

> Thursday, June 17<sup>th</sup>, 2021

16:00 - 17:30

MANAGEMENT & SOCIETY

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EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

## **“STRATEGIC DRIFT: INSTITUTIONAL PLURALISM, SPECIALIZATION, AND ORGANIZATIONAL GROWTH”**

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### **ABSTRACT**

We study the 27-year growth trajectory of ALPI, an Italian workforce integration organization that persistently faced competing institutional pressures. Prior research suggests that organizations respond to institutional pluralism by blending or balancing between logics. We find that ALPI instead grew via multiple phases of institutional specialization, each characterized by the temporary specialization of ALPI’s internal structures to align with a different institutional domain and its corresponding logic. We further investigate this unexpected pattern by building on Penrose’s (1959) Theory of the Growth of the Firm. We find that transitions between these multiple phases of growth were supported by the continuous development of a stock of versatile resources across phases: when the organization achieved perceived growth limit within one institutional domain, it used resources to pursue growth opportunities in an alternative domain. We further find these transitions to be characterized by the reconceptualization of resources and realignment of internal structures to the new, alternative domain. Based on our findings, we conceptualize a model of “strategic drift” to characterize this trajectory of imbalanced growth.