



**An approach to gain more with less concession: Transitive strategic responses of organizations under the effect of organizational identity and relations with environment**

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## **An approach to gain more with less concession: Transitive strategic responses of organizations under the effect of organizational identity and relations with environment**

### **Abstract**

Strategic responses of organizations can be triggered by both environmental and organizational antecedents. Even though environments impose some constraints on organizations, they still have a range of response. We find that newspapers, in Turkey, have three different identities. One rooted in journalistic values. One rooted in running the newspaper as a business. And one rooted in maintaining its leadership role. These identities trigger three different transitive strategic responses. A transitive response is one in which an organization has an attack and a fallback position. Further, we show how the link between an organization's identity and its strategic response is moderated by the dominance of relations with institutional environment and the dominance of relations with technical environment. We tested these ideas in a pilot test with supportive interviews, and then in a large scale quantitative study.

### **Keywords**

Institutional theory, organizational identity, strategic response, environment

### **Introduction**

Early contributions to institutional theory state that “templates for organizing” given by institutional environment are accepted without question and assessed as proper, right and appropriate way by organizations (Greenwood and Hinings, 1996, p.1027). These powerful templates direct organizations to comply with the institutional pressures without thinking strategically and become more similar to one another (DiMaggio and Powell, 1983). However, although there are isomorphic processes, multiple and competing demands of environment feed institutional complexity (Greenwood, Raynard, Kodeih, Micelotta and Lounsbury, 2011).

Different interests, different values and different interpretations direct organizations to respond strategically in different ways to deal with institutional complexity. To handle inconsistencies and satisfy the demands, organizations generate different strategic responses. For instance; study which is conducted by Hoyer (2004) classified strategic responses as “1-Influencing environment and authorities; 2-Optimal (or convenient) adaptation; 3-Evasion; 4-Neglecting and deliberately violating law”. Study which is conducted by Oliver (1991) classified strategic responses as 1-Acquiescence; 2-Compromise; 3-Avoidance; 4-Defiance; 5-Manipulation.

Oliver (1991) suggested ten institutional antecedents (legitimacy, efficiency, multiplicity, dependence, consistency, constraint, coercion, diffusion, uncertainty and interconnectedness) that influence strategic responses that vacillate between resistance to conformity. Greenwood et al., (2011) addressed how field level structures and processes influence strategic response preferences of organizations to deal with conflicting, incompatible demands of multiple institutional logics. Marino, Aversa, Mesquita and Anand, (2015) argued that magnitude of the environmental change shifts organizational responses. Radical changes force organizations to rethink their competencies and skills and then decide to strategic responses. Perceived low cost of defiance to institutional environment, non-compliance between internal interests and external values, believing to demonstrate rationality, lose little for opposing to institutional environment (Oliver, 1991), visibility of responses to external groups (D’Aunno, Sutton, Price, 1991); role of professionals in the organizational field (DiMaggio, Powell, 1983); dominant institutional logic (Ruef, Scott, 1998) were indicated as predictors of response strategically in different ways.

Even we know studies worked on strategic response classifications (e.g., Oliver, 1991; Hoyer, 2004) and antecedents of strategic responses (e.g., Ruef and Scott, 1998; Pache and

Santos,2010; Barman and MacIndoe, 2012), “structure of strategic responses” is a potential issue to examine. We suggest that strategic responses may not be completely passive or completely active. Because, organizations are prone to satisfy different expectations in order to gain more with less concession. While being conflict with expectations may create tendency for noncompliance, lose for opposing to expectations may create tendency for compliance. Organizations reflect this duality into their strategic responses.

This study examines strategic responses based upon organizational identity that includes organization specific characteristics that organizations do not want to make concession. Our research question focuses on how organizational identity diversifies and structures strategic responses. Organizational identity is defined based upon the central, enduring and distinctiveness attributes as a response to “who are we as an organization” (Albert and Whetten,1985, p.265). Organizational identity differentiates organizations from the others. On the other hand, environmental demands, pressures, changes may put constraining effect on organizations to be more similar to each other. To deal with constraining effect of environment, organizations use different defense tools. According to our study, having multiple identities is a tool to deal with constraining effect of environment. Multiple identities provide broader space to response strategically without making concession from the expectations associated with the identity. This study states that having multiple identities diversify strategic responses and structure strategic responses as transitive. A transitive response is one in which an organization has an attack and a fallback position. Different from Oliver’s (1991) classification of strategic responses between resistance to conformity, this study advocates that multiple identities allow organizations to response strategically that carry traces of disobedience and moderate manner together. When

organizations face environmental pressures, even their first reactions are close to more resistance manner as an attack, then their reactions approximate to more compliance manner as a fall back.

Another focus point of our research question is to explain how organizational identity diversifies and structures strategic responses under the effect of institutional and technical environment. The institutional environment is defined as “characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy from the environment” by Scott, Meyer (1992, p.140). The technical environment is defined as “within which a product or service is exchanged in a market such that organizations are rewarded for effective and efficient control of the work process” by Scott, Meyer (1992, p.140). We thought that effects of the different environments on the strategic responses may not be the same. Perrow (1985) suggests that organizations are more subject to one kind of environment rather than other environment. Additionally, D'Aunno, Sutton, & Price (1991) stated that not all environmental demands are equally important and strong for organizations. To reveal the effects of different environments, we took into consideration relations with actors in the institutional and the technical environment. Proximity of relations, strength of relations, impact of relations on decisions and impact of relations on running the business make possible to compare relative dominance of relations with institutional or technical environment. Relations with environment have potential to influence both organizational identity (Rughase,2006) and strategic responses(Child,1997). Not to make concession from organizational identity may come before being in line with the expectations of institutional environment and strategic responses close to noncompliance. Or, existence needs such as sustaining production, managing scarce resources, reducing cost come before protection of

organizational identity and organizations prefer to comply with the expectations of technical environment.

This study examines causal relations by focusing on newspapers. Usually national daily newspapers are given importance as organizational stakeholders, opinion makers, or gatekeepers in the institutional environment that exert pressure on other organizations to conform to public exposure. Investigating the strategic response of newspapers helps us understand who/what influences the opinion makers. Thus, by repositioning newspapers at the center of this study, the “influential position” of newspapers on other organizations is transformed to “be influenced position” in this study.

There are two main reasons for studying on newspapers. First, compatible with the variable “organizational identity”, the identity of chosen organization should be reflective. Newspapers have strong core attitudes and they reflect their attitudes publicly. The reflective attribute of organizational identity of newspapers is one of the decisive factors to prefer one newspaper over another. This reflective side of organizational identity determines the reader for whom the newspaper is intended. Readers may analyze the identity of the newspapers then choose to read and buy. Reflectivity of the newspapers’ identities makes it possible to analyze the central, enduring and distinctive attributes publicly. Second, newspapers are appropriate because they have technical, managerial and institutional layers as stated in the Parsons’ (1956) study. While they are required to conform to a variety of institutional rules and demands, newspapers also have concerns regarding profitability, efficiency, effectiveness and their available resources to survive. All these layers contribute to examining how newspapers strategically respond to their environment.

Our analyses reveal that unlike Albert and Whetten (1985), who conceive of organizational identity as enduring, this study explains a) organizations have multiple identities; and b) these identities are more plastic than Albert and Whetten assume. (See Fox-Wolfgramm et al., 1998; Kimberly and Bouchikhi, 1995). Newspapers have three different identities. One rooted in journalistic values. One rooted in running the newspaper as a business. And one rooted in maintaining its leadership role. We observe that different from the Oliver's (1991) strategic response classification from passive to active as "acquiescence, compromise, avoidance, defiance, manipulation", strategic responses have a transitive structure. That is, organizations have an attack and a fall back response in terms of their identity much like individuals have a dominate and fallback position when it comes to handling conflict resolution (Pondy, 1995). We propose and find that organizations may integrate different strategic responses to gain more with less concession as "from compromise to acquiescence strategic response", "from avoidance to compromise strategic response" "from defiance to manipulation strategic response".

### **Theory and hypotheses**

The relationship between environment and organization is an issue studied by various organizational theories like institutional theory. Against to basic proposals of neo institutional theory (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), strategic response variety is examined to advocate different interests, different values and different interpretations direct organizations to response strategically. Some predictors such as structure of the industry, relationship with government, complexities in the public management systems, resource dependence, and characteristics of the top management (Powell, 1991; Kraatz and Zajac, 1996; Martinez and Dacin, 1999), characteristics of the pressures (cause, constituents, content, control and context) (Oliver, 1991), economic efficiency, political interests of different stakeholders,

different institutional arrangements of countries (Mayer and Whittington, 2004), organizational size, administrative intensity and proximity to the sources of institutional pressures (Beck, Walgenbach, 2005), nature of demands and internal representation of demands (Pache, Santos, 2010) explain the existence of strategic responses variety. To respond strategically and appropriately gets difficult when organizations face a situation that compels them to make concessions. Organizational identity can be given as an example that organizations refrain to make concessions. Research on identity may provide different perspectives and increase our understanding comprehensively how organizations choose among different responses.

### ***Organizational identity***

Similar to individuals, organizations have their own identities that lead to debates within the organization. Albert et al., (2000, p.13) expressed organizational identity as “internalized cognitive structure of what the organization stands for and where it intends to go” and they use “rudder for navigating difficult waters” metaphor for organizational identity. Central, enduring and distinctiveness attributes of organizations will be their response to “who are we as an organization” (Albert, Whetten, 1985, p.265).

Organizational identity influences issue interpretation, directs emotional expression about issue and provides guidelines for action (Dutton, Dukerich, 1991; Brickson, 2007). It is an indicator for what is possible and what is appropriate among choices (Whetten, 2006, p.225). Prior studies have explored the role of organizational identity on decisions and strategic choices (e.g., Fiol, 1991; Reger et al., 1994; Elsbach and Kramer, 1996; Pratt, 1998; Livengood and Reger, 2010).

Organizations that nurture from different societal spheres, may have tendency to build multiple identities (Greenwood et al., 2010). This study explains newspapers have multiple identities as “journalism oriented”, “business oriented” and “leadership oriented” organizational identity. Newspapers reflect their identities publicly and may refrain to make concession from their identities. But sometimes the pressures that newspapers face can be contradictory with their identities. For instance, conservative mission newspaper may refrain to take advertisement for interest bearing banking. Because it is not consonant with the social expectations associated with the newspaper’s identity. On the other hand, economic pressures force the newspaper to increase advertisement revenues. In such cases, having multiple identities give place to newspapers to response with less concession. While one dimension of the organizational identity is restrictive on responses to environment, another dimension can be enabler and help to satisfy different social expectations. Otherwise, organizations may be punished socially when they behave in an opposite manner of legitimated logics (Miller, Le-Breton Miller and Lester, 2011). To avoid punishment, organizations prefer to behave in a loosely coupled manner and develop multiple identities that serve for different expectations.

### ***Strategic responses***

Organizations face fragmented environments that denote conflicting demands and incompatible values. While pressures are various, environment is complex and external demands are increasing, only expecting one kind of compliance behavior as a strategic response is not logical (Oliver,1991, p.146). Strategic response is defined as choice between behaviors organizations that have potential to advance its own interests, performance and competitive advantage (Oliver,1991, p.152). Additionally, Chen and Hambrick (1995, p.456) defined

response as the choice between “a specific and detectable countermove, prompted by an initial action, that a firm takes to defend or improve its share or profit position in its industry.”

We observe that strategic responses of the newspapers are structured as transitive (“from compromise to acquiescence strategic response”, “from avoidance to compromise strategic response “from defiance to manipulation strategic response”). While “from compromise to acquiescence strategic response” closes to passive compliance manner, “from defiance to manipulation strategic response” closes to active resistance. We mean each response has two components; an attack component and a fall back component. “Attack” component of the strategic response represents disobedience side with respect to “fall back” component (e.g., attempting to sue the regulatory agency for the burdensome requirement; appearing to comply but intentionally avoid certain aspects of the requirement). “Fall back” component of the strategic response represents moderate side (e.g., determining the most important elements for the regulators and agree to comply; negotiation with the regulatory to obtain an advantageous solution). Interviews with executive editors of the newspapers suggested us to call this structure as “transitive”. When they are asked about their reactions to pressures, first, they advocate their resistance manner. Afterwards, they use more moderate words to approximate their reactions to passive reactions because of their concerns about legitimacy, survival and penalties.

### *Major Effect of Organizational Identity on Strategic Responses*

Rughase (2006) suggested two reasons for identity effect to strategic responses. First, identity is a mental constraint to evaluate external opportunities, threat and internal organizational capabilities. Second, identity influences the motivation of people to which strategic issues they will deal with. Kraatz, Block (2008) indicated four different strategic responses compatible with

the tactics on identity when organizations face multiple environmental demands. First, deleting or removing the importance of institutionally occurred identities can be preferred to resisting or ignoring the complexity. Second, adjusting to differences among organizational identities in order to obtain agreement can be appropriate to provide balance among demands. Third, enduring identities can help to make organizations immune to compliance pressures. The last way to deal with multiple demands is “compartmentalizing” identities. “Organizational receptiveness” (Sohrab,2009), “identity domain” (Livengood and Reger, 2010) are other mechanisms used in the literature to explain the influence of organizational identity on strategic responses.

We start from the notion “organizational identity guides and influences of interpretations of strategic issues” to build our hypothesis, but offer how we expect identity to influence strategic responses. Prior studies focus on the antecedents of the strategic response (e.g.,Ruef and Scott,1998; Pache and Santos,2010; Barman and MacIndoe, 2012), influence of organizational identity on decisions (e.g., Fiol,1991; Reger et al., 1994; Elsbach and Kramer,1996; Livengood and Reger, 2010), classifications of the strategic responses (e.g.Oliver, 1991; Hoyer,2004). However, structure of strategic responses remained as a gap to fill. There are pressures, demands and changes that impose a burden on organization. On the other hand, there are factors that organizations do not want to make concession such as organizational identity, values, interests. We stress that being mixed up in an affair forces organization to change the structure of the strategic responses as transitive. When organizations face conflict resolution, they prone to response neither completely passive compliance nor completely active resistance.

In Turkey, structural transformation of Turkish media started in 1980's until the 1990's (Köylü, 2006). Sustainability of newspaper industry required financial support and bosses from

different industries whose real profession is not journalism came into play. These developments triggered the restructuring of newspaper industry based on market conditions (Kaya and Çakmur, 2010). The role of business orientation in the newspapers increased because of its support to manage resources and sustain operations to be exist. Right to speak related to publishing policy increased on behalf of the owner instead of executive editors. Concentration on business orientation constrained newspapers to sustain journalism values such as honest interpretation of news, human rights, public interest, democratic values, freedom of opinion, conscience and expression. Conflict between journalism values and business interests reduces the power of journalism side to resist against to environmental pressures and demands. If organizational identity deviates from the institutional norms, organization will take risk of losing legitimacy, risk of limited strategic resources (Foreman, Parent, 2008). Even journalism oriented newspapers firstly attempt to negotiate and bargain when they face pressures, then make a conscious evaluation to determine the best way to comply with the spirit and intent of the requirements. If there is more emphasis on profit in the newspaper, executive editors will be less influential to insist on journalism values (Gade, 2008). Strategic responses of journalism oriented newspapers close to passive compliance as indicated in the *Hypothesis 1a*. On the other hand, closeness of strategic responses to active resistance depends on being newspaper with business oriented, leadership oriented organizational identity as stated in the *Hypothesis 1b* and *1c*. Dependency between organization and environment may direct responses of organizations related to adaptation process (Hrebiniak, Joyce, 1985). Newspapers with business and leadership oriented organizational identity have potential to reduce their dependency to their environments that make them more free to response in an aggressive manner. On the other hand, newspapers are aware of the importance of close relations with actors who are the source of environmental pressures. Having close relations with the related environment contributes to control on resources

(Oliver,1997, p.102). Even business orientation or leadership orientation give more independence to response in an aggressive manner as an attack, necessity to sustain close relations with environment reduces their reactions as a fall back. They may prefer to manipulate requirements or they prefer to partially conform to the most important demanded processes at least.

*Hypothesis 1a. Journalism oriented organizational identity influences strategic response of organizations toward passive compliance.*

*Hypothesis 1b Business oriented organizational identity influences strategic response of organizations toward active resistance.*

*Hypothesis 1c. Leadership oriented organizational identity influences strategic response of organizations toward active resistance.*

### ***Relations with the institutional and the technical environment***

Subjection of organizations to one kind of environment rather than other environment (Perrow,1985), given importance to environmental pressures (D'Aunno, Sutton, & Price, 1991) can be different.

Focus points of the institutional and technical environment that we aim to examine are different. Institutional environment links organization and environment based on the incorporation and isomorphism. On the other hand, technical environment uses exchange and resource flows to link between organization and environment. (Oliver, 1991, p.148). Actors in the institutional environment create institutional rules and sources of the coercive, mimetic and normative pressures, actors in the technical environment have direct economic relations with the organizational productivity, efficiency and profitability. Differences between focus points of the

institutional and the technical environment differentiates their impacts on organizational processes, and decisions (e.g. Delmas and Toffel, 2008; Phua, 2005).

All organizations face, “at least to some degree”, to both technical and institutional environments (Scott,1992, p.159). Schneiberg,Clemens(2006, p.203) pointed out that “direct ties to field level bodies”, “certification, accreditation or legitimation by institutional authority”, “connections to, or conduits for institutional models”, “proximity,visibility or vulnerability to institutional pressures”, may signify intensity of institutional pressures on organizations. Similarly, Oliver (1997, p.99) studied on the relative importance of institutional versus task environment relations in the construction industry and indicated “resource stringency and regulatory stringency” as key determinants to explain the relative importance.

To reveal what extent newspapers have dominance relations with institutional or technical environment, we offer to examine the relations with actors in the institutional and the technical environment. Proximity of relations, strength of relations, impact of relations on decisions and impact of relations on running business help us to compare relations with actors in the institutional and the technical environment. For instance, “The head office of press, publication and information” is one of the actor in the institutional environment that has power to regulate. “The printing house” is one of the actor in the technical environment that has power to manage scarce resources. Perceived impact of these two actors on decisions and on running business is different. If the printing house keeps the newspaper from doing things the way the newspaper wanted or cause the newspaper delays in starting or completing newspaper operations, influence of the printing house may be perceived more important than the influence of “the head office of press, publication and information. After evaluation of relations with other actors in the

institutional and the technical environment, relative dominance between relations can be revealed.

*Interaction Effect of Relative Dominance between “Relations with Institutional Environment” and “Relations with Technical Environment” on Strategic Responses*

Both individuals and organizations may benefit from having a strong organizational identity (Fiol, 2002). But on the other hand, a strong identity can be a source of barrier to constrain changes (Fiol, 2002; Lerpold, et al., 2007). In order to accommodate environmental demands, attempting to shift identity is difficult. Because identity is embedded in the routines, procedures and beliefs (Tripsas, 2009, p.441). The widely disseminated shared interpretative schemas prevent moves away from the current situation and reinforce the inertia (Rughase, 2006). These arguments promote rigid side of the organizational identity. We tackle this issue by stressing that multiple organizational identities enable organizations to respond with less concession. This multiple sided characteristic of organizational identity strengths the “strategic enabler” (stated by Lerpold et al.,2007: p.244) characteristic of the organizational identity. Journalism oriented, business oriented or leadership oriented organizational identity of newspapers increase strategic response alternatives without making concession from their identities.

In our Hypothesis 2a, we suggest that relative dominance of relations with the institutional environment influences relation between organizational identity and strategic response. Delmas and Toffel (2008) mentioned that pressures exerted by the institutional environment are perceived as negative that impose costs for organizations and organizations attempt to avoid from imposed costs. Supportive interviews, conducted for this study, suggest

that newspapers generally interpret the institutional environment as having potential to deteriorate their publishing principles and their freedom. Demands of the institutional environment are perceived more formal, compulsive and cost loader even though adoption to demands of institutional environment contributes to legitimacy.

When relations with the institutional environment are more dominant, organizations prefer not to make concession from their organizational identity, their responses close to active resistance such as organizing readers to attempt to influence the requirements, reducing the visibility of strategic preferences of newspaper to avoid. It can be the sign of protection of organizational identity at the expense of others comes before being in line with the institutional environment. For instance; regulations imposed by “the head office of press, publication and information” that are inconsistent with organizational identities of newspapers, they will prefer to protect their identities and response in an active resistance manner at the expense of punishments or penalties. The interaction effect of the relative dominance of relations with the institutional environment is proposed as in the Hypothesis 2a;

*Hypothesis 2a. The relative dominance of relations with institutional environment moderates the relationship between organizational identity and strategic response of the organization.*

In the Hypothesis 2b, we proposed interaction effect of the relative dominance of relations with the technical environment. Delmas and Toffel (2008) signified that pressures exerted by the technical environment are perceived as rewarding because of contribution to profit, efficiency, and effectiveness. Newspapers generally evaluated the relations the technical environment as supporter of daily operations and supporter of their survival through the interviews with

executive editors, conducted for this study. If newspapers have no resource, no profit, no efficiency and effectiveness, they cannot be able to survive. At that situation, having strong identity will be useless.

When relations with technical environment are more dominant, organizations prefer to response in more passive manner to meet existence needs like sustaining production, managing scarce resources, reducing cost. It can be the sign of existence need comes before protection of organizational identity. For instance; impact of relations with the actor of technical environment “printing house” on daily operations of the newspaper is more dominant. Newspapers cannot be able to maintain its operations, produce their product and access to readers to represent identities without printing house. They may risk making concessions from their organizational identity in return for meeting existence need. Thus, the organization may prefer to implement more passive compliance among strategic responses. The interaction effect of relative dominance of relations with the technical environment on strategic responses is reflected as in the Hypothesis 2b;

*Hypothesis 2b. The relative dominance of relations with technical environment moderates the relationship between organizational identity and strategic response of the organization.*

## **Method**

This study was grounded in two stages. In stage 1, a pilot study was conducted to test measures of the variables and supportive interviews were conducted to examine effectiveness of the pilot study and learn more about newspapers, the importance of the environment on reactions, and how newspapers respond to demands, pressures, and requirements of the environment. In stage 2, a quantitative study was performed to test hypotheses.

### **Sample and data collection**

National and daily newspapers in Turkey were chosen as sample of this study. The newspapers list published by the “Head office of Prime Ministry Press, Publication and Information” was used. In total, 30 national, daily newspapers were sampled. Sports newspapers were eliminated because of their specific issue orientation.

To collect quantitative data, 1574 potential respondents from 30 different newspapers were chosen as data source. Managerial positions of the newspaper, columnists and reporters were included in the data source. List of e-mail addresses of potential respondents were collected from website of newspapers. A questionnaire that provided the aim of the research, response instructions and guaranteeing anonymity was e-mailed to each potential respondent.

Approximately 23 percent of 1574 potential respondents (n=362) that represent 30 different newspapers were used for the pilot study. A questionnaire was e-mailed to each potential respondent of the pilot study. Although we sent multiple e-mails three times, only 41 usable questionnaires were collected for pilot study.

Additionally, supportive interviews with the 18 participants were conducted to include more contextual evidences. Participants included 3 editors in chiefs, 4 assistant of executive editors, 11 executive editors. The major contribution of interviews is to reflect industry view to the whole study.

The questionnaire as a result of the pilot study and supportive interviews was administered to managerial positions, columnists and reporters for the full study. The remaining 1212 (of 1574) potential respondents were used for the full study. After sending two reminder emails, 158 responded questionnaires were received. 12 of the original 158 respondents had more

than 50% missing data. These 12 cases were excluded from the analysis. All other analyses were conducted based on 146 usable questionnaires without any missing values.

## Measures

*Measurement of organizational identity.* For the measurement of identity orientation, Brickson (2007, p.867) stated that “An organization’s identity orientation is determined by its locus of self-definition...the locus of self-definition can be assessed by considering the traits and characteristics most salient to members when describing their organization”. Identity orientation approach used by Ciuchta (2010) to explain its impact on learning and used by Gioia and Thomas (1996) to measure universities’ organizational identities by using normative and utilitarian dimensions.

To generate items of this study, a comprehensive literature review about organizational identity and newspapers was done. Subsequent to the literature review, mission, vision, strategic objectives, values and principles of publication and profile of each 30 newspaper suggested the following dimensions were appropriate for examining the identity of newspapers. Being reader focused, having widespread distribution channels, creating economic value, giving importance to marketing operations, honest interpretations of news, supporting benefit of society, respecting human rights, being neutral against to all ideologies, keeping away from the pressures of interest groups, being independent from political environment are some of the statements that were mentioned in the profiles of the newspapers. After that, a professor of journalism and editor of the local newspaper were interviewed about the items generation process. In total 25 items were

generated. Only 5 items of 25 items were adapted from prior studies (four items were adapted from Gioia and Thomas's (1996) study, one item was redesigned based on the Foreman and Whetten's (2002) study. Other items of organizational identity orientation of newspapers were generated based on literature review about newspapers, the statements that were mentioned in the profiles of the newspapers and the interviews with a professor of journalism and editor of the local newspaper (*e.g. (1) To what extent does honest interpretation and assessment of news constitute a part of central, enduring and distinctive character of the newspaper? (2) To what extent is qualified news a criterion to decide on publishing the news?*) Items to measure organizational identity orientation were measured by using a Likert scale (1=None; and 5=Very High).

**Measurement of strategic responses.** The strategic responses variable of this study followed Oliver's (1991, p.151) strategic response classification as "acquiescence", "compromise", "avoidance", "defiance", "manipulation". Clemens and Douglas (2005, p.1205) evaluated Oliver's (1991) framework empirically to understand strategic responses using the cause, constituents, content, control and context framework in the steel industry. They designed items based on tactics that appointed to Oliver's (1991) five strategic responses. Six items per each strategic response, totalling 30 items to measure strategic response, were generated by Clemens and Douglas (2005).

We adapted existing items of Clemens and Douglas' (2005) study to fit the newspaper context. Only small word changes were done according to newspapers (*e.g., (1) Make a conscious evaluation of the specific regulatory requirements and choose to comply with them.; (2) Negotiate with the regulatory organizations to obtain an advantageous solution.*). Respondents

were asked to evaluate effectiveness of the tactics in their newspapers when they face environmental pressures and using a Likert scale (1=None, and 5=Very High).

*Measurement of the relative dominance between “relations with the institutional environment” and “relations with the technical environment”.* To measure the relative importance of institutional and technical environment, Oliver (1997, p.104) used the quality of a relationship instead of frequency or duration of relationship, because frequency or duration of relationships may not always be positively related with the organizational performance. Thus, she asked, to what extent the relationship is assessed “harmonious or helpful”; and, to what extent the relationship “facilitates or constrains” business functions give an idea about quality of a relationship (Oliver, 1997, p.104).

In this study, the newspaper literature was examined to determine the actors that have a role in the institutional and technical environment of newspapers and Oliver’s (1997) study directed the preparation of the items. The institutional environment of newspapers was identified based on the definitions of institutional theory. Chosen actors to determine the relations with the institutional environment are; (1) Press and publication auditors, (2) Head office of Prime Ministry Press, Publication and Information, (3) Press Associations and Communities, (4) Press Labor Union, (5) Stakeholders (e.g., international journalism associations. chamber of commerce).

The technical environment of newspapers was identified based on the actors that have direct economic relations with the organizational productivity, efficiency and profitability. Chosen actors to determine the relations with technical environment are; (1) Printing houses, (2)

Data Distribution Channels, (3) Labor Sources, (4) Suppliers, (5) Financial Resource Providers, (6) Advertising Agencies, (7) Competitor Newspapers.

The relative dominance of relations with the institutional environment or the technical environment is measured based on strength, proximity, benefit or interventionist aspects of relations (e.g. (1) *How does newspaper feel to get along with these actors?*; (2) *To what extent does newspaper have strength relations with these actors?*; (3) *How often does newspaper feel that actors keep it from doing things the way the newspaper wanted?*; (4) *How often do actors cause the newspaper delays in starting or completing newspaper operations?*). Respondents were asked to evaluate relations with these actors based on Likert scale (1=Very poor/Never; and 5=Very Good/Always). The average value of responses that evaluate relations with actors in the institutional environment and average value of responses that evaluate relations with actors in the technical environment were calculated separately. The higher value indicated the relative dominance of relations with actors of the related environment.

## **Analysis**

Before testing hypotheses, exploratory factor analysis was executed for organizational identity and strategic response. Descriptions of variables for the full study are listed as in the below;

*Journalism oriented organizational identity (ORGID1)*: It is represented with 8 items (Cronbach's alpha value is .921). This factor measures concerns of the newspapers towards to honest interpretation and assessment of news; publishing qualified news; freedom of opinion, conscience and expression; being judgmental. Also, the effect of democratic values and human

rights on decisions; assessment of newspapers as organizations that give public service; concern about benefit of society are examined under this factor.

*Business oriented organizational identity (ORGID2):* It includes 3 items (Cronbach's alpha value is .781). Giving importance to revenue from advertisements and announcements, assessing newspaper as a commercial enterprise, making decision based on the financial concerns are subject of this factor. The content of this factor mainly asks to what extent newspaper evaluates itself as a business as part of its central, enduring and distinctive characteristics.

*Leadership oriented organizational identity (ORGID3):* This factor is represented by 3 items (Cronbach's alpha value is .756). These items examine to what extent being the most read newspaper, having greater market share and widespread distribution channels as a leader are part of the organizational identity orientation of newspapers.

*From compromise to acquiescence strategic response (STR1\_CA):* This transitive strategic response is represented with 5 items (Cronbach's alpha value is .911). Newspapers first attempt to obtain a consensus. They try to negotiate with the regulators; they try to get mutually agreeable solution by bargaining. And then, this compromise approach gives place to acquiescence. Newspapers think about the evaluation of the requirements and decides to comply with them. To make a conscious evaluation, to determine the best way to comply with the spirit and intent of the requirements are some of the tactics that draw strategic response near passive compliance.

*From avoidance to compromise strategic response (STR2\_AC):* 5 items represent this strategic response (Cronbach's alpha value is .854). Newspapers attempt to avoid oversight. They elaborate to conceal their intentions and strategies from the oversight of regulators and actors of their environment. Newspapers pass from these escape and concealment tactics to compromise approach. They prefer to partially conform to the most important demanded processes at least.

*From defiance to manipulation strategic response (STR3\_DM):* It includes 5 items (Cronbach's alpha value is .878). Newspapers attack aggressively if they do not want to comply with demands of their environment. They can bring to trial their unjust treatment; they can search for support from the media to announce heavy pressures of their environment; or newspapers can choose the way of dismiss the requirements and continue to do their business as usual. And then they reduce their reactions against to pressures and they prefer to manipulate requirements or demands by influencing public perceptions or taking support of the readers and suppliers. These tactics make strategic response closes to active resistance.

*Relative dominance between "relations with the institutional environment" and "relations with the technical environment" (DOMINANC):* It is a dummy variable. If relations with institutional environment are relatively more dominant, it is coded as "1". If relations with technical environment are relatively more dominant, it is coded as "0".

In this study, two level hierarchical linear modeling (HLM) was used to define the nature of the relationships. Hierarchical linear models (HLM) make it possible to analyze nested data, assess relationships among variables at multiple levels and partition variance in dependent variable into between and within group components (Castro, 2002, p.74). The research problem

of this study consists of data on individuals nested within newspapers. The sample size of this study to implement hierarchical linear model is 146 individuals for level-1 and 23 newspapers for level-2.

## Findings

There is significant relationship between “journalism oriented organizational identity (ORGID1)” and “from compromise to acquiescence strategic response (STR1\_CA)” ( $\beta_1=0.38$ ;  $p<0.001$ ). Loyalty to journalism values direct newspapers to follow passive compliance response. *Hypothesis 1a* is supported. Additionally, there is marginally significant negative relationship between “journalism oriented organizational identity” and “from avoidance to compromise strategic response (STR2\_AC)” ( $\beta_1=-0.23$ ;  $p<0.10$ ). Newspapers may think that firstly avoid from and then compromise with the environmental pressures and demands that are inconsistent with organizational identity deteriorate loyalty of readers. If newspapers make concession from their identities, they may face loss of readers and loss of circulation. Thereby, economic loss concludes with less independency.

A marginally significant negative relationship between “business oriented organizational identity (ORGID2)” and “from compromise to acquiescence strategic response (STR1\_CA)”, is available ( $\beta_2 = -0.21$ ;  $p < 0.10$ ). This negative relationship signifies that newspapers with business oriented organizational identity close to active resistance instead of passive compliance. So, *Hypothesis 1b* is supported. Newspapers with business oriented organizational identity generally make decisions according to financial concerns, evaluate themselves as commercial enterprise. Influence of business orientation on managing scarce resources, supporting daily operations enhances their independence to response in an active resistance manner. Less dependency and

enough capacity for action encourage organizations to react (Greenwood, Hinings,1996). When newspapers have economic power, they feel more independence to resist actively.

Although the relationship between “leadership oriented organizational identity” and strategic responses is not enough for significant relationship to support Hypothesis 1c, leadership oriented organizational identity explains 14% of the variance of “from compromise to acquiescence strategic response(STR1\_CA)” ; 11% of the variance of “from avoidance to compromise strategic response (STR2\_AC)”.

Moderating effect of the relative dominance of relations with institutional environment enhanced the explained variance of “from compromise to acquiescence strategic response(STR1\_CA)” from 14% to 25%. “The relative dominance of relations with institutional environment” is moderator variable between “leadership oriented organizational identity (ORGID3)” and “from compromise to acquiescence strategic response (STR1\_CA)” (*p-value* (ORGID3xDOMINANC\_IE)= 0.090). Newspapers with leadership oriented organizational identity are aware of importance of being supported by the environment. Not to lose support of environment, leadership orientation of organizational identity shapes strategic response as close to passive compliance.

Another moderating effect of “the relative dominance of relations with institutional environment” is between “leadership oriented organizational identity (ORGID3)” and “from avoidance to compromise strategic response (STR2\_AC)” (*p-value* (ORGID3xDOMINANC\_IE)<0.001). Moderating effect increased the explanatory power of leadership oriented organizational identity

from 11% to 49%. Thus, *Hypothesis 2a* is partially supported. In that case, effort to get along well with institutional environment makes passive compliance more preferable for newspapers.

The relative dominance of relations with technical environment has a moderator effect between each organizational identity orientation and “from compromise to acquiescence strategic response (STR1\_CA)” ( $p\text{-value}_{(\text{ORGID1} \times \text{DOMINANC\_TE})} < 0.001$ ;  $p\text{-value}_{(\text{ORGID2} \times \text{DOMINANC\_TE})} < 0.001$ ;  $p\text{-value}_{(\text{ORGID3} \times \text{DOMINANC\_TE})} < 0.10$ ).

Moderator effect of the dominance of relations with technical environment on relation between “Journalism oriented organizational identity (ORGID1)” and “from avoidance to compromise strategic response (STR2\_AC)” is also confirmed ( $p\text{-value}_{(\text{ORGID1} \times \text{DOMINANC\_TE})} = 0.004$ ). Moderator effect enhanced the explained variance from 23% to 32%. *Hypothesis 2b* that predicts moderating effect of the relative dominance of relations with technical environment is partially supported.

Active resistance is not preferred by newspapers with leadership oriented organizational identity. Instead, their responses are close to passive compliance irrespective of relative dominance of relations with institutional or technical environment.

## Conclusions

This study intended to explain how organizational identity diversifies and structures strategic responses. Further, this study indicated how the link between an organization's identity and its strategic response is shaped under the effect of relations with institutional and technical environment.

While organizations are under the effect of different environmental pressures, they attempt to develop ways to deal with different pressures. Having multiple identities is a way to broaden strategic response alternatives without making concession from identities. Newspapers enhanced their strategic response alternatives by having journalism oriented, business oriented and leadership oriented organizational identities.

One of the theoretical contributions of this study can be stated as having multiple identities not only diversify strategic responses and but also structure strategic responses as transitive. Different from prior studies that pointed out strategic response variety in the organizational field and classifications of strategic responses (e.g. Oliver, 1991; Hoyer,2004), this study revealed that strategic responses of organizations do not have to be either compliance or resistance. A transitive response is one in which an organization has an attack and a fallback position. Even organizations have tendency to behave in active resistance manner against to pressures, their response may also include more moderate manner to gain more with less concession. This transitive structure enables organizations to handle different expectations and demands. Leitch and Davenport (2003, p. 138) advocated that “clarity and precision” may place undesirable limits on opportunities, but “ambiguity” is an effective mechanism to have productive dialog with environmental actors. It is possible to say that transitive structure of strategic response trigger to have productive dialog with environmental actors with its two components-attack and fall back component.

Although there are studies that explain the reasons of compliance or resistance behavior of organizations when they face environmental pressures, demands (e.g. Pache and Santos,2010; Greenwood et al.,2011; Barman and MacIndoe, 2012; Marino et a.l, 2015), this study fills

another gap by explaining how relations with the source of these pressures and demands give shape to strategic responses. Relative strength and type of power or dependency between organization and environment may direct responses of organizations related to adaptation process (Hrebiniak, Joyce, 1985, p.345). Actors in the environment are sources of different pressures, demands and expectations. Perceived relative influence of relations with these actors on decisions and running the business, such as keeping the newspaper from doing things the way the newspaper wanted or causing the delays in starting or completing newspaper operations, enhanced the strength of relation between certain organizational identities and strategic responses.

The limitation of this study is that the organizational identity orientation of newspapers is measured internally. To reduce this limitation, respondents from different hierarchical positions within the newspaper are chosen and executive editors are also interviewed. Another limitation can be related to sample size. Representative of 23 newspapers in the whole sample is not equal to each other. Through data collection process, respondents are informed and requested repeatedly. Although, we expect to be helped by people who are aware of difficulties to reach information as journalist, the response rate is low.

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