

Culture and Homogeneity

Prompt: Jay Barney argues that an organization's culture may be a resource that gives a firm a sustainable competitive advantage with superior financial performance. He then comments:

“Suppose, through significant managerial efforts expended over time, a firm is able to modify its culture. Could this modified culture, then, be a source of sustained competitive advantage? Given our previous analysis, this seems unlikely for at least two reasons. First, if this firm is imitating the valuable culture of a competing firm, then even if this firm is successful at modifying its culture, that modified culture will only enable it to do the things that the firm it is imitating already does. Such successful imitation does not give a firm a competitive advantage, sustained or otherwise.” (Barney, p. 662)

Briefly state Barney's perspective on the conditions for when a firm's organization's culture may provide a sustainable competitive advantage.

In his article on organizational culture, Jay Barney claims that an organization's culture must maintain three aspects in order to provide a sustainable competitive advantage. The first aspect Barney mentions is that the culture must be valuable. He notes that the value of a culture often adds to the financial value of a firm such as enabling a firm to “behave in ways that lead to high sales, low costs, and high margins” (Barney, 658). Secondly, if a firm is to maintain a competitive advantage its culture must be rare. This distinguishes the firm from others in a more unique manner by maintaining characteristics that are uncommon to the majority of other firms (Flatt). Lastly, the culture must be “imperfectly imitable” (Barney, 658). Barney especially emphasizes the importance of imperfect imitability because if other firms are able to imitate the culture then they may be able to achieve equal competitive advantage. Lastly it is important to note that Barney claims that when other firms imitate a culture they may be able to become equally competitive but cannot achieve a competitive *advantage* by simply copying (Barney 658).

Prompt: DiMaggio and Powell argue that the focus should be on homogeneity/isomorphism or what makes organizations so similar. Would DiMaggio and Powell's (1983) agree or **disagree** with Barney's statement above. Be sure to include an overview of DiMaggio and Powell's perspective. Explain.

In their article sociologists DiMaggio and Powell take a new standpoint on organizational

analysis wherein they focus on the process of homogenization among organizations as opposed to differences among organizations. This point of analysis departs from Barney's emphasis on differences between organizations by instead looking to explain "why there is such startling homogeneity of organizational forms and practices," (DiMaggio 148). One of the most important terms DiMaggio and Powell use is the notion of isomorphism. They define this as, "the process of homogenization," accompanied by a footnote regarding their emphasis on the importance of adaptation as a guiding force of isomorphism (DiMaggio 149).

DiMaggio and Powell explain how the process of isomorphism occurs by distinguishing two types of isomorphism: competitive and institutional (DiMaggio 149). Competitive isomorphism is relevant for "free and open competition" (DiMaggio 150) and refers to the process of bureaucratization. Second, the authors discuss institutional isomorphic change. DiMaggio and Powell break institutional isomorphism down into three categories dependent on the antecedents of the isomorphic change. First, they address coercive isomorphism, the idea that political influence guides organizations to become more similar. Examples of this include a government mandate, change in policies, and other political pressures. The second mechanism of change they mention is "mimetic isomorphism" (DiMaggio 150). DiMaggio and Powell claim that mimicking other organizations often derives from a lack of information or uncertainty within the field which causes organizations to "model themselves on other organizations," (DiMaggio 151) especially those that they perceive as more successful or legitimate (Flatt). Lastly, DiMaggio and Powell discuss normative pressures as a source of isomorphism. By normative pressures the authors refer to the professionalization of employees wherein professionals in a given field of organizations are "interchangeable" (Flatt) and all maintain a certain level of education and credentials.

Now that I have presented an overview of DiMaggio and Powell's definition of isomorphism and the conditions that facilitate homogeneity, it is also important to address the implications of the

authors' sociological findings as explained by their hypotheses. Lastly I will compare DiMaggio and Powell's claims with Barney's business strategist perspective.

The authors present a multitude of hypotheses that extend the significance of their explanation of the organizational isomorphism phenomenon. One of these that is especially relevant is Hypothesis A-4 where the authors state, "The more ambiguous the goals of an organization, the greater the extent to which the organization will model itself after organizations that it perceives to be successful," (DiMaggio, 155). As goals are very central to the culture of an organization, this hypothesis interacts with Barney's statement regarding culture mimicry quite well. As explained above, Barney warns against mimicking cultures of other firms because he claims that mimicry cannot position an organization to outperform its competitors. Here it is now important to address the different lenses through which the authors are analyzing organizations. By taking a business strategist perspective, Barney seeks to understand the mechanisms that create competitive advantages and thus greater financial value. Sociologists DiMaggio and Powell, however, use a larger scope and analyze trends of organizations to draw conclusions. Professor Flatt especially emphasized this in lecture nine where she noted that DiMaggio and Powell claim that structural change is less driven by competition or the need for efficiency (DiMaggio, 147). This may be one cause for their divergence of analysis wherein Barney argues that companies cannot be competitive through culture mimicry yet DiMaggio and Powell note trends of mimicry in organizational fields.

Another hypothesis presented by DiMaggio and Powell that I find relevant to organizational culture is Hypothesis A-5 where they state, "The greater the reliance on academic credential in choosing managerial and staff personnel, the greater the extent to which an organization will become like other organizations in its field," (DiMaggio, 155). The authors further clarify that this phenomenon is due to the fact that applicants with similar credentials "have already undergone a socialization process" and are "thus more likely to have internalized reigning norms and dominant organizational

models,” (DiMaggio, 155). I make note of their description because cultures are built primarily on norms created within an organization and thus one could infer that perhaps cultures of organizations tend to homogenize with employees who have similar sets of norms and values. Once again, Barney would warn against allowing this to happen because although two firms with really well-qualified employees could be competitive, none can gain an advantage without creating a valuable, rare, and imitable culture.

In sum, DiMaggio and Powell find trends in support of isomorphism in organizational fields while Barney argues that differences are needed, especially in culture, in order to succeed.

Works Cited

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