ORGANIZATIONAL ISOMORPHISM: THE QUEST FOR SURVIVAL

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ABSTRACT: This study extensively reviewed extant literature on the sociological theory of organizational isomorphism and its influence on corporate survivability. Isomorphism explains the forces that persuade and trigger organizations to pattern or recreate itself towards homogeneity. Going by our literary diagnosis, it was observed that the success and failure of an organization is largely tied to its responsive ness towards environmental expectations. Hence, isomorphic pressures such as coercive influence, normative behavior and mimetic process are associated with both opportunities and threats which have the potentials to make or mar the fortunes of organizations. Consequently, the study concludes that organizational survival is only possible in a climate of environmental awareness and swift responses and adaptation to isomorphic dictates. Therefore, we recommend that organizations should develop sustainable resilient behaviors through adaptive capacity building, situation awareness and keystone vulnerability management to be able to synchronize the different isomorphic persuasions.

Keywords: Isomorphism, Coercive, Normative, Mimetic, Homogenization, Survival, Adaptability, Situation Awareness.

1. INTRODUCTION

Organizations are social systems consciously designed to achieve predetermined objectives like profitability, growth and expansion, good citizenship, goodwill, survival and others. Gabriel (2018) averred that achieving business objectives is dependent on how well the organization fulfills its purpose; the reason for its existence and the core purpose of every business (Drucker and Maciariello, 2008) is customer or value creation. Amongst the objectives of business, survival is key because it is only a living organization that will be ambitious. This is because the organization as an open system cannot operate successfully without being in constant interaction with its operating environment; hence it provides them with all the needed inputs resources namely, manpower, money, machine and material while the environment also depends on the organization for quality goods and services.

Wobodo et al. (2017) had argued that the complex, dynamic and competitive nature of business environment presents organizations with constant and immeasurable challenges emanating internally and externally. These challenges manifest as a result of political imbalance, technological shifts, terrorists’ attacks, natural disaster, market rigging by the government, employees’ educational/cultural differences and wrong structural configurations etc. which if not properly managed may slide the organization into its early entropy. The manifestations of these challenges give credence to Koontz and Weihrich (1999) view that no organizations exist in isolation, but all organizations and their environments are rather mutually interdependent.

Given this observed unbreakable interlace between business and society, organizations are made to encounter both opportunities and threats; and as purpose-driven entities are also able to adopt different survival strategies to undermine the threatening influence of the forces of. According to Lee (2006) as cited in Akani (2015) the survival of every organization operating in a vibrant and competitive business environment has so much to do with how effectively they learn to adapt themselves to the environment and capitalize on their scarce resources adequately.

In pursuit of this, learning organizations continuously engage in environmental scanning, research and development programs and industrial espionage to ensure that they are not operating in obscurity in
The rapid changes taking place in their external environment. For example changes in technological tools, customers taste, government regulations, inflation, competitors’ new moves etc. must be properly monitored. It is based on the outcome of these assessments that organizations may consider the adoption and implementation of a given change and development agenda to reconfigure its internal operational processes and structures in order to look like other organizations they perceive as defenders and prospectors (i.e. pace setters.) in the field, thereby leading to organizational isomorphic change.

The theory of isomorphism emerged in the context of the new institutionalism (Hall and Rosemary, 1996; Immergut, 1998; March and Oslen, 1984). Isomorphism is a phenomenon that drives organizations to resemble one another such as legal or political regulatory pressures, imitating behaviors resulting from organizational uncertainty, or normative pressures initiated by professional groups, rather than functionalistic strategies (DiMaggio and Powell, 1983a). This simply implies that organizational isomorphism can be triggered as a result of discernable poor performance outcome or emergent legal framework requiring all organizations’ compliance irrespective of how unfavorable it may seem to them. Corroborating this view, Meyer J. and Rowan (1977) iterate that organizations incorporate socially rationalized structures such as: procedures, products, services, techniques, policies and programs to achieve legitimacy, regardless of the efficacy and effectiveness of those practices. Isomorphism is relatively a new sociological concept developed by (DiMaggio and Powell, 1983b) and today, it is regarded as the most influential theory in this knowledge based driven economy focusing on issues concerning institutional development and change. Therefore linking these views with Robb (2000) as cited in Gabriel (2015) that large organizations are failing at a faster pace; profit level is declining as well as overall business performance; the need for need for strategic response in dealing with isomorphic change is now urgent.

Although, since the conceptualization of isomorphism by DiMaggio and Powell (1983b), not so much of research attention has been recorded in this direction as there is still paucity of literature on the concept both empirically and theoretically especially within the perspective of Nigeria’s business environment. However, some of the observed studies carried out in this area include Beckert (2010) whose study investigated institutional isomorphism revisited: convergence and divergence in institutional change. (Popadiuk et al., 2014) heterogeneity of isomorphic pressures: intertwining the resource-based view and the neo-institutional approach, while Katopol (2016) examined isomorphism and barriers to organizational change. Given the forgoing trends, the central focus of this paper is to critically review the association between organizational isomorphism and survival of organization in a complex business environment.

2. CONCEPT OF ISOMORPHISM

Research indicates that in order to synchronize and comprehend the root causes of organizational change and development in contemporary organizations and institutional theory, it is pertinent to have a good grasp of the concept of institutional isomorphism. Isomorphism theory as developed by DiMaggio and Powell in the early 1980s is aimed at illuminating the various forces predisposing organizations toward homogenous forms and practices. And ever since then, the theory has been a subject of continuous investigation in many fields of organizational research though at a slow pace. This observation is further substantiated in DiMaggio and Powell (1983b) where they stated that the concept of institutional isomorphism is an essential tool for understanding the politics and ceremonies that are prevalent in modern organizational life. In their assertion, they defined isomorphism as a constraining process that forces organizations to adopt same institutional practices.

Accordingly, Rhoades and Sporn (2002) viewed it as a sociological theory which explains how organizational systems become similar over time. Yet, Gichuke and Okello (2015) posit that it is a situation in which organizations are persuaded to adopt the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized society. Leaning on these definitions, we can say that isomorphism is a phenomenon driven by forces external to the organization such as government legislations and competition requiring an organizational field to behave in a certain way and by virtue of such social embeddedness or compliance organizational homogenization or convergence is said to emerge.

More so this is as organizational homogenization is associated with a condition in which organizations’ moves are in synchrony with the direction of isomorphic pressures in the organizational field. In the same vein, convergence is concerned with the degree to which all organizations in a particular field look alike over time (Ashworth et al., 2005). Therefore in our view, we may define isomorphism as the tendency of organizations to be similar in their processes and structures as a result of their compliance
to extant rules so as to attain legitimacy. On the other hand, where an organization fails to adopt a prevailing regulatory framework, such organization is considered as a deviant and often attracts severe sanction which if not urgently addressed may drag the image of the organization into the mud. Since no organization is ready to allow its corporate reputation to be ruined especially in a market regime driven by intense competition, organizations always seek different strategies to help them adapt and survive while following the direction of the isomorphic pressure. This argument is further made clearer in Qu et al. (2012) where they maintained that organizational isomorphism is guided by institutional theory which holds that firms constantly tries to maintain and increase legitimacy through complying with pressures arising from their external environment.

2.1. Taxonomies of Isomorphism

According to DiMaggio and Powell (1983b) typology, there are three basic interdependent forces operating behind the processes of institutional change namely: coercive isomorphism, normative isomorphism and mimetic isomorphism. But recently Beckert (2010) in a bid to incorporate competition-based approach to isomorphism theory or institutional convergence introduced the fourth taxonomy which he called competition. In his view, the early proponents of isomorphism deliberately ignored competition in their operationalization because they were aiming for a theoretical explanation of isomorphism that would provide an alternative to Max Weber’s emphasis on the role of competitive market pressures in explaining processes of bureaucratization. Therefore, he viewed competition as a factor exerting pressure for institutional change. However in this study, we adopted the three taxonomies developed in DiMaggio and Powell (1983b) hence they best reflect the dynamics of isomorphism in our view.

2.1.1. Coercive Isomorphism

This type of isomorphic change usually take place when existing laws regulating a given organizational field have been quashed morally or functionally, and at the same time, if there is a potent external actor who is able to enforce a new institutional order (Beckert, 2010). Similarly, Bondy (2009) maintains that coercive isomorphism is a reflection of both formal and informal pressures on organizations to operate in line with the cultural expectations of the society in which they are a part of and the organizations on which they are dependent. In the same manner, Seyfried et al. (2019) added that organizations embrace this type of isomorphic change because of external pressures imposed on them by their operating environments which are usually conveyed through extant rules and regulations by the government of the day. They further pointed out that anytime legislations are made in an organizational field, such laws instantaneously create expectations and pressure for the organizations to conform; and where noncompliant is perceived, the legitimacy of such organization is brought to scrutiny. Consequently, organizations as law abiding institutions find themselves embracing these new orders without minding their implications on their operations in order to maintain their legitimacy before the society. This observation is further reinforced in Barreto and Baden-Fuller (2006) where they contend that this form of isomorphism can lower substantive organizational performance and efficiency.

Sadly however, due to the harsh effect of this form of isomorphic change, in some instances organizations superficially reflect the demands of society (law) with no interest in changing the operational practices of the organization; a behavior Bondy (2009) regarded as “decoupled response”. Yet others embrace and implement these societal values and expectations into their daily operations without evading it; this he called “coupled response”. Therefore those organizations that tend toward “coupled response” are usually rewarded for utilizing expected structures and processes Scott W. (1992) hence; they are seen as law abiding corporate entities undertaking their operations in line with best practices. Such rewards include enhanced prestige, stability, legitimacy, social support, access to resources, attraction to personnel, acceptance in professions, and also invulnerability to questioning (Scott W. R. and Meyer, 1983). On the contrary, those that tend toward “decoupled response” are normally subjected to different forms of sanctions and punishments in line with the dictates of the prevailing laws which can be in the form of fine, revocation of operational license or outright confiscation of company’s assets etc. Often time organizations tow this path because of inertia force. For instance, Hannan and Freeman (1984) stated that inertial forces are one reason organizations find it difficult to adapt to change as the existing practices tend to reinforce the kind of political decisions that sustain their continuity. This implies that when an organization becomes so used to a particular practice or structure, it finds it uneasy to adopt or embrace a new change.

But we must say here that organizations operating in a dynamic environment need not be rigid in their practices rather should be flexible by leaning on situational approaches to management which
demands that organization must be open to change as well as responding to such change with appropriate practices that suits it. A typical example of coercive isomorphic change pressure on an organizational field is the recent Single Treasury Account (TSA) policy on deposit money banks in Nigeria where they are required to remit all collections in behalf of the government to the Central Bank of Nigerian (CBN) on daily basis, etc. which was not the norm. Consequently, compliance with this directive will create a similar practice across all deposit money banks thereby leading to institutional convergence within the financial sector or field.

2.1.2. Normative Isomorphism

Normative isomorphism explains the resemblance of organizations that occur under circumstances such as professionalization of a service or practice Mizruchi and Fein (1999). It is also seen as the adoption of structures and patterns considered superior and associated with professionalization Popadiuk et al. (2014). By these definitions, it suggests that normative isomorphism occurs due to strict adherence and application of professional conventions and standards by members working in an organization. Professionalization also facilitates institutional convergence when members of a given profession such as Institute of Chartered Accountants of Nigeria, Nigerian Society of Engineers, Nigerian Medical Association, Nigerian Institute of Management etc. as matter of compulsion carry out their tasks in accordance with the oath of allegiance taken to uphold the code of ethics of the profession without compromise, thereby producing sameness of action across national boundaries. These standards are usually reinforced through socialization processes in professional training and networks (Djelic, 2004; Maman, 2006), annual conferences, presentation of monthly or quarterly bulletins to keep members’ professional status alive at all times.

Mizruchi and Fein (1999) also gave credence to this pointer when they iterate that normative isomorphism induced by professionalization is linked with two processes. First, members of professions acquire the same training, which socializes them into viewing phenomenon in the same perspective. Second, members of professions interact through professional and trade associations, which further diffuse ideas among them. Based on these accounts, we may assert that professionalization plays a crucial role in the adoption or imitation of existing institutional models that is considered viable in achieving superior result. This is also in line with Katopol (2016) observation that professional personnel go from one organization to another, bringing in their wealth of experience and their assumptions of how things are done, and not done; which in effect imposes a great deal of homogenization within the field. A typical example of normative isomorphic change is reflected in the similar procedures doctors follow in attending to patients in the clinic before administering a given drugs to a patient across national frontiers irrespective of the hospital’s name or location. This is so because individuals in a profession strive toward the standards established by their profession and continuously reorganize their organizations in order to achieve higher compliance with international standards (Fogarty and Dirsmith, 2001).

2.1.3. Mimetic Isomorphism

Mimetic isomorphic change occurs in an organizational field especially when managers attempt to respond to uncertainty (Meyer J. W. and Jepperson, 2000). Sometimes they do this because they cannot rely on their own ingenuity for direction in the face of adversity. Mimetic isomorphism involves the mimicking of already existing business models from which a new business model can be developed. DiMaggio and Powell (1983b) described mimetic change as a process through which an organization emulates the qualities of other organizations. With this view in mind, we can also posit that the objective of a mimetic change is to model ones’ own organization in manners that capture other organization’s structural configuration, practices or products offerings which are perceived as being more legitimate (acceptable) than what ones’ organization currently have or intend to develop. On the other hand, Beckert (2010) revealed that research findings indicate that the key factor behind the adoption of mimetic isomorphism is the legitimation that an institutional regulation finds within an organizational field. Just as Bondy (2009), revealed that many organizations imitate the reports (i.e. product, structure, service or practice) of other organizations mainly because they want to reduce the uncertainty surrounding content of the report, and to minimize the learning curve that was necessary to get the report out in the minimum amount of time. Or to circumvent/ reduce the cost associated with developing such product or practice afresh. It is based on this notion that DiMaggio and Powell (1983b) describe mimetic change as a low-cost response to work process indeterminacy

In fact, it is at the instance of this type of isomorphic change that we have different organizations within a given field producing relatively homogeneous goods and services with each of the organizations
taking different market positions such as market leaders, the followers and the niche's. Under this circumstance, the market leaders are seen as those organizations that have already gained legitimation in the field based on their long standing goodwill, tested and trusted quality products and services, experience, technological know-how, stable structural design and practices which have stood the test of time. This observation explains why DiMaggio and Powell (1983b) stated that modeled organization merely serves as a convenient source of practices that the borrowing organization may use. On this note, it becomes a strategic responsibility on the part of the followers or analyzers, the niche's as well as new entrants to always look up to them by way of mimicking them in almost every move they make, more especially in the area of their products and services’ offerings, market segmentation and product pricing which in the long run results in serious level of convergence. Again, most times this information is acquired through espionage.

A simple demonstration of a mimetic isomorphic change can be seen in the ongoing trade wars between MTN, Globacom, 9Mobile and Airtel in the Telecom field. For instance, when Globacom launched their 4G Sim Card there was no other Telecom firm as of that time with such technology or product, but when other firms saw its overwhelming impact and legitimation on Glo’s customer’s base, they immediately mimicked it and adapted same to their taste so as to remain and improve their respective market positions even at a more cheaper cost thereby creating some level homogenization in the field. This change is also reflected in their similar kind of call rate charges, data bundle packages and their associated charges. More so, it is important to say here that mimicking other organizations can also amount to a destructive isomorphic change in a situation whereby the mimicking organization does not have all the vital information about the dynamics of the modeled organization before adopting there strategy. This is because relying on the superficial or the observable behavior of such organization can be misleading as it could be a mere ploy situated to confuse their competitors in the field. Hence, Katopol (2016) argued that for this to work, the mimicking organization must have the modeled organization’s history, resources, personnel, budget, skill sets, or processes that worked for the successful organization, else, mimicking attempts may be less than successful.

Contrary to Katopol (2016) point of view in the forgoing discourse, we think that sometimes the mimicking organizations even in the face of inadequate resources, personnel, budget, skill sets, or processes that gave the modeled organization legitimacy or success find themselves mimicking these super organizations successfully. In this instance, what they do is to carve out a niche for themselves within the field without impinging on the customer base of the market leading organization by producing that product at a substandard quality and then pushing it to the lowest class of customers within that market who ordinarily cannot afford that goods or service from the perspective of their originators at low price, thereby creating opportunity for such class of people to have a taste of such good. Furthermore, as this market segment grows over time as a result of high patronage, you also see these market leaders being forced to downgrade their products quality or recreate them in such a manner that it now incorporates other market segments that they initially considered irrelevant. For instance in the Beverage industry, Peak milk is viewed as the market leader and this reflected in their product quality and its price as their target market where then mainly first class and average citizens, which then make difficult and unaffordable for an ordinary man to have a taste of milk. But when substitute milk like Cow Bell was introduced into the market in a sachet form, it gave an ordinary man the opportunity to have a taste of milk and at a cheaper price. Incidentally, when Peak Milk Company saw the huge potentials around this market segment, they mimicked Cow bell by redesigning their product such that they now have both liquid and powdered sachet peak milk to accommodate that market segment that was dominated by Cow Bell till this day.

3. Organizational Survival

According to Recker (2002) survival is considered as living over possible setbacks and organizational deaths accordingly. It is concerned with the capacity of an organization to continuously meet with the demands of the market, its workforce, shareholders, investors, host communities, the government and other relevant stakeholders Gabriel and Arbolo (2015). The concept of survival is an essential aspect of every business objectives. Accordingly Jones and Barteff Publishers (2008) iterate that survival and growth are implicit organizational goals requiring the investment of energy and resources. In fact, it is on the basis of its essentiality that it is embedded in the going concern principle which holds that a business will continue to exist and function with no defined date of liquidation. Bearing this principle in mind, every entrepreneur or manager adopts different strategies to ensure that the business does not go into obscurity as a result of internal and external forces interacting with the organization. Similarly,
Sheppard (1994) pointed that organizations have long operated in an unpredictable environments that threaten their existence which Gittleson (2012) identified as technological innovation, increased competition, and evolving customer needs. Beyond these, we also have cultural pressure, political imbalance as well as economic downturn. In furtherance to this Odunayo (2018) contend that organizational survival is a critical phenomenon in this period of unpredictable business environment.

More so, Robbins and Judge (2015) suggested that owing to the uncontrollable forces that impinge on business predetermined goals, for organization to survive and affect appropriate performance, it must know and adopt the best strategy to rebound from decline and avoid death. And organizations that fail to respond to change forces will definitely face chaos, loose legitimacy and possible attain early entropy. This is as Al-Swidi and Al-Hosam (2012) argued that the success and survival of any organization is anchored on its capacity to create value in terms of quality products and services to its teaming customers; which also must be provided at the right time and price.

3.1. Indicators of Survival

Organizational theorists over the years have developed different indices through which organizational survival can be measured. For instance McManus et al. (2008) in their study utilized situation awareness, keystone vulnerabilities and adaptive capacity. Teece et al. (2010) and Zahra et al. (2006) used proactiveness, adaptability and dynamic capability. But in this study, we will adopt situation awareness and adaptability as they are considered more appropriate in this current review.

3.1.1. Adaptability

According Cohen and Levinthal (1990) adaptability refers to the capability of an organization to expect and at the same time respond to threats and opportunities by manipulating the situation to its advantage. Similarly, Denison (2007) sees it as transforming the demands of business operating environment into action. Survival is therefore connected with staying stable in the face of the storm without giving up. This is as scholars have emphasized that no organization exist completely in isolation but mutually dependent with their operating environment and as such possessing adaptive capacity can really help organization bounce back faster amid adversity. Studies further shows that adaptability is a major driver of a sustained resilient behavior which is a precursor of survival. Tugade and Fredrickson (2004) and Gabriel (2015) indicate that resilient organizations are better prepared to cope with frequently changing workplace. In this regard, Amah and Baridam (2012) contend that to remain in business and make profit, organizations need to continuously adapt themselves to the changing nature of their operating environment. And this is best achieved when organizations have internal behaviors or policies imbedded in their core culture that encourages adaptive behavior in the event of any adversity emanating from the environment.

3.1.2. Situation Awareness

According to Endsley et al. (2003) situation awareness refers to the propensity of an organization to know what is going on within its operating environment as well as understanding the usefulness of such information to them in the current situation and in the future. It is an indication that an organization understands the current happenings in its operating environment. Situation awareness behavior is specifically essential because it enables the organization to know how its environment and the people in it influence their operations. According to management literature, situation awareness construct was first observed in the context of military operations where pilots are required to understand, adapt and utilize a large volume of information in order to execute their task effectively. Therefore a good grasp of this dynamics is what Goleman (1998) called being socially aware of one’s environment. In his definition of social awareness, he viewed it as the ability to sense, understand, and respond constructively to other people’s emotions while comprehending works. Hence, the place of situation awareness capability in guiding organization toward sustainability cannot be taken for granted.

4. Isomorphism and Organizational Survival

In contemporary business management, one of the dominant features of the environment is changeability as driven by different isomorphic pressures such as coercive change, normative change and mimetic process which every organization must respond to adequately in order to remain competitively viable and legitimate within their fields. In view of this, adapting to changing environments has been acknowledged as a serious concern for organizational leaders if they must survive (Gittleson, 2012; Huber, 2011)
; Mitchell et al., 2014). For instance, the ambition of organization is that their adoption and implementation of socially legitimated elements such as coercive isomorphism (i.e. prevailing laws, values of the people) in their social processes (i.e. structural design, practices, products and services) will enhance their legitimacy, thus increasing their resources and survival capabilities (Fogarty and Dirsmith, 2001). More so, the extent to which such incorporation is made also depends on the organization’s social awareness competency.

Again isomorphic change driven by normative pressure also plays essential role in the determination of an organization’s survival and the extent of institutional convergence within an organizational field. As indicated in Beckert (2010), cultural models such as principles and codes of ethics of professional institutions provide global templates for processes of institution building which then creates a conducive atmosphere for increased similarities in business practices despite the uncertainties surrounding their efficacy. The implication of this on survival is that by adopting and operating in line with the identified professional standards, and organization is seen as adopting best practice and is given legitimation. Similarly, mimetic isomorphism stimulated by competition also influences organizational survival tendency, hence such change is aimed at repositioning the organization for better performance by adopting or emulating strategies that gave other organizations edge and legitimacy. For instance, Bondy (2009) maintains that organizations do not copy the strategies of their competitors not only to ensure they reflected the expectations of society but also to keep pace with or exceed competitor activities to maintain a competitive position within the industry and ultimately sustain its existence.

5. CONCLUSION

Extant literature exploration on the variables of the study reveals that organizations are social entities whose success and failure depends on both internal and external forces resulting from isomorphic pressures within their operating environment. Isomorphic pressure is associated with both opportunities and threats depending on how the organization responds to it. Obedience to coercive and normative isomorphism gives a legitimate perceptive view of the organization while mimetic isomorphic process helps the organization re-adjust itself by copying what other vibrant organizations have spent millions of Naira to achieve at a relatively lower cost thereby enhancing their survival tendencies while also increasing homogeneity within the organizational field. In view of this, we found that isomorphic pressures most times happen without any warning signs while others are voluntarily adopted with a view to making the organization more efficient and effective. Therefore, we conclude that organizational survival in a turbulent and changing environment is tied to understanding and swift response to isomorphic processes as they emerge. Hence, we recommend that organizations should develop sustainable resilient behaviors through adaptive capacity building, situation awareness and keystone vulnerability management to be able to synchronize the different isomorphic pressures. Again, that organizations should be forward looking at all times; and to achieve this, a continuous external environmental scanning is expedient as it serves as a measure for improve situation awareness.

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