Strategizing and Organizing in Pluralistic Contexts

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Strategizing and Organizing in Pluralistic Contexts

Abstract

In this paper, the concept of pluralism is used to expose variations in the relationship between organizing and strategizing and the consequences of these variations for managerial practice. Pluralistic contexts are those that are shaped by the divergent goals and interests of different groups inside and outside the organization. Internally, these divergent interests result in multiple organizing processes, whilst the interests of external stakeholders lead to multiple strategic goals and objectives. However, despite the innate pluralism and consequent complexity of strategizing and organizing processes experienced by many organizations in the 21st century, pluralism has been inadequately examined in organisation studies and virtually ignored in the strategy literature. This paper first defines pluralism and then explains its implications for strategizing and organizing practices and processes within organizations. Three relevant questions are then posed for investigating the nature of organizing and strategizing in pluralistic contexts. With the aid of case examples from the public sector, professional services and regulated industries we provide insights into these questions, deriving a framework that enables the drivers, and potential problems of the interdependence between strategizing and organizing to be better understood. The paper concludes with a diagram and some practical implications for managing the interdependence between strategizing and organizing in pluralistic contexts.

Strategizing and Organizing in Pluralistic Contexts

Introduction

Recent management research agendas draw attention to the novel theoretical and practical insights that may be gained by studying organizations as pluralistic contexts (Academy of Management Conference, 1999; Academy of Management Review, 2000; Denis et al, 2001; 2006; Van de Ven, 2004). Pluralistic organizations are typically shaped by the divergent goals and interests of different groups, each of which have sufficient power bases to ensure that their goals are legitimate to the strategy of the organization. For example, the strategies of regulated firms are shaped by shareholder interests which legitimately expect maximisation of shareholder value, whilst also being shaped by the interests of regulators who can place legitimate demands upon firms to moderate their competitive position in order to ensure a level playing field[1]. Because both demands are legitimate, the firm cannot simply pursue one strategy but must develop strategizing processes that will enable it to enact multiple conflicting strategic objectives[2]. However, pluralism has been largely ignored in strategy theory, which tends to adopt a coherent view of the firm and its activities. Much strategy theory is predicated upon establishing a distinctive strategic focus[3], which may be inadequate to explain strategy in pluralistic contexts where strategic focus is fragmented by competing demands[4]. Increasingly, divergent strategic goals are a complex commercial reality for many organizations. Practising managers and academics need to consider firms not only as coherent and focused strategic entities but also as pluralistic organizations with contradictory strategic foci. Such pluralistic strategizing demands have consequences for organizing, as they typically place stress upon the identity and interests of the firm and, hence, upon the organizing processes through which these are enacted[5]. The study of pluralistic organizational contexts, with their multiple, fragmented and potentially conflicting strategic objectives thus offers the potential for more complex theoretical and practical insights into the interdependence between strategizing and organizing practices and processes[6].

This paper explores the interdependence between strategizing and organizing in pluralistic contexts in three sections. In the first section we develop three research questions that can be

used to explore sources of pluralism for strategizing and organizing separately as well as their interdependence. In section two, we develop a diagram, Figure 1, to illustrate the problems of different sources of pluralism. Finally, in the discussion, we develop a model, Figure 2, of three modes of association between strategizing and organizing in pluralistic contexts that have positive and negative implications for organizational and managerial practice. The paper draws upon evidence from five Exhibits that display different aspects of strategizing and organizing in professional service, public sector and regulated contexts.

Studying strategizing and organizing in pluralistic contexts:

Some research questions and practical examples

This section poses relevant research questions for studying strategizing and organizing in pluralistic contexts and illustrates the managerial problems that these questions address, drawing upon examples from regulated, professional service and public sector organizations. Organizing is defined as the creation and use of structural practices and coordination processes by internal stakeholders to enact the identity, culture and interests of the organization. In pluralistic settings multiple interests emerge from different organizational groups and these are associated with fragmentation of organizational identity and multiple subcultures[7]. This multiplicity of organizing practices associated with internal organizational interests is termed internally-motivated pluralism. Strategizing refers to those planning, resource allocation, monitoring and control practices and processes through which strategy is enacted, which, in pluralistic contexts need to enable the organization to respond to numerous shifting or contradictory external demands. Strategizing pluralism is thus externally motivated by competing environmental demands that give rise to multiple, potentially conflicting strategic objectives and goals that must be simultaneously enacted. The interdependence between these different sources of pluralism are now addressed through three research questions on the implications of strategizing and organizing in pluralistic contexts, which are illustrated with case examples from existing research and credible business media.

1. How are pluralistic organizing characteristics and tensions manifested?

Pluralistic organizing tensions are typical in public sector and not-for-profit organizations, such as universities, hospitals, and local government authorities, which develop different bureaucratic organizing practices and processes to cater to the interests of autonomous knowledge workers and cope with their administrative pressures. These organizations enact administrative, managerial and professional cultures and, within these broader groupings, subcultures and identities. For example, in a university there is a broad academic culture and identity with its own professional interests but, within this, disciplinary subcultures that vary between experimental sciences, physical sciences, arts and humanities, and social sciences, amongst others. Similarly, hospitals have a professional medical culture that is then populated by numerous professional subcultures, each with their own identities and interests. Typically, pluralism within professionally-based organizations manifests itself at the broadest level as tensions between professional cultures and interests and managerial cultures and interests.

Professional labour is not, however, the only source of pluralistic organizing tensions. For example, firms experience pluralistic organizing tensions during international expansion, or where the organisation has to interface with a wide set of external and internal constituents as part of their service delivery. The multiple cultures that emerge from different regional, functional and product divisions result in divergent and often contradictory methods of conducting business, of service delivery, internal capabilities of staff, and HR processes such as rewards, appraisal and succession systems. As illustrated in Exhibit A, professional service organizations (PSOs) provide good examples of the problems occasioned by these pluralistic organizing tensions on two accounts. First, they tend to have loose federal structures straddling many countries and encompassing diverse regional cultures and service identities. Traditionally such firms are managed locally by professionals whose autonomy and high levels of expertise give rise to expectations that they can determine individual organizing practices and processes to fit with the requirements of their local office rather than any firm-wide organizing initiatives. Second, there tends to be a clash of interests between local leaders whose autonomy is perceived as inextricably linked to their identities as professionals and the managers of the wider firm who are responsible for its overall competitiveness. As Exhibit A

illustrates, global integration of organizing structures and processes does not dissolve the inherent pluralism of cultures, identities and interests arising from national and professional differences in the globally expanded PSO. Rather, such attempts highlight the complex demands upon firms in coping with pluralistic organizing forces and the likely implications for the firm's global strategies.

Exhibit A: Tensions of organizing pluralism in four PSOs[8]

As many PSOs strive to compete globally, they have acquired local firms with different national cultures and professional approaches to the customerand adopted global integration mechanisms in an effort to minimise the pluralism inherent in the different local organizing processes. However, this exhibit from an analysis of four PSOs in the construction and business advisory sectors shows that, despite implementing global integration practices, PSOs cannot avoid the inherent pluralistic tensions that they face in delivering a global strategy.

Structurally, the four PSOs developed hierarchies through the addition of management layers to create board and regional decision-making structures and increased centralisation by requiring country offices to be performance-managed within these new decision-making structures. At the same time, in an effort to maintain and share local expertise, specialist networks were created and multiple project teams were deployed to meet escalating demands for group work.

Process changes then followed, as firms adopted common IT architecture and knowledge management systems. Implementation of universal technology and investment plans was intended to reduce pluralism by taking the freedom to invest in technology out of the hands of country managers: "*...it was the first bite at country managers' almost total authority which caused some ructions*" (Senior partner, business advisory firm). Taken together, these global integration changes symbolized a search for internal coherence. However, in practice they created ongoing management challenges because they exposed the inherent pluralism in the history, context and culture of different country and regional offices as locally-meaningful practices and policies proliferated. For example a business advisory firm had 19 different reward modes around the firm and could not use compensation to influence behaviour. While management attempted to minimize pluralistic tensions by standardising salaries and incentives, adopting leadership succession policies, and emphasizing training and staff development, the local subcultures had different skills profiles and network links into the rest of the firm, which created perceptions of inequality, undermined the trust required for cooperative behaviour, and encouraged opportunism. Additionally, economic opportunities varied across countries and even regionally according to the buoyancy of individual markets. This created issues around how to reward professionals and managers for creating value for the firm, as opposed to themselves.

Ultimately, these pluralistic organizing tensions created problems for the strategy of providing consistently high quality services globally. For example the Deputy Chairman of a professional construction firm explained his frustration with the Chinese owned offices' modes of service delivery: "*It just adds to the complexities which we could do without. It is impossible to explain to clients and as clients become more global...there is an office there [in SE Asia] but actually it is a separate one so I can't actually commit that firm to clients, to look well in their eyes*". Attempts to integrate organizing structures and processes could not dissolve the pluralistic characteristics and tensions that are inherent in the global PSO. Rather, internal pluralistic tensions shaped the implementation of global strategy.

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2: *How are pluralistic strategizing characteristics and tensions manifested?*

Strategizing in pluralistic contexts raises the problem of enacting a multiplicity of conflicting strategic goals simultaneously. Multiple conflicting goals arise from the competing demands of important stakeholders, each of whom has sufficient power to ensure that their goals and interests will be legitimate to the organization. This means that the organization cannot pursue one goal at the expense of another, or even pursue strategic goals sequentially. Conflict arises because goals are not compatible or may even be actively contradictory and yet must be enacted simultaneously. For example, many hospitals must pursue multiple strategic objectives of quality in clinical practice, facilitating medical research and teaching, demonstrating value for money and resource efficiency because of demands from government, required professional codes of conduct, and pressures from users of the health care system. However, strategies to maximize resource utilization, such as beds, medical equipment and medical staff might occur at the expense of patient care strategies. As both strategic objectives are legitimate to important stakeholders, the hospital cannot afford to pursue clinical practice at the expense of resource efficiency or it will overspend its budget, nor can it pursue resource efficiency to the detriment of patient well being[9]. Many public sector and not-for-profit organizations, such as universities and cultural organizations face increasing pluralistic tensions of this nature, arising from competing demands for more commercially oriented performance whilst also maintaining their professional roles in society and ensuring quality in their public services[10].

Pluralistic strategizing tensions are not, however, unique to public and not-for-profit organizations but may also be manifested and, indeed, exacerbated in commercial organizations. For example, the privatized utilities face particularly pluralistic tensions because of their need to satisfy shareholders whilst also coping with regulatory demands and balancing public and private interests[11]. Indeed, regulated firms are required to enact competitive strategies that maximize their shareholder value, whilst also implementing strategies that moderate their competitive position to meet regulatory requirements and

provide equitable services to industry competitors. As shown in Exhibit B, these pluralistic

demands place the strategizing and organizing practices of regulated firms under tension as

they struggle to enact both commercial and non-commercial strategies simultaneously.

Managers of regulated firms in Exhibit B are aware that in order to fulfil their contradictory

objectives, they must develop separate organizing practices that enable them to keep

regulatory and competitive strategies from coming into direct conflict.

**Exhibit B. Pluralistic strategizing tensions in regulated firms:
Coping with contradictory strategies**

*This Exhibit displays the contradictory strategic demands upon regulated firms in the
energy and telecoms sectors and how these manifest themselves in pluralistic organizing
tensions, as managers try to accommodate competing strategies.*

Privatization in the energy industry gave firms an opportunity to act commercially,
selecting those customers that were most valuable[12]. Pursuing high value customers in
order to maximize profits for shareholders is sound competitive behaviour. However, in
2000, Ofgem, the industry regulator, mitigated this competitive behaviour by instigating
a Social Action Plan, which required energy firms to take on disadvantaged customers
and provide them with special payment schemes and options[13]. At the same time, the
energy industry was required to drive down cost structures for consumers by removing
barriers to entry. Finally, firms were expected to instigate a set of internal practices to
ensure that they could enact these regulatory requirements or risk losing their licence.

Managers in a number of energy firms expressed the pluralistic strategizing tensions that
they were experiencing. On the one hand they had to find ways to "*see what we can do,
what products we may develop to move things forward and to make life easier for that
group of customers*", whilst also acknowledging that "*Through reducing costs and
improving profitability that's where this industry is going and you know the profitable
ones will survive*". However, managers were also very aware of the legitimacy of the
regulatory demands "*You don't win anything by having a stand up argument with Ofgem
so the best thing is to accommodate and compromise as best you can …*". They noted the
innately pluralistic strategizing demands upon their firms: "*There's an inherent conflict
therefore in asking a corporate profit driven organisation to include in its plan, if you like,
non-profitable, socially targeted activity*"[14].

Energy companies are not alone in coping with the pluralistic tensions incurred in
regulated markets. Over the past decade, BT Group faced recurrent suggestions that it
could be broken down into two organizations, a Wholesale firm and a Retail firm, because
of the requirements of the regulator to level the competitive playing field. As the
incumbent, BT Wholesale had responsibility for a range of telecoms distribution networks
and services needed by both BT Retail and other players in the telecoms industry.
Commercially sound competitive behaviour suggested that BT should protect its interests
as the owner of these services – and certainly the major investor in their upkeep and
regeneration – by providing favourable conditions to its own Retail division that will
benefit its Wholesale and Retail revenues. Indeed, managing linkages in the internal
value chain is a key way in which firms gain competitive advantage[15].

The regulator, Ofcom, felt that control over the industry value chain gave BT Retail
businesses unfair advantage. They wanted BT to lower barriers to entry and reduce
distribution cost structures to increase competition, with a view to providing lower cost
services to consumers[16], while BT wanted to keep their own revenue high in order to

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satisfy shareholders and invest in future telecommunications network capacity[17]. In 2005, these competing strategic demands led to a radical change in BT's organizational configuration. In response to the Telecommunications Strategic Review (TSR) by Ofcom, BT must implement a new ring-fenced business division to provide equivalent local network services to BT Retail as those provided to its competitors[18]. While this runs counter to BT Group's commercial objectives, it is necessary in order to satisfy regulatory requirements. BT must diversify its strategizing and organizing practices in order to separate the new division, Openreach, from its other commercial activities. For example, it is changing its performance indicators in the new division to meet the strategic objectives of transparent service provision, as well as developing new organizing practices, such as different logos and branding to symbolise the new business unit's identity, with corresponding new reward and incentive schemes for the employees who shift into this division[19]. These organizing practices are intended to focus the new division upon fulfilling regulatory strategies and prevent it from coming into direct conflict with the competitive objectives of the rest of the BT Group. Thus, the pluralistic strategizing demands occasioned by regulation impact upon the complexity of organizing practices within regulated firms.

3. *How is interdependence between organizing and strategizing manifested in pluralistic contexts?*

Pluralistic tensions in some organizations are primarily internally motivated, arising from the multiplicity of organizing processes to cope with divergent interests, cultures and identities, while others are primarily externally motivated, responding to competing environmental demands that require firms to enact multiple, contradictory strategies. Figure 1, which is illustrated with examples of organizations discussed in this paper, captures the associations between pluralistic organizing and strategizing tensions. The vertical axis indicates high organizing sources of pluralism, while the horizontal axis indicates high strategizing sources of pluralism. Due to their interdependence, organizing pluralism is likely to lead, often unintentionally, to greater strategizing pluralism and vice versa, as indicated by arrows on the PSO and regulated firm examples within the diagram. While the ideal situation is when the two interpenetrate in a dynamic process of mutual adjustment, ongoing alignment between such processes in pluralistic contexts is complex[20], resulting in three practical problems in the interdependence between strategizing and organizing.

<center>**INSERT FIGURE 1 ABOUT HERE**</center>

Problem 1: Pluralistic organizing pressures have unintended strategizing implications

Pluralistic organizing pressures tend to have unintended strategizing implications, such as the emergence of strategies that may be counter to the overarching objectives of the firm. On the

vertical axis in Figure 1, pluralistic organizing processes are manifested in organizations that have diverse and potentially divergent cultures and interests. These tensions are exacerbated in situations where there are knowledge intensive workforces who have diverse professionally-based identities and interests that are often antithetical to those of management, such as PSOs, high-technology firms and health care organizations. Pluralistic organizing tensions are likely to place pressure on the organization's ability to enact a coherent corporate strategy, potentially leading to the unintentional emergence of multiple strategic objectives, as illustrated at TechnicCo in Exhibit C.

Exhibit C:
Organizing Pluralism has Unintended Strategizing Implications for TechnicCo[21]

In this exhibit, an internationally dispersed PSO pursues different and potentially contradictory strategies in different parts of the world because pluralistic organizing practices enable individual professionals to enact their disparate visions of the direction for the global PSO.

TechnicCo is a medium-sized design engineering firm with 50 offices in 40 countries, providing the full range of engineering services to the construction industry. The firm experienced significant international expansion during the 1980s but in the 1990s faced radical changes to its structure and in its relationship with its international partners. Structurally the firm was comprised of groups of offices within a loose federation which came together for the purposes of decision making, united by a common heritage and a head office in London.

During the 1990s it became clear that the firm had over time adopted disparate organizing practices in the different national cultures. For instance, different incentive schemes, IT systems and standards of work were evident in different parts of the world. Moreover, the different offices did not collaborate or share resources in ways which were optimal for delivering a standard service globally or achieving efficiency gains. In effect, different offices had been pursuing individual strategies independently of the global firm. The increasing size of the firm combined with an increasingly competitive global market soon strained the federal structure's ability to coordinate a global enterprise. A new Chairman decided to implement a 5-year strategy to provide global excellence in engineering design.

Five years later, TechnicCo had grown through merger with several country partnerships, implementing an impressive array of HR policies and leadership training in order to capture valuable local knowledge. As part of these mergers, the firm structure changed significantly to include a complex set of organising principles whereby the formal organization became a mixture of hierarchies, networks, divisions and teams to enable local autonomy and the dissemination of local expertise.

While this complex structure, culture of autonomy, and changes to HRM served to energize the firm during growth, it also created an environment in which multiple strategies and initiatives were being proposed and enacted globally. For instance, pluralistic organizing practices enabled the following strategies to emerge without being articulated as firm-wide priorities:

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- Cost driven strategies such as standardized work sent to sites of cheap labour, leading to the divestment of low value engineering work;
- Different, uncoordinated knowledge management and information initiatives emerged;
- Niche markets were developed, for example providing ecological and energy efficient building competencies and providing engineering knowledge databases;
- New major markets emerged, such as providing cradle to grave building maintenance

While not all the strategies that emerged from the pluralistic organizing pressures had negative consequences for TechnicCo, they did impact upon decision-making in the firm, such as whether to grow firm competencies internally or outsource them, which also impacted upon the firm's local skill requirements and training as well as priorities for investment.

Due to organizing pluralism, the range of strategic actors within the firm had increased as middle ranking directors now assumed responsibility for strategic and sector networks and divisions but did not incorporate these within a unifying strategic vision. Multiple unintended strategies arose because the multiplicity of organizing practices developed by management to respond to internal sources of pluralism, such as diverse local interests, culture and expertise, were not tied into a specific strategic direction for the firm.

Problem 2: Pluralistic strategizing pressures strain organizing capacity

Pluralistic strategizing pressures are represented at the high end of the horizontal axis in Figure 1, depicting organizations that are embedded in environments that place multiple and contradictory strategic demands upon them. Regulated firms with multiple stakeholders in the economic, political and social domains, as explained in Exhibit B, are typical examples of pluralistic strategizing tensions. As these pluralistic tensions are motivated by the need to enact multiple strategies, rather than by the pressure of internal pluralism within the organization, these firms are placed high on the horizontal axis rather than the vertical axis. However, pluralistic strategizing tensions are likely to pressurize the firm's organizing capacity, potentially leading to unintended organizing processes and practices that may prevent the enactment of multiple strategies. This is suggested by two examples of universities in Exhibit D which illustrate the organizing implications of responding to pluralistic strategizing pressures. While the first university is unable to develop sufficiently flexible organizing processes to meet strategizing demands, the second develops multiple, differentiated organizing practices and processes to accommodate the different strategies but this proves excessively time-consuming for top managers.

Exhibit D: Pluralistic strategizing demands place organizing processes under pressure in universities[22]

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In this exhibit, two universities illustrate the problems that arise when an organization is unable to develop sufficiently flexible organizing processes to meet pluralistic strategizing demands but also, conversely, how developing differentiated organizing practices to accommodate pluralistic strategizing demands places top management under stress.

Universities are under increasing pressure to fulfil a range of competing strategies[23]. Pressures from the state, funding bodies and the educational market require them to pursue multiple strategies of excellent research that will rank well on government funding criteria, high quality teaching that will score well on national Teaching Quality Assessments (TQA) and generate commercial income from non-governmental sources. The latter, in particular, is a relatively recent strategic activity requiring universities to adopt an increasingly business-like approach that raises conflict with traditional activities, such as teaching and research[24]. These multiple strategizing pressures have placed the professional autonomy and academic sub-cultures, interests and identities of universities under pressure. This example explains how two universities attempted to cope with the interdependence between strategizing and organizing required to enact multiple strategies of high quality teaching, internationally excellent research, and commercial revenue generation.

Modern University, a former vocational education institution, was attempting to develop a stronger research profile and increase its income generating capacity. However, at the same time academics and managers at Modern were mindful that "*The last thing we want is for teaching to suffer; we pride ourselves on teaching*". In an attempt to deal with the increasingly pluralistic demands, top managers at Modern developed an annual strategic planning cycle, incorporating annual strategic and financial parameters, 5-yearly budgets, 2-yearly operating plans and annual performance reviews. This formal planning process incorporated performance monitoring and alerted top managers to problems with meeting the research and commercial income strategies. They tried to improve performance by developing increasingly sophisticated statistical performance indicators for these strategies: "*The 13 indicators drawn up emphasize those key indicators which [the top team] currently consider the most important for benchmarking performance*". By reinforcing the new planning process, they hoped to embed performance accountability "*in the University culture*". However, academic staff became increasingly resistant to the new pressures, particularly the need to fulfil the research strategy and began to use the planning process to resist it; "*Unless research pays, you're not going to get some Departments giving it enough attention. If they can survive nicely by bringing on lots of overseas students the financial incentive is not strong enough for them*". While top managers attempted to further refine the planning process, they found it difficult to make it sufficiently flexible for their needs; "*Our budget allocation model is now too driven by student numbers. We emphasize financial viability within departments*". The development of one main organizing process, the strategic planning cycle, in order to coordinate, monitor and control the pluralistic strategizing demands upon the University resulted in conflict and trade-offs between strategies as staff continued to adhere to their professional culture and identity as excellent teaching academics and failed to commit to the new strategies. Modern was simply unable to develop sufficient mutual adjustment within their organizing processes to meet the multiple strategizing demands that they faced.

Entrepreneurial University had a reputation for generating commercial income but was also highly ranked for teaching and research. Top managers at Entrepreneurial had developed specific organizing practices for fulfilling each strategy, modifying these practices according to changing environmental demands. For example, commercial activities were managed through a profit-sharing mechanism, in which departments gained a share of any revenue that they made, while top-earning departments gained a super-surplus as an incentive to further perform the strategy. However, mindful that not all disciplines were equally attractive commercially, the percentage of profits taken by

the centre was used to cross-subsidize less commercial disciplines. As a result, high earners were co-opted into enacting these non-traditional, commercial strategizing demands upon the University "*Commercial income gives you autonomy, flexibility, and a stronger link. You're more of a stakeholder*", while all academics developed "*an increasing recognition that those activities are part of the resource base of the University. I think there are still academics around who are not exactly sympathetic to those activities but they can see the financial benefits … if there weren't those activities you might find your department had been closed down*".

Similar to the commercial strategy, where organizing practices differentiated between the capacity and performance of different departments, top managers also developed differentiated practices for the research strategy, monitoring performance on a departmental and individual basis and developing detailed research plans for each department, with different incentives and investment structures; "*It is a central group striking an agreement with a department as to how things will operate*". Mindful, however, that the University has "*got to make sure the teaching side is just as good as the research side*", top managers also became involved in each department's performance in the Teaching Quality Assessments. These multiple, differentiated organizing practices enabled Entrepreneurial to fulfil the pluralistic demands upon the University. However, ongoing managerial attention was required in order to ensure continuous mutual adjustment between the strategizing pressures on the organization and the multiple organizing practices these gave rise to. Top managers found themselves increasingly stressed by the demands on their time; "*the current way of running things is just about at its limit ... there are no more hours in the day for anybody. We have kind of zero spare capacity left and I think that is, basically, a bad situation to have got into*".

Problem 3: Protracted tensions between organizing and strategizing

Increasingly there is evidence of organizations in the top right hand corner of Figure 1, which are subject to high organizing and high strategizing pressures. Many public sector and not-for-profit organizations reflect pluralistic organizing tensions because they are populated by professional cultures and interests that are typically antithetical to those of management. However, increasingly such organizations are also beset by pluralistic strategizing tensions as they struggle to meet multiple demands to provide quality public services whilst also demonstrating value for money, resource efficiencies and an increasing commercial orientation. The boundaries of these organizations are being constantly redrawn, demanding that they operate in new public and service domains that require them to satisfy different agencies, agendas and performance measures simultaneously. Hence these organizations, which are positioned high on the pluralistic organizing axis, are also high on the pluralistic strategizing axis. This combination of pluralistic strategizing and organizing tensions make it difficult to align strategizing with organizing. For example, health research networks have proliferated in recent years as a result of government targets and initiatives at local, regional

and national levels. The high levels of conflict experienced by such organizations usually

result in difficult leadership roles and protracted adjustment between organizing and

strategizing processes, which are expensive and difficult to resolve and may even lead to

organizational failure, as illustrated in Exhibit E, an example of a Health Research Network.

**Exhibit E: Protracted Organizing and
Strategizing Tensions in a Health Research Network[25]**

*In this exhibit, a Health Research Network organization faces strategizing and organizing
pluralities as multiple, ambiguous and contradictory strategic demands have to be
implemented across diverse contexts, groups and organizational boundaries. The
organization is unable to cope with these two sources of pluralism, leading to its breakdown.*

ResNet was one of five networks established in 1998 in response to calls for the
establishment of R&D awareness and practice in primary health care. It was funded by a
regional health care authority ostensibly to establish a research infrastructure within the
region. ResNet was to achieve this goal within a specified geographical area of a major
UK city with a population the size of Wales. Closer analysis of the strategizing and
organizing imperatives of this health research network reveal a bewildering array of
mechanisms, processes, directives and policies.

Although funded in answer to the call for greater R&D awareness and practice in primary
health care, ResNet found that strategic imperatives shifted with different agencies and
over time with its funder the Regional Health authority. At the outset ResNet interpreted
establishing a research infrastructure in its own terms, which were largely to educate and
inspire general practice in research awareness. Strategically, it had also to demonstrate
value for money but this was ill-defined by Region. Additionally, ResNet was expected to
address national health priorities in terms of the focus of research activity; they were to
provide training in research and to work across health and social organisation
boundaries. Performance outcomes were largely taken as published research by the
regional funders and the academic department in which the network was located.
However, these performance indicators conflicted with ResNet's internal goals of
education and learning.

ResNet occupied an area which covered four health authorities, including diverse single
issue health care agencies and hundreds of medical practices. The membership base of
the network consisted of well over 2,000 individuals from five main professional groups
within primary care. These professionals had diverse capabilities and experiences of
research and so required different services from this type of network. Thus ResNet found
that it offered information on research, training in research, and financial and academic
support for research teams. An advisory board made the strategic decisions while a small
team of administrative staff and trainers carried out the work. The network supported
around 10 research teams from two to six people and many more individual projects.
ResNet also marketed itself via an annual conference to medical professionals and had to
network across multiple organisational boundaries to raise R&D awareness, as well as
with other health networks to keep abreast of developments. This had all to be achieved
with a small core of administrative staff and tight resources.

The first three years of ResNet were hectic as it tried to grapple with meeting the
demands of its funders, affiliated agencies and members, as well as its own strategic
vision and purpose on slender resources. ResNet found it did not share the initial vision
of a health research network with its Regional funders or the academic department in
which it was located. Academic research imperatives were not considered central to

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ResNet's purpose as an organisation. Inability to consistently align these multiple demands left ResNet in a constant state of flux. Despite its best attempts, ResNet could not develop sufficient mutual adjustment between its strategizing and organizing processes to cope with the diverse cultures, identities and interests of its internal constituents, whilst also delivering the strategic requirements of multiple external stakeholders. Differences of purpose finally led to a split between the network director and the academic department in which ResNet was located. Four years after its formation ResNet was broken down, moved to a teaching hospital for its administrative base and had its director replaced.

Discussion

In Figure 1, a framework was proposed for exploring variations in the interdependence between organizing and strategizing, according to whether the sources of pluralism are internally or externally motivated. This framework provides a diagnostic for understanding the sources of strategizing and organizing problems and their potential ramifications for practice. We now propose three modes of association between strategizing and organizing: interdependent, destructive and imbalanced associations, modelled in Figure 2, which have implications for practitioners operating in pluralistic contexts.

INSERT FIGURE 2 ABOUT HERE

These interdependent, destructive and imbalanced modes of association between strategizing and organizing may be viewed along a best to worst case continuum with different strategizing and organizing characteristics and different managerial implications for action, as well as different potential risks (see Table 1). The *interdependent* mode is conceptualised as an ideal state in which organizing and strategizing are mutually reinforcing, creating organizing practices that are tailored to the demands of different strategic goals and strategizing practices that recognize the interests and identities of different organizational groups. At the other extreme a *destructive* association between organizing and strategizing is occasioned by extreme pluralism in both domains. When multiple strategic objectives cannot be aligned and organizing pulls are diverse and unable to meet or are in active conflict with strategic objectives, the organization is pulled in too many directions to resolve the multiple demands upon it, requiring major change, or failing that, organisational breakdown. In between these extremes, the *imbalanced* mode is a more insidious form of pluralism, creeping up on organisations without managerial recognition of its sources or implications. The

imbalanced mode occurs when strategic objectives are blocked by organizing practices, such as HR systems and incentives that deflect attention from some goals towards others, while some strategizing practices emphasize the interests of some parts of the organization at the expense of others, raising conflict between sub-cultures and identities[26]. The possible actions and potential risks associated with managing these different modes of association are now explained (see also Table 1).

<div align="center">**INSERT TABLE 1 ABOUT HERE**</div>

First, it is important that managers do not think of their organizations as coherent wholes, with a uniform organizational culture and identity bound together around a single strategic goal. Rather, as most organizations experience some pluralism in both their organizing practices and their strategic imperatives, managers need to acknowledge pluralism in order to achieve *interdependence* between strategizing and organizing. Interdependence involves mutual adjustment to generate alignment between strategizing and organizing, creating organizing practices that are tailored to the demands of different strategies and the interests and identities of diverse organizational groups (Figure 2). As Entrepreneurial University (Exhibit D) shows, this requires ongoing adjustment of organizing practices to accommodate the specific interests of important stakeholders such as academics and students, while monitoring strategizing activities on a continuous basis to ensure that some strategic demands do not override others during the attempt to accommodate diverse stakeholder interests.

Managing in order to attain an interdependent state is contrary to the typical organizing and strategizing practices in many organizations, where systems tend to be repeated on an annual basis. At Entrepreneurial, top managers had generated high quality management information systems (MIS) to support their endeavours, so that they had quarterly feedback on the progress of all the key goals and could quickly ascertain any minor problems. In pluralistic contexts, minor problems indicate lack of alignment in meeting external goals and internal interests, which can quickly escalate. Top managers were proactive in managing minor problems by making adjustments, even comparatively minor ones, to incentives, planning systems and performance indicators to ensure that the strategizing and organizing practices

remained continuously aligned. At the same time, it was important to ensure that these were not just top manager actions but also accommodated the interests of the wider organization, requiring frequent and ongoing dialogue with organizational members[27]. The term dialogue is used advisedly here, rather than communication, which can often indicate a top-down dissemination of goals, rather than a two-way of discussion process that surfaces different interests and tries to establish common ground, by placing these interests within the wider context of multiple goals and interests[28]. Attaining interdependence between strategizing and organizing is time intensive for management as it requires continuous flexibility in adjusting organizing and strategizing practices and ongoing dialogues about these adjustments. The risk is that top managers will be over-stretched in trying to respond to the continual demands upon them, especially as pluralistic organizations grow in size or scope or become more geographically diverse, making frequent, responsive minor adjustments and ongoing dialogue harder to achieve. Overstretched top managers will not be able to maintain their flexible approach to strategizing and organizing, lapsing into rigid, rule-like procedures which predispose the organization to the imbalanced mode of association. Interdependence is, therefore, not a steady state, but an ideal state towards which organizations need to continuously strive. Organizations that wish to attain and maintain interdependence will need to accept flexibility as part of the ongoing strategizing and organizing processes and allocate such flexibility sufficient managerial capacity and financial resources.

In many of our case exhibits, pluralism was insidious, creeping up on the organization without managerial recognition of its sources or its implications. In this situation, pluralism leads to an *imbalanced mode* of association between organizing and strategizing that can block new strategies or prevent new organizing practices from being adopted[29]. For example, in the early stages of our four PSOs attempts to implement a global strategy (Exhibit A), competing pluralistic organizing processes and practices acted to directly block and deflect attempts to implement the new strategy as illustrated in imbalanced mode A (Figure 2). The organizations changed their strategy without considering how existing ways of organizing might counteract their ability to pursue that strategy. Analysis of the ordering of the change process within each

PSO revealed that these firms had changed their strategies and structures before they had considered the human resource implications of these changes. However, in those PSOs that surmounted the problem of imbalance, we found a synchronized approach, in which top managers and change professionals worked to close the gap between organizing and strategizing by synchronising the two within their change programmes, moving towards the mutual adjustment state evidenced in the interdependent mode (ref 8).

Without mutual adjustment between strategizing and organizing in order to reflect the changing strategic demands on an organization AND the shifting interests inside the organization, imbalance will arise between the sources of pluralism. Singular or overly-rigid strategizing and organizing practices will be particularly prone to imbalance because they lack the flexibility for mutual adjustment. For example, imbalance was observed at Modern University (Exhibit D), where multiple strategic demands could not be accommodated within the singularity of the organizing processes, enabling only some objectives to be met at the expense of others. Top managers had adopted a singular organizing framework in the hopes that this would minimize ambiguity and help them to manage pluralism but it had the opposite effect as the rigidity of their framework did not allow adjustments for different interests, while their rules for performance and incentives replaced dialogue about these different interests, negating the chance to achieve common ground. The risk with singular, rigid or unsynchronized strategizing and organizing practices, as illustrated in imbalanced mode B (Figure 2), is that organizations play 'catch-up', adjusting their organizing processes, then, as they realise unintended strategizing consequences of the adjustment, adapting the strategic objectives, which then have ramifications for organizing and so on; thereby entering a vicious cycle[30] in which they never quite synchronize the multiple internal and external demands of the organization. This was evident in Modern University (Exhibit D), the energy industry, TechnicCo (Exhibit C) and some of our PSO case studies (Exhibit A). Managers cannot afford to be reactive, waiting to see the outcome of responding to a new strategic demand or of changing a way of organizing before they adjust the corresponding strategizing and

organizing practices. Pluralism demands more rapid and proactive adjustment between strategizing and organizing to avoid imbalance.

Pluralism, particularly extreme pluralism as experienced in the upper right hand area of Figure 1, where both organizing and strategizing sources of pluralism are high, is very complex to manage. Unchecked, such pluralism can result in a *destructive* association between organizing and strategizing mechanisms (as illustrated in Figure 2). In this situation, as indicated in our Health Research Network (Exhibit E), the organization is unable to resolve the multiple demands upon it, requiring major change, or failing that, organizational breakdown. Managers and public service policy-makers need to recognize the potential for destructive associations between organizing and strategizing practices when organizations are exposed to internal and external sources of pluralism. The risk for organizations in this extreme position is that the demands upon them may be incommensurable, such that break up may be the most viable option. However, there are some avenues that may be explored in order to minimize the consequences of extreme pluralism. First, such organizations may be better restructured into smaller and more discrete units, where some of the sources of pluralism can be minimized as each unit can cater to a few objectives and tailor strategizing and organizing accordingly. For example, our study of five Health Research Networks showed that pluralism was minimised in one case by a research network focussing upon a discrete research area with carefully selected research groups, thereby allowing a greater focus and harnessing of the organizational resources (ref 25). Another Health Research Network found it could resolve its pluralism by splitting into two discrete entities which gave each smaller network greater internal organizational goal coherence. In both of these cases of major organizational restructuring, pluralism was minimized but not resolved. The new organizational units had then to work continuously on ensuring mutual adjustment between strategizing and organizing, striving towards the interdependent mode.

Due to competing demands and interests, goals in such organizations tend to be ambiguous, as illustrated at ResNet, where people did not know what was expected of them or which of

several goals was more important. Second, therefore, managers in extreme pluralistic contexts need clearly to identify competing interests and ensure widespread dialogue about the multiple requirements that different stakeholders have from the organization. They may then map out the potential trade-offs in accommodating some goals over others and try to balance different priorities. However, pluralistic tensions will never be stable; so that priorities and trade-offs will be continuously shifting over time, according to the political interests that drive pluralism in such organizations. A second risk is that accommodating different political interests and adjusting priorities accordingly, will result in a loss of focus within the organization, as it is continuously pulled in different directions. Thus, as the ResNet exhibit showed, the only option for some organizations in the destructive mode is to break up. Where the goals and interests of different stakeholders are incommensurable, this may be the best solution, although key stakeholders may be slow to recognize this solution because of the political interests they have vested in such organizations.

The characteristics of these three modes of association between strategizing and organizing, interdependent, imbalanced and destructive, the possible actions that managers might take and the potential risks that they face, are summarised in Table 1. The three key principles arising from this discussion of managing associations between strategizing and organizing in pluralistic contexts is: First, organizations cannot afford periods of stability that are punctuated by periods of change but must continuously adjust to changing internal and external demands; Second, they must strive towards interdependence by addressing the multiple small imbalances that arise as a daily occurrence in highly pluralistic contexts and making mutual adjustments on an ongoing basis; Third, frequent dialogue between top managers and their organizational constituents is necessary in order to continuously surface different interests and goals and endeavour to establish some common ground within which to address them.

Conclusions

This paper aimed to expose the problems of organizing and strategizing within pluralistic contexts in order to highlight problems for practice and provide an informed agenda for future

research. In explaining the limitations in existing theorizing and empirical operationalization of the concept of pluralism, we have drawn together the emerging literature on pluralism and on strategizing and organizing, illustrating how, by informing each other, the two can highlight gaps in current understandings of the complexities faced by many 21st century organizations. We derived three questions that may form the basis of a research agenda into the nature of strategizing and organizing in pluralistic contexts, as well as providing empirical examples that illustrate some of their practical implications. These questions provide a means for future research to operationalize sources of pluralism that may be either more internally motivated by the divergent interests of organizational constituents, leading to a multiplicity of organizing practices and processes, or externally motivated by multiple, legitimate demands that require a firm to enact contradictory strategies simultaneously.

In Figure 1 we have developed a framework for understanding and diagnosing strategizing and organizing within pluralistic contexts. In Figure 2 we took this framework further, indicating three possible modes of association between strategizing and organizing in pluralistic contexts, interdependent, imbalanced and destructive. The characteristics, managerial implications and risks associated with these different modes are drawn together in Table 1. Managers may use these frameworks to diagnose sources of pluralism in their organizations and think about the practical implications of pluralism for driving modes of association between strategizing and organizing. In particular, managers in pluralistic contexts must strive towards the ideal state of interdependence, acknowledging that this will never be a steady state but will require ongoing managerial attention.

This paper has explored the sources and implications of pluralism in three main contexts, professional services, public sector and regulated organizations. However, the pluralism occasioned by multiple internal interests and identities and by multiple external demands is an increasingly relevant situation for many organizations in the 21st century. Therefore, practising managers need to acknowledge that their organizations are complex plural entities in which a single strategic vision or organizational focus is unlikely. Similarly, research needs

to shift from the current dominant perspectives on strategy and organization as largely coherent and reified states to embracing more socially dynamic and pluralistic views of the firm and its activities.

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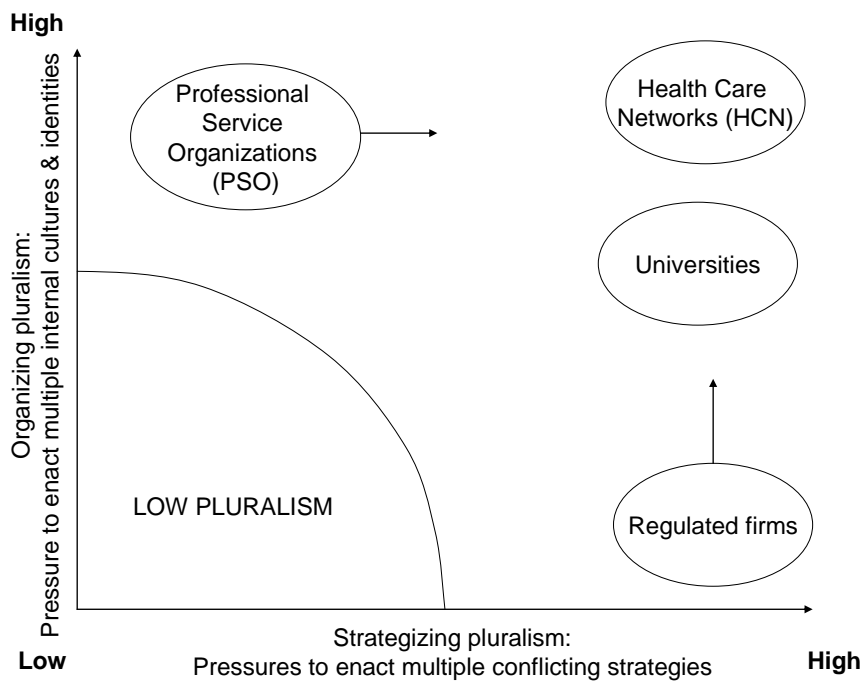
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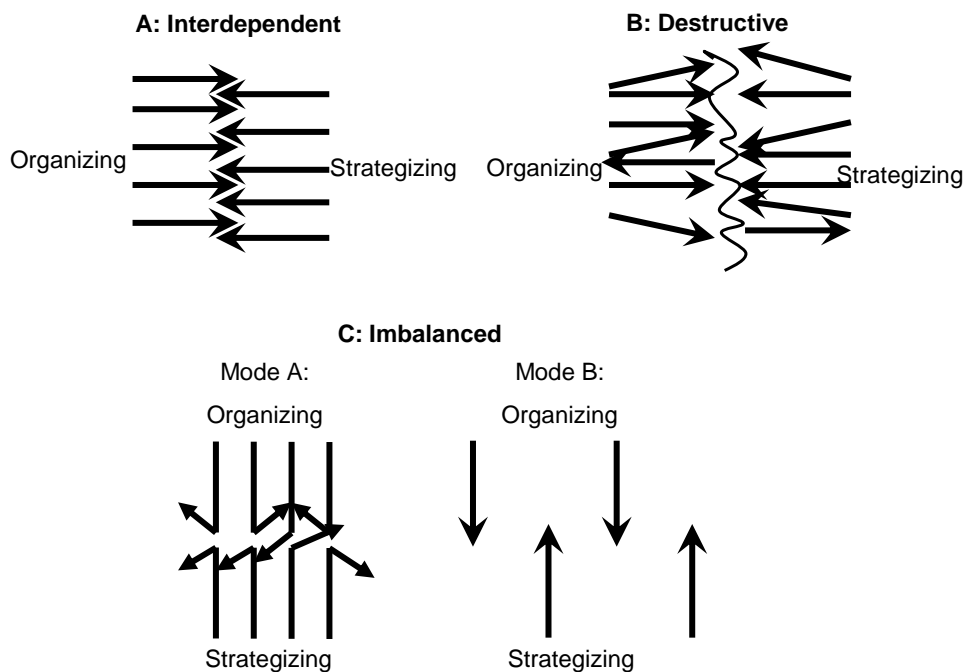
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Figure 1: Associations between organizing and strategizing pressures

High

Organizing pluralism:
Pressure to enact multiple internal cultures & identities

Professional Service Organizations (PSO)

Health Care Networks (HCN)

Universities

LOW PLURALISM

Regulated firms

Strategizing pluralism:
Pressures to enact multiple conflicting strategies

Low   **High**

Figure 2: Implications of modes of association between organizing and strategizing

A: Interdependent

Organizing   Strategizing

B: Destructive

Organizing   Strategizing

C: Imbalanced

Mode A:
Organizing

Mode B:
Organizing

Strategizing   Strategizing

Jarzabkowski, P. & E. Fenton 2006. 'Strategizing and organizing in pluralistic contexts'. *Long Range Planning*, 39.6: 631-648.

Positive association

Table 1: Managing modes of association between strategizing and organizing

CHARACTERISTICS	STRATEGIZING AND ORGANIZING	ACTIONS	POTENTIAL RISKS
Ideal type with ongoing mutual adjustment between strategizing and organizing	• Strategizing practices enable response to different strategic objectives without marginalising the interests of different organizational constituents • Organizing practices are consistent with the identities and interests of different organizational constituents without blocking the realisation of strategic objectives that are not particular to any one group	• Ensure MIS provides quality and timely feedback on performance towards each of multiple goals • Frequent dialogue (quarterly where indicated) with organizational constituents to ensure recognition of their interests and help them to place interests in the wider context • Adjust strategizing and organizing practices, even marginally, as often as quarterly in order to ensure they continue to reflect interests and agreed goals and targets	• Excessive demands on top management time and attention overstretch their capacity • Difficult to maintain the high levels of flexibility in incentive, planning and monitoring systems, which tend to become rigid and rule-based over time • Difficult to maintain the close managerial contact required as the organization grows and/or becomes more geographically diverse
Imbalance between strategizing and organizing. The organization is continually in a catch-up cycle as it adjusts either strategizing or organizing practices in response to unintended consequences that give rise to more unintended consequences	• Strategizing practices are too homogeneous to accommodate the legitimate identities and interests of multiple organizational constituents, deflecting these interests and generating conflict • Organizing practices privilege some strategic goals over others by enabling the interests of some organizational constituents to dominate those of others	• As for the interdependent mode, with additional corrective actions as below • Synchronize change programmes so that organizing practices are considered at the same time as new strategizing practices are implemented and vice versa • Avoid singular or inflexible strategizing and organizing practices, which are too rigid to accommodate mutual adjustment	• As for independent mode plus additional risks as below • If managers adopt a reactive approach to strategic and organizational demands, waiting to see outcomes before adjusting commensurable practices, they will exacerbate the vicious cycle of catch-up
Organization is on a destructive course as competing internal and external demands result in increasing proliferation of interests and goals which are mutually exclusive	• Strategizing practices abound to respond to different strategic objectives but are so non-aligned with organizational capacity that they cannot be realized • Different organizing practices spring up in the different constituencies, fragmenting the organization, as each group attempts to realize its interests by appropriating the organization's strategic resources	• As for the interdependent mode, with additional corrective actions as below • Minimize pluralism by restructuring into smaller or more discrete units, each of which can have greater goal coherence • Identify competing goals and interests and map the trade-offs and prioritizing that these involve • Acknowledge that breakdown may be the most viable solution	• As for independent mode plus additional risks as below • Continual adjustment to multiple internal and external demands may result in lack of focus on any specific goal • Pluralistic tensions may be incommensurable, so that the organization is always on a destructive path

Negative association

Jarzabkowski, P. & E. Fenton 2006. 'Strategizing and organizing in pluralistic contexts'. *Long Range Planning*, 39.6: 631-648.