaining a notable exception.

While the behavioural-cum-managerialist approaches moved towards an emphasis on the role of transformational leadership in affecting major organizational change (e.g. Kimberly and Quinn 1984), the 1980s also saw the emergence of more descriptive and analytically orientated approaches which questioned the rationalistic and linear assumptions of the earlier literature. Some of these newer orientations were geared towards proposing theory to explain processes of organizational change, while others were primarily concerned with reorientating and theorizing the ways in which change was to be empirically studied. As an example of the former, Tushman and Romanelli's (1985) punctuated equilibrium model of organizational transformation challenged the predominant gradualist and linear views of change, suggesting instead that organizations evolved through relatively long periods of stability, followed by

brief periods of large-scale, radical changes (see also Mintzberg 1978). Equilibrium periods were characterized by institutionalization in basic patterns of activity and organizational inertia, while revolutionary periods involved fast-paced, quantum leaps (Miller and Friesen 1984; see also Van de Ven and Poole 2005).

Differently from these authors, Pettigrew (1985, 1990), for example, was specifically concerned with ways of studying organizational change and argued forcefully for a processual approach that involved longitudinal analyses and incorporated history, power struggles and the context. Although the pattern of change that Pettigrew (1985) identified in his early work was, like punctuated equilibrium theory, one of continuity and revolutionary reorientations, he was also able to show in a much more detailed manner that organizational change did not follow the rationalistic planned format typical for the managerial literature.

An important addition to these new theoretical and methodological orientations at the time came with the advent of the population ecology perspective. Differently from the preceding literature, ecologists brought into organization studies the examination of the dynamics not of individual organizations but of organizational populations. Their empirical research was based on archival sources and involved data and quantitative analyses, often over very long periods of time (e.g. Carroll et al. 2009). Although historical data collection has been typically limited to organizational counts and core properties of organizations and features of the context, the population ecology perspective has forcefully argued for the value of longitudinal analysis in studying, for their part, changes in the composition of populations of organizations. Yet, at the same time, the population ecology perspective was based on the central premise that organizational change was difficult, at least at the pace in which change took place in the external environment. An equally important substantive contribution of population ecologists, therefore, has been the elaboration of a theory of structural inertia which emphasized organizational stability and pointed to various constraints on organizational change (Hannan and Freeman 1984). Thus, unlike the predominant emphasis on change and adaptation, organizational continuity and persistence constituted a central assumption in ecological theorizing. Organizations were characterized as tending towards greater predictability and inflexibility with age and growth in size. In this view, the history of an organization is considered as one of internal constraints limiting adaptive capabilities. Structural inertia theory problematized not only the malleability of organizations but also positive views of change, raising questions about whether change, particularly in core properties, was necessarily useful for organizations (Baum and Amburgey 2002).

The institutionalist perspective also entered organization studies as a theory of stability, not least because of the emphasis on institutionalization in and of organizations (Greenwood and Hinings 1996). As organizational arrangements and practices gained an institutional and taken-for-granted character they were not likely to be amenable to change. Indeed, institutional theory's so-called 'old' version stressed specifically the constraints posed on organizations by their own histories (Selznick 1996). The 'new' version, on the other hand, had little to say on the effects of an

organization's history, instead pointing to limited possibilities of change given the embeddedness of organizations in their socio-cultural contexts (Kraatz and Block 2008). Change in this view was conceived as being only of a convergent nature and in conformance with regulatory, normative and cognitive pressures within an organizational field (DiMaggio and Powell 1983; Greenwood and Hinings 1996).

Both ecological and institutional perspectives evolved in the last couple of decades in the way they addressed change. For their part, population ecologists began examining, through their conventional longitudinal methodologies, the performance and survival outcomes of changes in core properties of organizations (Baum and Amburgey 2002). Likewise, the potential of institutional analysis for explaining change as opposed to the main focus on conformity and stability began to surface as a major theoretical concern (e.g. DiMaggio and Powell 1991). This spurred an increasing interest in studying processes of institutional change, especially at the field level (e.g. Leblebici et al. 1991). These studies were accompanied by empirical investigations that were less interested in change processes but rather examined the organizational-level effects of historical variation in regulatory frameworks or institutional logics (e.g. Baron et al. 1986; Thornton and Occasio 1999). The recognition that a plurality of logics may be at play within institutional fields and the emergence of the notion of institutional entrepreneurship served to renew the impetus in studying endogenous institutional change through longer-term analyses (e.g. Greenwood and Suddaby 2006).

There has been an accompanying expansion of interest in processual approaches not only in theorizing and studying change but also regarding a broader range of organizational phenomena (see Langley 1999 for a review). Although the predominant inclination seems to have been towards real-time data, process methodology has included recourse to historical data and to narrative as one possible form of description and explanation in process theorizing (Langley 1999). In any case, the main motive in proposing processual approaches for studying organizational change has been the generation and empirical examination of process theories (Van de Ven and Poole 2005). Likewise, building general theory and theory testing has always been a primary concern of population ecologists. Although considered as typically studying historical change (Strang and Sine 2002), this has been the case with institutional research too.

Providing historical perspectives: Articles in this special issue

Against the background described above, where history has at best been treated as a 'supplement' (Üsdiken and Kieser 2004) and building on recent calls for historically informed organizational research, the articles in this special issue share an ambition to bring a historical perspective to the study of organizational change and stability. They do so by empirically examining over long periods of time a range of organizational types in diverse sectors and national settings, namely, funeral services in France (Trompette), a sports organization in Ireland (Connolly and Dolan), a ceramics

museum in Italy (Lusiani and Zan), the book club division of a media corporation in Germany (Schreyögg et al.) and a fast-food company in Canada (Foster et al.).

Of the five articles, the one by Pascale Trompette covers the longest period of time, spanning almost two centuries. It examines the French funeral market and its dominant organization, PFG, from the early 1800s until 1993 when funeral services were opened up for competition. In terms of data, the article draws upon a wide range of sources. These include primary documents pertaining to the main funeral company, PFG, legal texts and minutes of parliamentary debates, as well as the contemporary legal and funeral business literature. This is complemented with more recent records of lawsuits and retrospective interviews with company managers from the funeral sector, as well as administrators in regulatory agencies and sector experts. In her study, Trompette uses extant theory as a kind of orientating device, locating her work as an empirical contribution to the sociological literature on market formation and development. Drawing upon Fligstein's (1996) 'political-cultural' approach to markets and the resource dependence perspective (Pfeffer and Salancik 1978), Trompette employs what she calls 'political exchanges' as a central construct, understood as ways of access to valued resources. The article shows how these 'political exchanges' were played out to result in almost a century-long dominance of a single organization in the French funeral services market, despite changes in the institutional environment both in terms of legal rules and social norms. The article also suggests that the way in which the French market developed and became stabilized was fairly unique relative to other countries.

The second article, by John Connolly and Paddy Dolan, stretches across a century and a half, covering the entire history of the Gaelic Athletic Association (GAA) in Ireland from its establishment in 1884 to the present day. They use official documents of the GAA as the main data source, although they have also made use of other publicly available historical literature on this organization. While focusing on this particular case, the article is quite strongly driven by theory, its main motivation being to demonstrate how aspects of Elias's 'figurational approach' may be useful in explaining organizational change. Following Elias's (1939/2000) work, Connolly and Dolan argue that this requires a long-term historical approach. Their primary concern in this study is how the balance between centralization and decentralization changes in one direction or the other. The historical analysis shows that the movement towards present-day greater centralization in the GAA has not been linear and has depended on the ways that internal and external interdependencies, as well as identifications with the centre as opposed to regional units, have shifted over time.

Likewise, the article by Maria Lusiani and Luca Zan covers almost the entire lifespan of an organization, in this case the International Museum of Ceramics in Faenza, Italy, from 1908 when it was opened, to 2001 when it was converted into a 'foundation'. Their study relies exclusively on archival documents concerning the museum and its governance: statutes, minutes of board meetings and financial reports – a data source so rich that they provide a more detailed narrative in an additional website. In terms of theoretical background, they juxtapose two perspectives in the extant

literature: on the one hand, the historians' view of this particular museum as a 'modern' initiative since its inception and, on the other, the literature on 'new public management' (NPM) as a recent approach towards the 'modernization' of the public sector in general. Based on the latter, the article develops a set of dimensions through which the authors trace the changes and continuities in the organizational arrangements and practices of this particular ceramics museum over a century and within the context of an alternation between private and public ownership and governance. Lusiani and Zan argue that studying different aspects of governance and administration historically demonstrates how at least some of the features proposed as 'modern' in the recent NPM literature existed even in the early history of this museum.

In the fourth article, Georg Schreyögg, Jörg Sydow and Philip Holtman examine the Bertelsmann book club, starting in 1945 (i.e. five years before the book club was founded) and continuing until 2007. They also draw on archival research as the main source of data, including internal company documents of various kinds as well as copies of the relevant trade literature and newspaper clippings available in the archives. These were complemented by retrospective and contemporaneous interviews with former and current managers of the book club division as well as industry experts. However, their primary concern is a theoretical one: namely to extend and operationalize the widely used notion of path dependence by developing a three-stage framework that helps explain, and possibly predict, how the history of an organization might influence its present-day structures and actions. They then use their case study of the Bertelsmann book club as an empirical illustration for the explanatory potential of their framework.

The final article, by William M. Foster, Roy Suddaby, Alison Minkus and Elden Wiebe, examines an organization founded in 1964, the Canadian fast-food company Tim Hortons. Since their primary focus is on the company's external image, their main data sources are press articles and published histories of the company, as well as corporate communications, in particular its annual reports. Their main theoretical concern is the notion of 'sustainable competitive advantage' and the role history might play in creating these advantages. Drawing on so-called 'social memory studies', they argue that organizations might appropriate historically based societal values and traditions to promote particular organizational identities and images and thus turn them into 'social memory assets'. They illustrate this with the successful efforts of Tim Hortons to mobilize both its own past (with a famous hockey player as its co-founder) and, more importantly, Canadian traditions to forge a fairly unique, difficult-to-replicate corporate image. This, as they also show, has proved somewhat counterproductive however in the company's recent expansion to the USA.

Concluding remarks

In all, the five articles in this special issue demonstrate in different ways how studying organizational change as well as stability may benefit from historical approaches. Uniting them is not only the actual engagement with historically orientated research

but also an explicit tendency towards appropriating and, indeed in some cases, contributing to extant sociological and organizational theories. As the summary in the preceding section has shown, the articles are informed by different theoretical perspectives and pose a variety of questions about change (and stability) in organizational arrangements and practices. Nevertheless, for the entire collection, three main themes can be identified, each of which emerges, albeit with different degrees of accent, in a couple or more of the articles.

The first of these themes relates to the importance of considering the institutional environment when examining organizational change and stability. The need for and the value of contextualizing change processes by taking institutional changes into account is most apparent in the articles by Trompette, Connolly and Dolan, and Lusiani and Zan. These studies also show, however, that organizations not only respond to but also exploit and, more importantly, shape their institutional contexts. In particular, Trompette demonstrates how this enabled a single company to remain the dominant actor in French funeral services for more than a century. And while Tim Hortons, as discussed by Foster et al., did not shape its environment in a similar manner, it managed to appropriate Canadian traditions in a way few companies were able to do and turn it into a major competitive asset.

The second, and closely related, theme concerns the significance of inter-organizational and intra-organizational power relations and struggles, as well as the importance of political connections in processes of organizational stability and change. This comes out most clearly again in the studies by Trompette, Connolly and Dolan, and Lusiani and Zan. Indeed, Trompette's core argument is that the way that the funeral services sector evolved and the national company PFG became and maintained its dominance was based on 'political exchanges' with 'regulatory' bodies: the church and the state. Likewise, Connolly and Dolan not only show that the emergence and the formative years of the GAA involved political struggle, but also, and more importantly perhaps, that the tendencies towards centralization versus decentralization were shaped by the tensions between 'sectional and provincial interests'. A central part of the history of the changes that occurred in the museum that Lusiani and Zan have studied also involved struggles around autonomy in the relations with municipal authorities. While not a central theme of the article, the importance of relations with public authorities is also apparent in the Bertelsmann case discussed by Schreyögg et al. The same is true for the recent links of Tim Hortons with the military, examined in the Foster et al. article.

Finally, all the articles confirm that for the organizations examined here, there have been long periods of stability, most powerfully demonstrated in the studies that have extended over long periods of time. Indeed, the most striking example is the case of the PFG, which, as Trompette shows, emerged as the dominant company in the French funeral market at the beginning of the 1900s and remained so for almost a century. This does not mean that the company did not introduce changes. It did, but in ways that did not diverge significantly from its core 'business model'. Some of the other articles also show that the organizations they have studied usually found it difficult to change, especially to abandon practices that were successful in the past.

This is of course most apparent and constitutes the main argument in Schreyögg et al.'s study of the Bertelsmann book club. It is also evident, however, in the Canadian fast-food company, Tim Hortons, as it has been attempting to replicate its identity-building strategy during its recent entry into the US market. An additional important insight that comes from the Bertelsmann study is that the issue of 'lock in' is perhaps most influential in the central parts of organizations. Schreyögg et al.'s findings indicate that Bertelsmann book club subsidiaries in France and Spain were more readily able to make alterations in their strategies by expanding into different business areas. This, however, was not possible in the German headquarters.

Not only the particular propositions above, but a host of other research questions that emerge from the articles in this special issue, may serve as a source of inspiration for future studies. They are yet another indication of the potential that historically informed approaches have for contributing not only to studying organizational change but to organization studies more generally.

Endnotes

- 1 This special issue grew out of a sub-theme that we convened under the title 'Historical Perspectives in Organization Studies' at the 25th Colloquium of the European Group for Organizational Studies (EGOS) held in Barcelona, Spain in 2009. The five articles that have been included are substantially re-worked versions of selected papers presented at this sub-theme, based on the discussions during the sessions and the feedback provided in various rounds of the review process.

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