

Contextual Embeddedness of Organizational Routines' Replication ----Perspective on Specificity of Business Unit

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Abstract. Replication of organizational routines, as a kind of value-creating strategy, is getting extensive attention of academe, while “replication dilemma”, which is called the interaction and gaming between new context and existing routines, induces inefficiency or even failure of replication, and then becomes the pivotal topic of theoretical research and management practice. On the basis of drawing on recent theorizing on context dependency of replication, we point out that the internal contextual embeddedness is core issue of replication, and then introduce a new specific business unit to display and depict organizational context-magic in the process of replication. In terms of “rational calculating or emotional coupling” and “TMT intervening or indulging”, this paper gives expression to context differences of replication.

1. Introduction

Routine is a significant analysis unit with regard to organizational evolution and economic change, while replication is a deliberate strategic activity that promises to create value for an organization by applying existing routines in new contexts, and also brings the benefits for the organization with the help of transferring across context. Along with the development of research, more and more scholars begin to focus on the internal context in the evolution and diffusion of organizational routines. Howard-grenville (2005) show that changes in the relative strength (authority) of the organizational members will lead to the changes in organizational routines[1]. Safavi and Omidvar (2016), on the other hand, take the influence of the contextual factors in the process of merger between an art school and a university[2]. Salvato and Rerup (2018) also notice that individual roles of organization members and the hierarchical structure of the organization have significant effect in the play of organizational effectiveness when the routines balance organizational conflict[3]. Nigam et al. (2016) take the hospital as a case study and focus on the role of the organization and its members on the change of organizational practices[4]. Matt Theeke et al. (2018) reveal the significance of individual willingness in the role of organizational inertia in the utilization of new knowledge[5]. Dittrich and Seidl (2018), through a one-year follow-up survey of a pharmaceutical company, find that organizational routines are easier to expand when an organization pursues new goals[6].

Thus, more and more scholars consider replication of organizational routines (evaluation, diffusion and update also like this) as an endogenous political process, which means that replication is not only simply a process of transfer at the macro-level, it is also an endogenous activity to bridge crack between organizational agency and routines by means of modification and adjustment, and this will be the core topic of this study and will be discussed in the next analysis. Therefore, starting with micro-mechanism, the organizational endogenous factors are gradually becoming the core issues of research about republication. Following this effort of attempting to internal context, this paper will investigate the mechanism of individual agency and administrative discretion in the diffusive process of organizational routines.

2. Contextual Embeddedness of Replication

Organizational routines are embedded in the organizational internal context, and functional explanation elaborates on how routines interact with assignments to achieve the organizational goal. Routines are always embedded in organization and its structures, and show the particularity in specific context. Weber's "Bureaucratic Model" has already had the thesis that routine is an important factor to maintain the stability of the bureaucratic hierarchy's structure, and also a manner of working to ensure that the organization can complete the task successfully.

Karim(2012) broadly considers the embeddedness and dependence between routines and organizational structures as "contextual link"[7]. He believes that, as time goes on, routines will be embedded into the unit in the process of matching and coordinating with a specific assignment, at this time, if another business unit takes over the assignment, it might be difficult for routines to achieve the match with this unit and the task is also hard to achieve. In consequence, we estimate that the contextual embeddedness between routines and business-unit will determine whether the routine can maintain the creativity of capabilities and resources, and achieve the different value-creating of different task units. Because of that, Helfat and Karim(2014) explicitly introduce the conception of "Structural Embeddedness" to explain internal context that reside within the organization and help organization create value, they further point that, the dependence comes from the contextual link between organizational routines and agency, which represent the "coordinated mechanism" between the routines and internal embedded activity of unit and potential resource[8].

Therefore, we introduce a new unit of analysis based on the perspective of contextual embeddedness—specific business-unit to discuss the internal context dependency mechanism in the process of replication, and then use business-unit specificity to describe the differences of internal contextual in the process of replication.

3. Specificity of Business Unit Analysis

To explore the replication mechanism of organizational routines, which is the process of transfer between business units, needs to clarify and explain the features of specific business units first. The business unit is considered by most scholars as a business entity with more distinct boundary features in an organization, which is an instrumental function unit to help organization use and produce a product or service, while also being 'constrained' by some conditions, which show some differences due to work flowing and coordination levels. When the business unit is practicing the 'agent' role of the organizational routines, it needs to coordinate and integrate the mechanisms (including resource allocation, performance measurement, selection, and development management) to create specific activities to complete corresponding work and tasks, which involve the contextual characteristics of organizational routines.

In view of that diversity of the features of the business unit, such as 'task dependence', 'hierarchy' and 'organizational module (or component)', while the research content and the difference of perspective, different scholars on the organization's business units are diverse features cognition and understanding, but from the perspective of work tasks and organizational design measure of business units can't be ignored on two key issues: (1) the logical orientation of the organization and (2) the degree of authorization decisions. The former focuses on the special attributes and exclusivity characteristics of business units as independent entity units, the latter is mainly taking responsibility to show the interactive features between business unit and organizational overall goal on the perspective of hierarchical coordination as a unit within the organization. About the former, this paper focuses on the business unit that is to follow the inhibition degree, rational management element such as contract and rules of shaping utility calculative logic or preference experience, emotional and irrational management elements such as the coupling relationship between mental affective logic management guidance. Additional emphasis is needed here in this paper, that is we don't want to deliberately provoke any opposition, despite it does exist between management paradox and sharp confrontation, at the same time we also do not deny that the interaction between the two issues, we just want to show the two kinds of style of management in the field of

management practice logic and orientation. About authorization, this paper tries to show the degree of TMT intervening of business unit decision in order to measure interaction and connection between business unit and overall goal in the process of hierarchical coordination.

4. Contextual Matrix of Replication

On the basis of analyzing we try to establish a contextual matrix of replication to express the differences of context in Fig. 1.

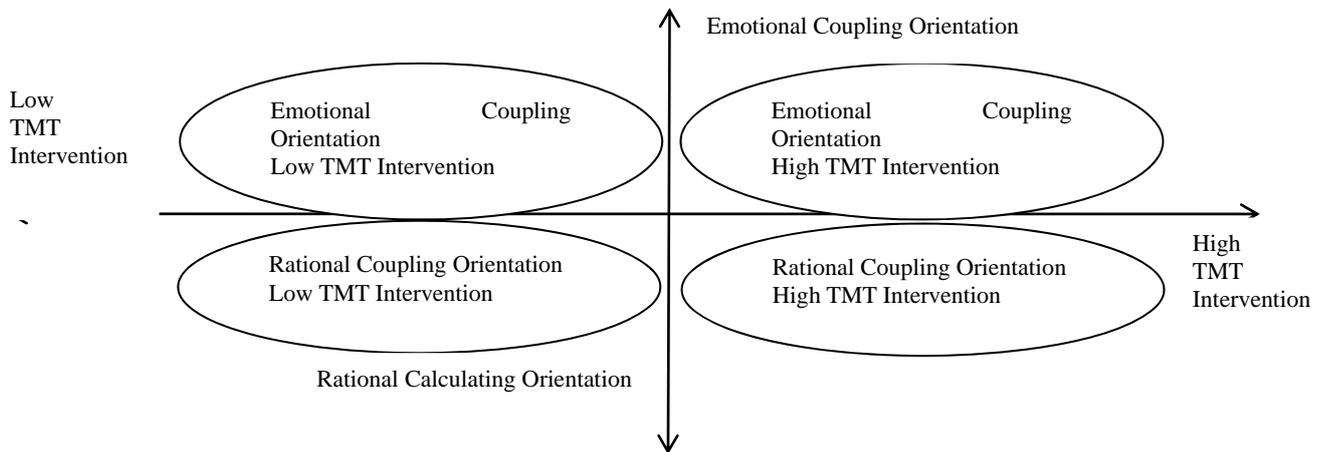


Figure 1. Contextual matrix of replication

4.1. Management Orientation: Rational Calculating or Emotional Coupling?

At the business unit level, rational calculation logic focuses on a hierarchical, legal and authoritative control chain, which promotes the business process through formal organizational structure and clear rules and regulations. The organization and members are dependent on contractual spirit to maintain the relationship of each other, and most organizational knowledge is explicit, formal power and interests have considerable authority, the uncertainty in the organization is greatly reduced, and the coordination mechanism also becomes more and more efficient, so that everything can be 'calculated'. The computational logic depicts the business unit as a kind of mandatory order structure, in which the structures, components and personnel are intelligent, rational small 'cubes'. Then the 'cubes' are clearly 'scanned' as far as the organizational tasks are given, and are deconstructed and recombined in the best possible way, while they make the effort to complete the preset template according to the calculated result. Like a fast running 'machine', The computational logic would strive to maintain organizational own rigidity and stability, and ensure that the organizational routines are fully and accurately interpreted and clearly carried out to achieve the efficiency of replication. Although this logic is faced with the pressure of spiritual aspects, such as employee's feelings, emotions, preferences and organizational improvisation, atmosphere, but this kind of logic is still important and basic for most modern organization.

The Hawthorne Experiment of Mayo has opened up a new area: the ideological management logic, which is born of criticism and reflection of traditional rationalism by behavioral science school. They suppose that traditional school has ignored the complexity and variety of employee's emotions, interests and values ,which play important roles in the process of organizational operations, while we open the magic box from the perspective of microscopic cognizance, interpersonal relationships, creativity, passion, ethic and even some irrational management elements such as pronunciation, intonation, behavioral style just bounce out with charm, like a flexible 'bouncing ball' which makes people not attend to them all, hence, a kind of logic with the guidance of emotion is getting the attention and praising of the academic. As a kind of flexible management orientation, emotional logic is manifested as a cognitive narrative model, and is to satisfy their own emotional needs to achieve the organization's goal through the emotional interaction between the organization and members. At business unit level, emotional coupling logic is shown as an equal,

spiritual and respectful reticular structure which is mainly operated by informal small group's behavior and shared values (such as interests, hobbies etc.) to fulfill their duties, it is dependent on unspeakable implicit norms and tacit agreement to maintain the relationships between the organization and members and among members, and most of the knowledge is recessive, the micro power (such as small group's leader) based on the spiritual ideas have a greater authority, the organization operate efficiently in a good and fuzzy atmosphere. Emotional logic describes the business unit as a spontaneous and evolutionary order construction, in which the structures, components and staffs are all free and emotional 'ball', when the organizational routines issue assignments, it (they) will form regular or irregular groups spontaneously and try to adjust, adapt to evolve and change constantly, reach a consensus quickly with each other's tacit agreement, and achieve the organizational routines with the coordinate of motivations, expectations, emotions and other spiritual factors.

4.2. Top Management Team (TMT): Intervention or Laissez-Faire?

When business unit plays the role of the agency of organizational routines, the participation and coordination of top management team become the key factor that influences the organizational routines' performance, this is because heterogeneity makes the internal situation of business unit become very complex and uncertain, the difference of members' experience, preference, education, gender and others backgrounds and the communication channel, the way members interact with each other make internal conflict greatly increase and cooperation efficiency reduce, and yet a high-efficiency top management team can improve the level of operating mechanism of business unit through wide-angle and shared collaborative skills. But when it comes to transfer or sharing across the business units, the degree of each business unit's interdependence and intervention of top management team becomes more obvious, so it can be predicted that when the degree of interdependence, task correlation among business units are high, the top management team is supposed to coordinate much more across the departments (units) to integrate and distribute resources to complete the task; on the contrary, when the degree of interdependence, task correlation among business units are low, what works more is the operating mechanism of business unit and the appeal and demand for top management team is getting weak.

So due to the different work features of organizational routines, the TMT would put up a different degree of intervention, some performative routines usually have relatively explicit operating process and specification, for example operation routines that are sensitive to changes of technology, market or customer change procedures, Therefore, the requirement of the TMT's degree of intervention is not high. Even in many ways, such operation routines do not require extensive involvement of TMT during the process of a cross transfer business units, because the transfer process primarily use more horizontal information technology inside the unit (such as budget and procurement process). While, it does not mean that this interdepartmental transfer does not require the intervention of TMT, some basic operational routines and inter departmental coordination sometimes also need high attention of TMT to ensure that no error occur in coordinated transfer between business units. Without such attention of business units may only care about their own distributive task, 'Free Rider' would come true and reduce the effect of replication of other business units. Some ostensive routines show stronger dynamic nature for the involvement of organizational reform and strategic change, which maybe require more involvement of TMT. Some multi-servic and cross-functional departments' innovation activities, for example, the "design—manufacture" processing requires coordination of cross functional departments and is dependent on the authority and control of the TMT, and this innovation is beginning at the company level, rather than the business unit level, accordingly, it depends on the involvement of TMT. Therefore, these routines get more benefit for the intervention of the TMT in the process of transferring across business units. As a response to Rumealte's viewpoint, Eisenhardt points out that 'when it comes to dynamic capabilities, managers need to be regarded as a whole, and once the resource allocation (RE) beyond a business unit, the manager's responsibility is to provide an integrated and more comprehensive strategies and policies', his study also investigates that from a broader perspective, dynamic routines are much more further

dependent on the involvement of the TMT, because the utility of these routines need organizational cohesion and collaborative ability. While, there are also some routines that have a strong dynamic characteristics, but the dependence of the TMT is not heavy, for example, in a case of multiple drugs test, Helfat and Karim (2014)'s research investigate that although the innovation project aiming to different medical problems (such as heart disease, cancer, etc.) would accord to different standards and routines to choose different innovation ways, the dynamic routines are not much more dependent on the TMT involvement, especially when these routines only involve individual business units and not the company's overall level, it does not require a corporate level of strategic consideration, under such circumstances, the staff inside the unit would become more efficient because of their higher information and professional knowledge and skills, which can better focus on specific practices.

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6. References

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