THE INSTITUTIONALIZATION OF SPONTANEOUS CHANGES IN ENTERPRISES: A PROCESSUAL PERSPECTIVE

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Abstract

Background. From a processual standpoint, institutionalization constitutes a cognitive perspective in the context of organizational change. As a natural and spontaneous process, institutionalization may be observed from the point of view of changes in routines and day-to-day activities implemented in the course of a company's operations. Actions of spontaneous nature may give rise to changes in practices institutionalized as routinized modes of action. This research perspective is known as the processual approach in management.

Research aims. The objective of the study is to recognize the process of institutionalization of spontaneous changes in an enterprise.

Method. The research involved an in-depth interview.

Key findings: A well-defined brand identity is akin to an institution providing foundations for a shared understanding of the enterprise’s strategy and the implemented practices. In this sense, brand identity imposes some definite constraints on the organization and on its day-to-day routine functioning, thanks to which the enterprise maintains continuity and can be successful in a season-driven sector (fashion industry). This is accompanied by the institutionalization of practices, which may be less definite, but equally important. This is caused by sector-specific change and by the need to introduce changes in the cyclical process of fashion collection development.

Keywords: Institutionalization, Spontaneous actions, Routines, Change.

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INTRODUCTION AND BACKGROUND

The paper reports a theoretical and empirical analysis of the concepts of institutionalization and routinization, which have been largely absent from the Polish literature to date despite their prominent presence in the international discourse of management sciences. The paper addresses from a theoretical and empirical standpoint the process of institutionalization of emergent actions, which are reproduced and perpetuated within the framework day-to-day practices. The objective is to present the process of institutionalization of spontaneous changes in an enterprise from a processual perspective. The main thesis, which is illustrated with the case study, posits that spontaneous actions are an important factor initiating changes in an enterprise in the course of reproduced practices.

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The process of change institutionalization and routinization is cognitively important from the point of view of management. While this issue has not been sufficiently explored to date, it exerts a major influence on the direction of change and on change management. Institutionalization takes place as a planned process subjected to managerial control, as well as through natural, spontaneous development of routines and organizational structure. In the literature, the concept of institutionalization is analysed both as a state and process. On the one hand, the term institutionalization means a routinized mode of an organization’s operations and management, connoting stability and persistence (Scott, 2008, p. 128) as well as a state and a property variable (Zucker, 1977, s. 728). On the other hand, due to the continuity and complexity of organizational change, institutionalization is linked to the dynamics of change in the organization and to varying levels of organizational and managerial routinization. Factors initiating change in an organization may be considered from the microprocessual perspective, which focuses on observation of day-to-day processes and actions reproduced in enterprise as part of the operational schemes adopted by them. In this sense, the structurationist view on practice provides interpretive foundations (Whittington, 1992). Practice as an ongoing series of practical activities (Giddens, 1976, p. 81) is a central category in the development and change of social systems.

The first part of the paper provides theoretical background for the issue tackled, drawing on the processual cognitive perspective. The second part provides an empirical example of the processes of initiating and institutionalization of spontaneous actions in enterprises operating in the fashion industry.

**Institutionalization from a Processual Perspective**

The basic cognitive issues linked to the processes of change institutionalization in an organization involve the context of interactions between the practices that are routinely reproduced in the organization and the planned or spontaneous actions that initiate practice change. In the literature, research exploring the above phenomena is embedded within the processual approach (*Strategy as Practice* research). In the epistemological context, the processual perspective aims at studying and understanding strategy as ‘something that people do’ rather than something that ‘organizations have’ (Langley, 2010, p. 91). This exhibits some affinity to the constructivist principles of Weick’s theory of enactment (1979) and to a Polish interpretive concept of strategic management in which the strategic process is not so much subordinated to rational decision-making as it constitutes the enactment of organizational reality (Sułkowski, 2012, pp. 210-216). In this context, Rasche and Chia emphasize the primacy of practice over the people who reproduce it. The
actions undertaken by the members of an organization are not only performed deliberately, carefully, and fully autonomously, but they are primarily the product of particular, historically situated practices (Rasche & Chia, 2009, pp. 713–734). Moreover, the authors stress the need to understand practice through the prism of spontaneous activities oriented towards solving current problems, which are not preceded by a plan, and yet *purposive* (Rasche & Chia, 2009, pp. 713–734) from the point of view of a given company’s operations. In the Strategy as Practice approach, practice is broadly defined not only as a set of individual activities reproduced as part of daily routines in an organization. It rather refers to activity patterns that are infused with deeper social meaning and that impart order to organizational processes (Lounsbury & Crumley, 2007, pp. 995–996). Rasche and Chia go on to say that:

practice is best understood as a kind of institution – sets of material activities that are shaped by broader cultural frameworks as categories, classifications, frames, and other kinds of ordered belief systems (Lounsbury, Crumley, 2007, s. 996).

The authors address the question of how innovations influence change in practice in the process of institutionalization.

Institutions impart meaning and continuity to social systems. According to Scott’s definition, institutions are comprised of regulative, normative and cultural-cognitive elements that together with associated activities and resources, provide stability and meaning to social life (Scott, 2008, p. 48). In this sense, routines, norms, and cultural-cognitive beliefs are institutional carriers (Scott, p. 49) which are relatively stable and institutionalized. In the paper by Johnson et al. (2010) the concept of institutionalized routines (Johnson et al., 2010, pp. 273–274) is associated with two categories of routinization. The first one is closely related to an understanding of routines as interpretative schemes (Rerup & Feldman, 2011) or scripts (Barley & Tolbert, 1997) and states that they constitute repetitive and recognizable patterns of interdependent actions (Feldman & Pentland, 2003, p. 95). The other category, involving habitual agency (Johnson, 2010, p. 275), refers to the context of individuals enacting the routines and to their orientation towards reproduction and procedural knowledge (routinization).

If one adopts Hodgson’s view that just as habits relate to individuals, routines relate to organizations, then routines are complex structures, more than mere aggregations of habits, which are located in the context of the organization and the collective interactions between the individuals that reproduce them (Hodgson, 2010, p. 25). In this sense, routinization may be understood as a functional category of routine institutionalization and reproduction.

In the case of companies operating within a seasonal cycle, the institutionalization of the reproduced actions, processes, and routines is
given a somewhat different meaning. It may refer to the short-term repeatability of processes in companies or it may be dependent on the varying demand, or sector-specific change. It may be selective, if it concerns the basic knowledge of production technology, but it does not pertain to product development in ways that enable quick changes and partial modifications.

In the processual approach, institutionalization gains a functional dimension. Philip Selznik, one of the precursors of the institutional approach in organization theory defines institutionalization as the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized or narrowly technical activities (Selznik, 1996, p. 271). Of great importance in the process of institutionalization are factors initiating changes in incumbent modes of action (see Vermeulen et al., 2007; van Dijk et al., 2011). What is crucial in the processual approach is that the institutionalization of changes may take place in the process of performing day-to-day activities. Not all of them will be turned into standard procedures and routinized. However, they may still be important to the development of the company and they may initiate deep, continual changes and influence the pursued strategy.

**Spontaneous Actions from the Processual Perspective**

The processual perspective presents new cognitive challenges in terms of exploring the role of non-deliberate actions in the process of the development and transformation of organizational systems. Considering the problem of intentionality in the process of strategy implementation, H. Tsoukas addressed the issue of the spontaneity of actions undertaken in the course of day-to-day operations of an organization. He drew on Wittgenstein (1979) and the notion of inherited background (Tsoukas, 2010, p. 51), which is defined by Dreyfus (1985) as what we just do and what we have been trained to do (Dreyfus, 1985, p. 232, quoted in Tsoukas, 2010, p. 51). This definition bears some affinity to the concept of practices according to Schatzki et al. (2005) and Schau et al. (2009) as well as tacit knowledge (Warde, 2005; Polanyi, 1958). Practices constitute a mode of functional understanding (know-how), communication, and reproduction. They are characterized by a shared understanding (Schau et al., 2009, p. 31), and are a category of collective activity based on interactions and participation in the performance of day-to-day activities. At the same time, the fact that they are non-deliberate does not mean that they are non-purposive random actions undertaken in the process of solving everyday problems. On the contrary, they exhibit purposiveness, which allows for attaining certain ends that determine it as the activity it is (Tsoukas, 2010, p. 51). According to A. Giddens, the central aspect of the concept of practice is routine, which imparts repetitiveness to practices
In this sense, spontaneity is associated with routinization, or a mechanism that turns a mode of action into a standard procedure in an organization. However, spontaneity has yet another meaning: spontaneous (from Latin spontaneous) means emerging or being performed without external influence or stimuli; extemporaneous, impromptu, spur-of-the-moment, voluntary (Tokarski, 1971, p. 698). Thus, spontaneous actions initiate change, are undertaken contrary to the accepted way of doing something, and are creative and innovative. Still, from the perspective of institutional adaptation within the neo-institutional approach, one should assume that such spontaneity has certain limits. In view of the classic work on the subject by Meyer and Rowan, these limits are set by the very institutional environment of companies. Organizations absorb into their structures highly rationalized myths (Meyer & Rowan, 1977, p. 343), which are rules imposed by the institutions forming the external environment. Under such circumstances, organizations become isomorphic, reflecting the specific features and situational determinants of the sector, economy, and society. According to Galaskiewicz and Wasserman, this phenomenon intensifies in situations of uncertainty. The stronger the network connections are, the more the decision makers will mimic the behaviour of other organizations in their environment (Galaskiewicz & Wasserman, 1989, p. 454). Companies in sectors in which seasonality plays a major role, such as the fashion sector, are institutionally programmed to develop and communicate new products on a regular basis. While this may require creative, innovative, and spontaneous actions, such actions are not characteristic of a single company, but of all companies in the sector. Therefore, these actions are isomorphic and affected by sector-specific change, the presence of large players that initiate that change, and the phenomenon of fast fashion implying shorter life cycles of fashion products.

As follows from the above, from the processual perspective spontaneous actions are of dual nature: they may be conceived of as actions performed in a natural and routine way, but they may also be understood as factors initiating change as part of processes reproduced in management on a day-to-day basis.

METHOD

The present paper reports an in-depth interview with purposive selection of the case, using the soaking and poking method (Fenno, 1986), according to which selection is made based on the researcher's knowledge concerning the specific characteristics of the companies and the context in which they operate. This information had been collected by conversations with entrepreneurs and persons working at local institutions supporting and promoting the fashion sector, such as the Polish Textile Association.
The semi-structured interview consisted of a preliminary part that was designed to characterize the studied company and the main part conducted according to some loosely formulated interview guidelines, which concerned, e.g., brand identity formation and product development in a seasonal cycle. The interview was recorded on a voice recorder, transcribed, and supplemented with the notes taken during the interview and immediately after it. The procedure of analyzing qualitative data consisted of the following stages: reading of the text to establish the general meaning of the information, coding, determining the main research themes. The interviewee was one of the co-owners of the company.

**RESULTS: THE PROCESS OF INSTITUTIONALIZATION OF SPONTANEOUS CHANGE – A CASE STUDY**

**The Origin and Profile of the Company**

*Pan tu nie stał* is a young, strong fashion brand from the city of Łódź which follows a consistent brand strategy inspired by Polish tradition and language, but in a slightly humorous way. In the fashion community it is termed a cult brand. The *Pan tu nie stał* company evolved from a blog promoting Polish culture of the 1960s and 1980s and from the graphic design studio *Fajne chłopaki*. The company has participated in a number of exhibitions and has won awards at competitions and cultural events such as the Łódź Design Festival. The company was formally incorporated in 2009, initially as an Internet vendor of home-made clothing. Currently, *Pan tu nie stał* runs two stores in the centre of Łódź and Warsaw. The company sells clothing, accessories, and books about Polish design. Production is outsourced to contractors from Łódź Province. The leading category of products is clothing. The main customer group consists of the 18–34 year old urban population.

**The Process of Brand Identity Formation**

Brand identity is a critical issue for fashion retailers. A clearly defined brand sets the company apart and makes it outstanding and individual in the market, which is important from the point of view of the consumer, enabling specific perceptions of the fashion products, facilitating identification with the products, and encouraging purchase. At the same time, the creation of a strong brand identity is important from the point of view of the pursued strategy, which is constructed on the basis of a comprehensive and coherent vision of the product. A well-defined brand product refers to the trends and seasonality and draws inspirations from them, but those inspirations are filtered through a previously developed
identity. *Pan tu nie stał* has a very strongly defined identity, which was the foundation on which the organization was built:

Pan tu nie stał was set up as a blog promoting Polish design; we looked for cool old designs, whether it be wrappings or illustrations... like examples of Polish design, and at a certain point in time we started to make things inspired by those designs.

The process of brand identity formation was natural, authentic, and spontaneous. It was initiated by the owners’ passion and interest in a specific area, which in the beginning did not translate into concrete products. It was not until later that a T-shirt with a characteristic pattern was developed; it became the first, flagship product which initiated the business:

You know, in the beginning I ran a graphic design studio called Fajne chłopaki, and then, let me put it this way, we sold a variety of, like, products officially as the company Fajne chłopaki. It wasn’t until later that we branched out into two companies (...) We did this at a certain point in time, when we already had a lot of products...

(...) Informally, we established Pan tu nie stał in 2006. Later, we incorporated as Pan tu nie stał; it was in 2009 or 2010, I don’t remember exactly. Over the first several years we operated under... I mean, we came up with the brand back in 2006. We registered it formally after 3 years (...)

And then we came up with this product, you know, actually they were simple T-shirts with elements characteristic of that period, or in some way inspired by elements from the Polish People’s Republic era. This was the leading product, I mean the first product.

The clearly formulated brand identity gave rise to a shared understanding of the strategy, trend interpretation, and the ability of pursuing a certain vision of company development in the context of sector-specific change, prompting the emergence of practices. The initially exploited the Polish People’s Republic era motive over time became replaced with other elements inspired by Polish culture:

Yes, yes, you know, it was very characteristic(...) We are no longer heavily inspired by the Polish People’s Republic era, but rather by Polish design. (...) You know, right now we are looking at all those things in search of elements characteristic of our culture, of Poland, and we simply draw on so-called everyday culture.

The practice, which emerged spontaneously, became institutionalized. The reproduced strategy (day-to-day practices) resulted from collective activity, interactions between the actors of the organization, participation in problem solving, and the implementation of new practices from the perspective of a previously determined logic and brand identity. At the same time, all of these processes occurred in the context of a specific sector: the volatile trends and ultra-short life-cycles of fashion products. The creative processes became routinized. This is a sector-specific and very purposeful phenomenon in a cyclicity-driven industry. A company
implementing such practices becomes a trendsetter forging an initial idea and passion into the language of fashion and the final product:

You know, we have to look forward all the time because now there are very many brands that do embroidery, that make T-shirts with inscriptions; they are better or worse at it, but we must be thinking all the time about what we can do that can’t be done by others. Right now, for example, as we have become a major player among Polish niche brands, we can compete by means of wrappings, I mean we can produce such wrappings that you have to make a lot of. Such as envelopes that we always have for our T-shirts. I don’t know if you know what they look like.

(…) Similarly, now we can, for the autumn we’ll have stuff with Akademia Pana Kleksa (a very popular Polish children’s movie released in 1984). So we had to get permission from Piotr Fronczewski, and yesterday we managed to get, to buy a license to use Waldemar Świeży’s poster. The famous Polish school of poster art. From his wife, because Waldemar Świeży died last year. So these are things that not everyone… not every small company can do. So, all the time we have to try hard to do things that are different, so that others followed us rather than we followed others.

Product Development in a Seasonal Cycle

Pan tu nie sta³ operates outside the traditionally understood fashion seasons. There is no clear division into spring/summer and fall/winter, even though some lines of products are emerging. Pan tu nie sta³ is in a state of permanent change. New models are introduced the year round. This does not imply a comprehensive change of the collection concept; rather new items are introduced one by one, which leads to continual evolution of fashion products. Changes are so regular that during the interview I was reluctant to use the word collection, which denotes an orderly structure that is planned in terms of the number of pieces per model, size, and colour. This is not so in the case of Pan tu nie sta³:

We are not collection-driven. Only now are we starting to sort this out. We are product-driven. We have to have new products all the time to maintain interest in our brand (…)At least one product a week. At least one product.

The implementation of such new projects is linked with purposive and unplanned use of the developed practices and previously established relationships with other market actors. In the case of Pan tu nie sta³ this implies being active in the community of designers and artists. New initiatives in the process of product development reinforce the company image and strengthen brand recognition, which is clearly visible in the context of the introduction of the new T-shirt for which the poster license was obtained:

PTNS: Where there’s a will, there’s a way. It’s not that difficult. It simply takes one day, you need to ask here and there, and you’ll eventually find a contact.
ZPW: Does it help you that you are familiar with the community of designers? You come from that community, right?

PTNS: Yes, yes, yes. Very much so. Thanks to these contacts it took me three hours to contact Waldemar Świeży’s wife and get that done. I mean, you know, one evening I wrote three e-mails to friends at the Association of Applied Graphics, to the president of the Alfa foundation and two other friends, and after just three hours I got the contact details of a person who was sure to know this wife, one of the directors of the National Museum, and I got her contact details no problem. So of course being recognized in the design market is helpful.

ZPW: And I would imagine that your business arose out of such contacts, the idea for your company, and so on, and later it started to grow?

PTNS: That’s right. Exactly.

Operating within a seasonal cycle requires a continual focus on products: developing models, designing their construction, and trimming. On the one hand, collection development consists of reproduction of routinely acquired skills, but these actions are performed and evaluated by individuals involved in the company’s development, so micro changes in the final product constitute only a part of larger restructuring change.

Well, you know, let’s take for example these simple T-shirts. This cut was one of the first ones. At some point in time, we started printing the neck area with simple graphical patterns, for example we moved this seam here, it’s a little easier to cut (...) We are changing these cuts a little all the time. We introduce, yes, we introduce, like, new seams. Once there were two stitches, now there are two. There used to be ribbing here, but we have given up on it – we always apply bias binding. This is simpler, so to speak, because then you don’t need to make that extra ribbing, but you can make this bias binding of the same basic fabric (...) Thus, it does not stretch as much, it’s generally less stretchable when you pull it over your head, but at the same time we got rid of this ribbing, which is the point, you know, if we got a batch of stuff of a little worse quality, see, then this problematic element is already eliminated. For instance, now we have stopped using jacquard labels and replaced them with printed cotton labels. Because the others would chafe your skin (...) You know, these are small things that we figured out after some time.

Redefinition of routines including the development of the aesthetic form and product construction results in the institutionalization of the new structure of the products sold. These include jackets, jumpsuits, dresses, and other accessories and items maintaining brand identity. The institutionalization of new methods of developing products (practice) translates into the growth of organizational structure, including a designer working on product development. The evolution of routinely performed actions causes reorientation to cooperation with sewing shops: they are no longer merely outsourcers, but rather partners that contribute to the final form of the product.
Some time ago we came to a point when we had to employ somebody to design this stuff. Sewing shops are not very creative, in the case of T-shirts. In the case of more complicated elements [such as jackets or dresses] they will say 'we won't sew this because here the designer made such cuts, such seams, that, no, no, it's going to be expensive.' Then we may change something there.

Pan tu nie stai follows a business model based on continual collection development. The process of institutionalization of actions that are undertaken spontaneously and naturally is an important element of maintaining the continuity of a company's operations in the turbulent environment of the fashion sector. Authenticity and confidence in brand identity are the fundamental elements that reinforce the predominant mode of action. Thus, deliberate avoidance of detailed planning makes it possible to sustain a rate of change that is appropriate to specific fashion changes. In this context, the institutionalization of spontaneous changes in the form of reproduced practices may last over several seasons, which is necessary to initiate new methods of product development.

**DISCUSSION AND CONCLUSIONS**

Companies in the fashion industry operate by cyclically reproducing actions that also provide the basis for product changes in the seasonal cycle. The institutionalization of spontaneous change is an important element of maintaining the continuity of routine actions as routines may be of performative nature (Pentland & Feldman, 2003), linked to the deliberate and reflective process or reiteration. In the highly changeable environment of the fashion industry, this reflectiveness and ability to think critically becomes even more important as it determines product change involving a new use of experience and skills. Furthermore, the analysed case of the company Pan tu nie stai strongly emphasizes the aspect of institutionalization of brand identity in the process of operating in a seasonal cycle. Brand institutionalization becomes a static category, corresponding to the classical notion of institutions as the most stable elements of social order (Giddens, 1984). Brand identity imposes constraints on the reproduced and modified practice. At the same time, one could argue that practice is something of a complex institutional pillar (level, dimension) that provides relative stability and processual continuity to contemporary organizations. Practices are subjected to the processes of change, while the purposiveness and duration of the functions determined by them are verified by the evolving market. Finally, the institutionalization of new modes of action and routines determined by practices may be initiated by spontaneous (but purposive) actions that serve to elicit and take advantage of emergent situations. As the case study shows, institutionalization and routinization are important in the process of change management. Institutionalized practices
provide stability to organizational life. They are a fundamental medium of diffusion of organizational values (brand identity) and strengthen the coherence between the adopted values and the implemented actions. In this sense they correspond to the traditional principles of institutionalism, in which institutions ensure the stability and tenacity of elements of the social order. In turn, the institutionalization of spontaneous changes is closer to an understanding of change management from the functional perspective. In this context institutionalization is a process of initiating changes and turning them into standard procedures: it defines their direction, emergent opportunities, and objectives, while under the processual approach it imparts a pragmatic dimension to day-to-day actions that underpin the development of companies. Further research should be undertaken to explore change institutionalization in organizations. The methodological framework that seems best suited for this purpose involves qualitative research incorporating comparative analysis of case studies.

REFERENCES

Abstrakt

Tło badań. Z procesualnego punktu widzenia instytucjonalizacja stanowi perspektywę poznawczą w kontekście zmian organizacyjnej. Jako naturalny i spontaniczny proces instytucjonalizacja może być obserwowana z punktu widzenia zmian w porządku dnia a także codziennych czynnościach udzielanych podczas działalności przedsiębiorstwa. Działania o charakterze spontanicznym mogą doprowadzić do zmian w zinstytucjonalizowanych praktykach jako zrutynizowane tryby działania. Ta perspektywa badawcza jest znana jako podejście procesualne w zarządzaniu.

Cel badań. Celem badania jest rozpoznanie procesu instytucjonalizacji spontanicznych zmian w przedsiębiorstwie.

Metodika. Badania oparto na wywiadach pogłębionych.

Kluczowe unioski: Dobrze zdefiniowana tożsamość marki jest podobna do instytucji dającej podstawę do uspokojonego zrozumienia strategii przedsiębiorstwa i wprowadzonych praktyk. W tym sensie tożsamość marki narzuca konkretne ograniczenia w organizacji i jej codziennych rutynowych działaniach, dzięki czemu przedsiębiorstwo zachowuje ciągłość i może odnieść sukces w sektorze zależnym od sezonowości (branży modowej). Touszarszędem temu instytucjonalizacja praktyk, która może być mniej określona, ale równie ważna. Jest to spowodowane zmianą właściwości dla każdego sektora oraz potrzebę wprowadzenia zmian w cyklicznym procesie rozwoju kolekcji mody.

Słowa kluczowe: instytucjonalizacja, działania spontaniczne, działania rutynowe, zmiana