THE MAKING OF ORGANIZATIONAL OPPORTUNITIES:
AN INTERPRETIVE PATHWAY TO
ORGANIZATIONAL CHANGE

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ABSTRACT
This paper focuses on how issues are constructed as opportunities in organizations. It details why the construction of opportunities is important based on both a psychological and social-organizational logic. Having established the significance of opportunity construction, the paper develops a set of reform conditions at three levels of context—individual, organizational, and institutional—which motivate and make feasible the construction of opportunities. Theoretical and research implications derived from this framework are discussed.
This paper develops a logic for why the interpretation of issues as opportunities is an important pathway to change in organizations. I build this argument in two steps. First, I describe the psychological and organizational consequences of interpreting organizational issues as opportunities. The purpose of this first set of arguments is to establish that this simple interpretive act can engage microdynamic processes that may contribute to macro patterns of organizational change. The second step in this argument is to build a theory about the conditions that make the interpretation of issues as opportunities more probable. The purpose of the second argument is to identify and describe pathways to organizational change that are possible by considering how to manage the institutional, organizational and issue-level contexts in ways that make the construction of opportunities more likely.

Together, these arguments build the logic that one pathway to change in organizations is based on the psychological and organizational momentum created by constructing issues in particular ways. Using this sequence of arguments this paper attempts to link very micro behaviors (e.g., decisionmakers’ sense of control and positive emotion engaged by issues framed as opportunities) with momentum for change in organizations. It is a perspective that describes how nested layers of context (issue, organizational, and institutional) are closely related to the construction of issues as opportunities. While the focus of this paper is on the construction of issues as opportunities, the theoretical framework is actually much broader in scope. The paper sets forth an ambitious program of research on how context shapes organizations’ direction through its effect on the interpretation of issues.

The arguments developed about how the issues are constructed in organizations recognize an inherent tension between the idea that issues are passively perceived by organizational members versus the idea that issues are actively made and molded by organizational members. I believe that the tension that exists in the paper is a healthy one, reflecting the reciprocal influence that exists between subject (individuals) and objects (events, developments, trends) in organizations (Weick, 1995, p. 160). On the one hand, developments, events, and trends (the raw material of issues) do have some objective reality to them which affects how individuals notice, perceive, bound, and act on them. On the other hand, organizational members interact with and affirm the existence of events, developments and trends, which create and cast them in a particular light for themselves and for other organizational members. One purpose of this paper is to show that there is value in keeping this reciprocal influence in mind when trying to understand how issues are construed in organizations, and the links between these constructions and organizational change.

The paper highlights that the organizational, and institutional contexts constrain the degree of freedom that individuals have in this creative construction process. The net result is an articulation of systemic forces at work in a set of nested contexts that both constrain and empower individuals to see and act upon issues as opportunities. The theory that is developed describes a multi-level ecology of constraints that create varying degrees of freedom within which individuals can act in the making of organizational issues.

The managerial implications that I derive from this perspective echo the recommendations of Burgelman (1983), Bower (1970), Howell and Higgins (1990), and Pettigrew (1987), among others, in suggesting that organizational change is made possible through the effective management of context. However, in this paper I build on previous researchers’ treatments of context and its links to organizational change by emphasizing connections between context and the content of issue interpretations, and by broadening the scope of context to include issue and institutional-level concerns.

KEY ASSUMPTIONS

An interest in opportunity construction is built from three major assumptions. Assumption one is that interpretation matters for patterns of organizational action. Support for an interpretive perspective on organizational action builds on both the strategic management (e.g., Chaffee, 1985; Dutton & Duncan, 1987; Ginsberg, 1990; Schwenk, 1988; Smircich & Stubbart, 1984) and organization theory literatures (e.g., Daft & Weick, 1984; Isbetsa, 1990; Johnson, 1988; Milliken, 1990; Pondy & Miroff, 1979). Collectively, these conceptual and empirical studies suggest that interpretive activities create and justify patterns of organizational change.

The second assumption is that organizational issues are ambiguous and equivocal, making language and labels powerful punctuating, expressing and motivating devices (Dutton, Fahey and Narayanan, 1983; Edelman, 1964; Weick, 1979). Even events, developments and trends that have clear beginnings and endings, such as the precipitous drop in the stock market on one Monday during October, 1987 or the upcoming unification of European markets in 1992, can be interpreted very differently. The imposition of an issue label or summative interpretation of an issue imbues the event with meaning and often guides individual and organizational response patterns (Dutton and Jackson, 1987). The third assumption is that individuals and groups in organizations are motivated to construct organizational issues in particular ways. For decision makers, careers can be made or broken based on associating with the “right” issues at the “right” time. Organizational members, particularly those with ambitions to move up, attach and detach themselves from issues, as the issues serve as important vehicles for enhancing personal visibility and perceptions of competence. Issues often have positive or negative valences associated with them that generalize to the individuals who promote them (Dutton & Ashford, 1990; Nelson, 1979). Just as filing for Chapter 11 status...
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Exploration of symptoms that may indicate the presence of some disease—and think of them as an opportunity. Think about what immediately comes to mind. Your mind is likely to be a type of openness and greater sense of control vis-a-vis the event. With this type of frame in mind, you are likely to approach the event more positively, with an open, and potentially more creative response.

This mind game illustrates that simple event framings have major effects on how individuals approach the event. This idea has been in currency for some time. For example, Lazarus and other social psychologists have demonstrated the importance of cognitive appraisal in mediating how individuals respond to different types of events (e.g., Lazarus & Folkman, 1984). It is also a central assumption in psychological and sociological studies of the social consequences of labeling (e.g., Link, 1987). This assumption is also at the core of Tversky and Kahneman’s (1981) work on prospect theory. However, what may be slightly new, and what is of interest for the arguments developed here, is a specific focus on the effects of an opportunity frame for ambiguous and significant organizational issues.

Psychological Effects of the Opportunity Frame

Opportunity frames for issues are psychologically powerful for organizational members. First, they gloss individuals’ views of issues in positive and controlling terms. The positive “illusion” (Taylor, 1989) that an opportunity frame creates for an individual in relationship to an issue, has distinctive consequences that are reviewed below. The second reason that opportunities are powerful is that, if applied and believed, these frames suppress the threat consequences hinted at in the mind game above. Together, the positive gloss and threat suppression effects are psychological mechanisms that make constructing opportunities important for understanding individuals’ perceptions and motivations to initiate and implement change in organizations.

The Positive Class Effect

Empirical and conceptual work has documented that organizational issues that are seen as opportunities have associated with them a number of characteristics. For example, Dutton and Jackson (1987) empirically documented the characteristics that strategic planners associate with the issue categories of threat and opportunity. They find that issues that best fit the “opportunity category” have associated with them a set of attributes that include a strong sense of positive and gain possibilities (Jackson & Dutton, 1983).

In addition, opportunity issues characterize the relationship of the individual to an issue in a way that make opportunities very attractive. Individuals associate opportunities with autonomy in responding to the issue, freedom of
choice on whether to respond, access to means for resolving the issue, and feelings of personal competence. Issues that are wrapped in opportunity frames are almost irresistible because of the positive "charge" or emotion and sense of control that such issues evoke. If seeing an issue as an opportunity is associated with positive emotion and a sense of personal control, then other types of psychological consequences are likely to follow.

The work of Isen and her colleagues draws a connection between positive emotion and creativity (Isen, Johnson, Mertz, & Robinson, 1985), risk taking (Isen & Geva, 1987) and problem-solving strategies (Isen & Means, 1983). More specifically, their work suggests that positive affect is associated with more diverse word associations (and hence more creative problem solving), less risk taking when losses are salient because of individuals' heightened sensitivity to loss when in positive moods (Isen, Nygren, & Ashby, 1988), more efficient, speedier decision making, and a search for more integrative solutions in negotiation tasks (Carns, & Isen, 1986).

Taylor (1989) and colleagues have used a wide range of psychological research to demonstrate the long-term survival value of looking at the world with rose-colored glasses. A positive illusion, or as applied here, application of an opportunity frame to an issue, enhances perceptions of control over the issue, with some important consequences. Research on social learning theory (Bandura, 1977), personal mastery (Dietz & Dweck, 1980) and its opposite, learned helplessness (Seligman, 1975) demonstrate the important link between perceptions of control and task persistence and motivation (Taylor & Brown, 1988).

Work by Sutton, Staw, and Pelizzo (1990) demonstrates that positive emotions create desirable consequences in interpersonal contexts as well. In their longitudinal study of positive job attitudes and supervisor evaluations and job achievement, they found that positive emotions reaped positive payoffs in terms of a more supportive social context. When applied to the framing of organizational issues, their work suggests that creating and naming issues as opportunities, and the positive emotions that such issues evoke, may create a more supportive climate for accomplishing issue resolution.

Suppress the Threat Effect

Another way to see the power behind opportunity framing is in envisioning what it does to the perception that an issue is a threat. Jackson and Dutton (1988) found that despite the prominence of folk wisdom that the individuals do better if they frame issues as opportunities, individuals have a difficult time seeing organizational events and developments in this way. Their research suggests that decision makers only see things as opportunities when events contain attributes that "rule in" opportunities while "ruling out" the presence of threat (Jackson & Dutton, 1988). Thus, opportunity framing is powerful in that it suppresses the psychological consequences of seeing issues as threats. Using this logic, it may be the framing of issues as opportunities is consequential, not because of the positive affect or sense of control that such frames evoke, but because they dampen or erase any association of threat with an issue, and minimize the probability of threat-related consequences.

This suppression effect is important, given what is known about the psychological effects of framing an issue as a threat. For example, the perception of threat reduces search for and use of external or peripheral information and increases the probability of well-learned or dominant responses (studies reviewed in Staw, Sandelands, & Dutton, 1981). In addition, perception of threat induces a strong context in asserting personal control and maximizing personal mastery of the event or development (Taylor, 1983). While in certain situations these psychological responses may be effective, a threat perception and the focusing and control concerns that accompany it, can impede effective information processing and effective response behaviors. As a result, the elimination of threat is another way to see the opportunity benefits (as opposed to opportunity costs) associated with an opportunity frame.

Organizational Effects of the Opportunity Frame

Opportunities are powerful issue frames not only because of their psychological consequences, but because of their potency as legitimating, and hence motivating symbols for issues in organizations. While the previous discussion highlighted the link between opportunity frame as a cognitive structure and individual behavior, a strictly cognitive perspective ignores the symbolic value of language in organizations, and its potency as transmitter of values and interests (e.g., Donnellon, 1986; Gioia, 1986). Viewed from this perspective, an opportunity frame serves as a symbol that reinforces certain organizational values. From a more functional perspective, the use of an opportunity label is also a linguistic marker that individuals can use to separate the past and present from the future. Opportunity labels are important because they signal transitions points or new beginnings. Skillful issue brokers in organizations know how and when to use opportunity labels for signaling values and signaling turning points that enhance or decrease an issue's chances of reaching the organization's agenda. For example, in one study of how twelve strategic issues were processed over time in a single organization, the results showed the pivotal role that key managers played in invoking or dissolving issue interest through the use of an opportunity label (Dutton, 1988b). When managers wished to increase levels of issue involvement, they used the label "opportunity" for an issue, resulting in greater levels of participation in the issue's resolution.
Transmitter of Organizational Values

Opportunity is a linguistic device that is used at certain times and in certain places to communicate meaning (Rosen, 1985). As a symbol, the word opportunity does not have to be defined identically by all who encounter it. In fact, as symbol, the opportunity frame may be especially useful in organizations because it provides an ideal level of ambiguity (Eisenberg, 1984). As a result, leaders and other organizational members use the term opportunity to create what Eisenberg (1984) calls strategic ambiguity. Such ambiguity allows language users to "express values at a level of abstraction at which agreement can occur" (p. 231). Starbucks expresses a similar idea when he describes problem labels as ideological molecules that "integrate elements such as values, causal beliefs, terminology and perceptions" (1983, p. 94). The argument here is similar in the sense of suggesting that opportunity frames, when used in organizational contexts, serve as symbols which convey and strengthen certain cultural values. In the U.S. business culture, the opportunity frame connotes progressiveness and proactiveness—two values that are viewed as legitimate and desirable within this cultural realm.

An Example

The University of Michigan Business School has been the relatively recent recipient of a grant from IBM and donation from Westinghouse Furniture Systems to establish an organizational studies lab within the Business School. The Organization Studies Lab is an impressive ensemble of high power IBM equipment and specially designed furniture modules that have been compensated and arranged into a 1,500 square feet space in the bottom floor of the Business School. The Lab has full-time staff, an executive board, and an evolving mission statement. However, it is still struggling to define itself. What is important to the case being built here, is that the Lab is continually referred to as opportunity for the Organizational Behavior and Human Resource Management Department. As opportunity, the Lab reinforces values that are important in the Business School and departmental culture; for example, the values of progressiveness, proactiveness, research, and global reach. While no one in the department agrees on exactly what the idea of opportunity means when applied to the Lab, none would dispute the applicability of this label. Through its use, members of the department tacitly agree to the values as embodied by the symbol of opportunity, and move forward proactively, energized by a positive, but ambiguous future.

The symbolic value of the opportunity frame may be more potent in some cultures than others. In contexts where an opportunity frame bestows an issue with positive and attractive status, individuals are likely to be more willing to get involved with the issue (Dutton & Jackson, 1987; Schneider & DeMeyer, 1991). Some support for this assertion comes from Nurt's (1984) study of 78 decision processes where he found that open search processes, where subordinates were included in the search process, occurred for opportunity-evoked, but not threat or crisis-evoked decisions. In the work cited earlier, Dutton (1988b) found that managers were very explicit in their application of opportunity labels to strategic issues, knowing that the application of this label to an issue affected their involvement. In managers' explanations for why they got involved in opportunity issues, explanations included the emotional and instrumental attractiveness of opportunity issues. Thus, issues constructed as opportunities serve to symbolize certain positive values and contain positive emotional overtones, attracting individuals to get involved with their resolution.

Signaling New Beginnings

If one considers when an opportunity label is applied to organizational issues, it reveals a different reason for why opportunity is an important frame. In the application of labels such as opportunities, timing is critical. Opportunities, like threats, are punctuating points that are used by individuals to signal a distinction between past or present, and some future state. Opponents of these opportunities are used to slice away present concerns, making a future, forward-looking orientation dominant. The application of an opportunity label to an event that is being discussed in a social context transforms an individual's and a collective's time focus from current to future. This type of transformation may be particularly critical when it implies turning attention away from a "bad" past or present, to an unknown, but positively-glossed future. As a punctuating device, an opportunity frame creates a type of clean slate that is collectively motivating, especially if it erases concern with a less successful past or present.

Bavelas (1973) and Weick (1979) suggest that the time frame embedded in a label for an event affects how we think about it. Weick's comparison of future perfect vs future thinking suggests that an opportunity frame will create a less detailed mapping of what the issue is and how it should be resolved than if one used an issue frame (e.g., problem) that implied one has or is currently dealing with the issue. The lack of detail and multiple end states implied by a future framing that accompanies an opportunity label may be an important reason for a group to use in order to overcome understanding or emotional barriers to change. Future perfect thinking which accompanies an opportunity frame gives individuals more degrees of freedom in thinking and acting on an issue—two outcomes that enhance individuals' willingness to invest scarce resources in an issue. Referring back to the Organization Studies Lab example, the opportunity frame applied to the Lab allows the department and school to consider multiple options for developing and supporting the Lab without...
forcing a complete understanding of what is actually being done and without assessing how committed people are to doing it. Phrased differently, an opportunity framing may help to accomplish the cognitive transitions that are necessary to move individuals and collectives forward in the change process (Isabella, 1990).

In sum, there are a variety of reasons that constructing and labeling issues as opportunities is important for organizations. The power behind opportunity framing is summarized in Figure 1. The figure describes the four major mechanisms through which an opportunity frame affects individual and collective behavior, two that are based on a psychological logic and two that depend on a more social-organizational logic.

**CONDITIONS FAVORING THE CONSTRUCTION OF OPPORTUNITIES**

An opportunity is an organizational issue that some members will agree is controllable, has potential gain associated with it, and is positive. These are not objective characteristics of opportunities, but rather are characteristics that persons typically associate with issues that have been legitimated as opportunities. Empirical research lends support to these shared characteristics of opportunities (e.g., Jackson & Dutton, 1988; Thomas & McDaniel 1990; Gooding, 1989). The question remains about what contextual conditions favor the construction of issues as controllable, positive, and/or as potential gains, with the likely result that issues construed this way are identified and acted upon as opportunities.

These sets of conditions are important in determining or destroying the construction of issues as opportunities. These sets of conditions can be represented as different levels of context, each embedded in the next, yet all affecting the probability that an issue will be construed as an opportunity. At the most micro-level, are a set of contextual conditions that refer to characteristics that describe a set of individuals interacting about a particular issue. These characteristics are called the issue context. Any issue context exists within a broader set of conditions that describe an organization. The organizational context sets constraints on how various issues will be construed by making different interpretations legitimate, by making different types of issue information available, and by motivating individuals to frame an issue in a particular way. Finally, the organizational context is embedded within a broader institutional context that refers to the characteristics shared by a set of interacting organizations. The construction of an issue as an opportunity is probabilistically related to how this set of nested conditions constrains or facilitates how individuals perceive an issue (Is it a gain? Is it controllable? Is it positive?) and whether or not these perceptions are seen as legitimate.
The making of organizational opportunities (e.g., a declining rate of regulation) in different geographical regions or in different industries are likely to frame an issue differently because of the set of normative and social understandings that are embedded in this extrinsic, organizational or institutional context. In fact, Schneider and DeMeyer (1991) have hypothesized and empirically demonstrated that the same strategic issue is interpreted differently by managers from different countries, suggesting that national culture is an important aspect of the institutional context. Thus, the final testing in considering the range of conditions that affect opportunity constructions is captured by the idea of an institutional context.

Implicit in the arguments developed below is an assumption that these contextual conditions affect opportunity construction through their effect on how individuals perceive issues and their motivation to and the feasibility of constructing an issue in a particular way. Thus, the nested set of contexts create different occasions, rewards, and information for constraining issues as opportunities. This nested set of contexts serve as constraints in the ecology of issue construction.

The Issue Context

In any organization, there are multiple issue contexts at any one point in time. An issue context describes the immediate conditions that surround the construction of an issue. These conditions can be compared in terms of the position and characteristics of issue sponsors and in terms of the publicness of the issue arena. Issue contexts vary along other dimensions as well. However, for the purposes here, we will focus on conditions that favor constructing organizational issues as opportunities.

Issue Sponsor

Issue sponsors are the individuals or groups who "go to bat" or argue the case that an issue is important. An issue sponsor is similar to an innovation champion (Chakrabarti, 1974; Howell and Haggin, 1990; Leonard-Barton & Krauss, 1987; Schon, 1971) or skilled entrepreneur (Walker, 1977) in that individuals in this role create or dissolve momentum for action on an issue. Issue sponsors vary in their level of personal attachment to an issue and in terms of their strategic position to affect others' opinions on the issue (e.g., their credibility [Lyles & Mitroff, 1980] and organizational authority [Pounds, 1960]). Both factors affect the probable success of any issue sponsor in convincing others that the issue is legitimate and should be allocated scarce attentional resources (Dutton, 1988a). The question remains as to what are the factors related to issue sponsorship that affect whether or not an issue can and will be constructed as an opportunity.
One proposition is that issues will be construed as opportunities when there are issue sponsors who, through interpersonal influence or structural location, help others to see the issue as resolvable or controllable. Some sponsors are able to get others to see issues as opportunities through their own interpersonal influence and ability to imbue events with a positive glow. This may be the quality that Waterman's (1987) was referring to when he described leaders in renewing companies as individuals who help us "find those cathedrals in what otherwise would be dismal issues and empty causes" (p. 283). The leadership quality that Waterman argues distinguishes renewing companies resembles the effects described from studies of transformational leaders. Studies of transformational leadership often describe such leaders as persons who make others feel and believe that they can do anything—creating a kind of aura (or others, that any issue is an opportunity (Bass, 1985; Burns, 1978). Thus, issues are likely to be construed as opportunities when they have individuals backing them who exhibit these transformational leader behaviors. Direct support for this idea is derived from a study of imagination champions for technological innovations. Howell and Higgins (1990) found that champions differed significantly from nonchampions in terms of personality characteristics and transformational leadership characteristics, which related systematically to the frequency and variety of influence tactics used to champion a new technology. These results support the idea that personality variables and influence style are factors in predicting the frequency of constructing opportunity issues in organizations.

Beyond personal attributes, issue sponsors who are more central in structural networks are better positioned to get others to see and believe that an issue is controllable. Walker's (1985) study of cognition in a computer software firm demonstrates that position in a task network matters for individuals' cognitions. Here the argument is that the ability to get others to see an issue is a particular way is also affected by network position. For example, middle managers who are part of a major intervention being conducted at the Ford Motor Company describe the importance of structural networks in getting others to see issues as opportunities (Spezziare, personal communication). A major objective for the intervention was to modify how these managers thought about their work, about the Ford culture and the Ford strategy. However, managers report back their frustrations arising from the difficulty in taking this new way of thinking (which involves identifying and convincing others of new opportunities) and implementing it back in their "old" job. Interestingly, managers have improved a type of intervention that is consistent with the linkage between issue sponsorship and opportunity construction being developed here. In response to the difficulties in getting others to see issues as opportunities, the Ford managers who participated in this intervention program have made efforts to build a network of contacts that supplements their formal positional network, thus enhancing their own structural position.

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In this case, the managers are acting to enhance their structural position which helps others to see how these opportunities are in fact "doable" and "resolvable." Their actions help to improve their political effectiveness which allows them to build successful coalitions that support their efforts to have others see their issues as opportunities. These efforts are consistent with studies of innovation where issue sponsors with power and structural clout were more successful as innovation champions (Kanter, 1988).

Issue Arena

Communication about organizational issues takes place in different arenas. An issue arena is "the social setting for discussion, decision and control of organizational mission and mandates, strategic issues and strategies to address them" (Bryson & Crosby, 1989, p 11) The arena in which an issue is discussed attaches rules to an issue that govern how the issue will subsequently be dealt with (in terms of what persons will be involved, how, when, etc.) and begins a process that either activates further interest in the issue or speeds it to an early death. An example of a public arena is a task force meeting or strategic planning meeting where what individuals say and do is visible to others. For example, issues that are surfaced and discussed in public arenas are more likely to be constructed as opportunities than issues that are raised in less public arenas.

Two arguments support this claim. Argument one rests on the idea that the opportunity frame has symbolic meaning within an organizational context Where issue sponsors are motivated to frame issues in ways that convey a positive, forward-looking and optimistic direction for the organization, an opportunity frame is a useful linguistic signal for these values. However, the symbolic value of an opportunity label has greater impact when the signals are made and used in public as opposed to private forums. A public arena has available to it a set of communication media that are themselves symbols which manifest core values, shared beliefs, or tacit understandings (Slikin, Sutcliffe, and Barrios-Choplin, 1992). The arena in which an issue is conveyed, just like a communication medium, is a symbol which adds or subtracts value to the meaning of a particular issue. For example, in a study of how the Port Authority of New York and New Jersey responded over time to the rising number of homeless patrons frequenting its facilities, the medium through which information about the issue was conveyed adding substantive clout to claims that the issue was important (Dutton & Dukerich, 1991). While the home base had been present for years before it became a "strategic" issue for the organization, the appearance of claims about the issue's importance in the context of business plans added significant weight to the more informal claims that issue was important (which had been made for years). Then, the arena in which an issue is raised, affects how individuals construct an issue,

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and whether or not other members will “buy” this construction. Where opportunity constructions represent signaling attempts on the part of issue sponsors and/or other organizational members, public, highly visible arenas are conducive to the construction of opportunities.

The second argument that public arenas facilitate the construction of opportunities is tied to the idea of commitment. Public arenas are places where talk about issues may result in more committed behavior (Sahmik, 1977; Weick, 1988). Where individuals get committed to taking action on issues through conversation in public arenas, individuals are motivated to construct these issues as opportunities (as opposed to alternative framings such as threat or problems) Opportunity framings suggest more degrees of freedom in the timing and type of action necessary to resolve the issue. Opportunity framings below the issue sponsor with desirable attributes (such as proactive, innovative, entrepreneurial). Together, these consequences motivate individuals to construct the issues as opportunities, particularly when the issues arise in public arenas. Thus, public arenas may commit individuals to the use of particular issue frames, as well as commit individuals to behaviors relevant to resolving the issue.

Successful issue sponsors are highly sensitive to the importance of raising issues in the appropriate arena at the appropriate time. Waterman (1987) notes this fact in his study of renewing companies. He uses the term issue broker instead of issue sponsor, but describes their role as one of making “sure the important issues get surfaced and someone is working on them” (p. 61). A significant step in successful issue brokering is surfacing issues in the appropriate arena.

The Organizational Context

The organizational context in which issues are constructed dramatically affects issue interpretations (Dutton and Dunn, 1987). An issue that is viewed as a threat in one organization may be viewed as an opportunity in another. The question becomes, what is it about some organizations that enhances the probability that an issue can and/or will be constructed as an opportunity? Theory and research suggests at least three organizational variables are important: (1) the organization’s information processing capacity; (2) the organization’s paradigm or theory of action; and (3) characteristics of the organization’s current agenda.

Information Processing Capacity

Organizations are distinctive from one another in their levels of information processing capacity. This capacity can be enhanced or decreased through processes such as participation and/or interpersonal interaction. According to

Thomas and McDaniel (1990), in organizations that have a greater level of information processing capacity, individuals have more “raw material” (use more data—more angles—more degrees of freedom) in constructing an issue as positive, a gain and/or controllable. Building on work by Salmik and Vertinsky (1984) and Bourgeois, McAllister, and Mitchell (1978), Thomas and McDaniel argue that in organizations with greater information processing capacity, there is less pressure to monitor environmental changes that indicate losses, and more emphasis on identifying positive developments. With greater information processing capacity, decision makers can cope more effectively with environmental uncertainty and respond more productively to stress. Both of these arguments suggest that opportunities are more easily constructed in organizations with greater information processing capacity because the data needed to support an opportunity claim is simply more available or easier to obtain, and because conditions that foster stress and the detection of threats are less severe.

Thomas and McDaniel (1990) directly tested whether the information processing capacity of a top management team is related to how controllable, how positive, and how much an issue would be interpreted as a gain. Their results, based on a sample of hospital administrators, support the hypothesis that decision makers in organizational contexts that have greater information processing capacity will construct issues as opportunities more often or more easily than decision makers in organizations with less participation in decision making, less interaction or more formalization. However, their study did not control for the possible confound of organizational performance and it does not allow one to discern the mechanism through which such interpretive differences were created.

Organizational Paradigm

An organization’s paradigm constrains how individuals in an organization apply meaning to and legitimate organizational issues. An organizational paradigm refers to the “set of beliefs about the organization and the way it is or should be” (Johnson, 1988). The idea that organizations have paradigms or collective belief structures is a common assumption in organizational theory (Beyer, 1981; Walsh, 1989) and strategic management (e.g., Huff, 1982). As used here, the idea of organizational paradigm is very general and includes shared beliefs about what works the organization is operating in and how it operates in the market (strategy), assumptions about the environment (including intrusiveness and perceived levels of analyzability [Dahl & Weick, 1984]), and more general beliefs about the distinctive attributes of the organization (e.g., organizational identity [Albert & Whetten, 1985]).

While organizational information processing capacity furnishes raw material for issue construction, the organization’s paradigm provides the ideas, world-
views, cause maps or metaphors that are used to bracket, interpret and legitimate issues (Weick, 1979). Opportunities are more likely to be constructed in organizations with particular paradigms for two reasons. The first is an argument that links the structure of the paradigm to opportunity construction. The second links the context of the paradigm to constructing opportunities.

Where an organization’s paradigm is diverse or beliefs are complex (or knowledge structure is differentiated), the usual argument is that there is greater information variety and a broader stock of interpretations from which to draw, generating more knowledge and a broader range of issues. Using this logic, when an organizational paradigm is diverse, the construction of opportunities (as well as threats) is more likely merely because a bigger population of issues are routinely identified. Alternatively, one might argue that the broader range of values associated with a more pluralist paradigm tolerates a broader range of justifications for why and how an issue can be seen as positive, a gain and/or controllable. Where these attributes are salient, an issue is more easily construed as an opportunity (Jackson & Dutton, 1988)

The context of an organization’s paradigm can also be linked to the way that issues are constructed. The content of the paradigm refers to the actual substance of the values embedded in the paradigm. Where the paradigm’s substance is it promotes entrepreneurship, innovation and change, individuals would be motivated to construct issues as opportunities, and to reward others for doing the same. A recent article about CEO’s attempts to institutionalize a paradigm that favors creativity described the rewards and policies in place to encourage researchers to market opportunities throughout the firm (Naj, 1990). In addition, strategies that embody this content would tend to filter in similar information and filter out discrepant information, making the raw material for constructing opportunities more available (Huff, 1982; Thomas & McDaniel, 1990).

Empirical support for the relationship between an organization’s paradigm (as operationalized as strategy, ideology and identity) and issue construction is mixed. Miliken (1990) found that hospital administrators pursuing a domain offense strategy interpreted issues as more controllable than administrators in hospitals pursuing a domain defense strategy, but they found no relationship between strategy and how positive or the level of gain potential seen in an issue. Meyer (1982) provides indirect evidence that the hospitals’ ideology (or as the terms used here, paradigm), particularly in terms of its level of pluralism and emphasis on entrepreneurship, was related to constructing the environmental jolt as an opportunity, and as leading to desirable outcomes such as minimization of lost revenues and lost occupancy. Miliken (1990) found modest support (p < .08) for the idea that strength of perceived institutional identity increased college administrators’ perceptions that they could respond to a demographic trend (thus increasing the case of constructing this change as an opportunity). It appears that there is accumulating evidence

that the organization’s paradigm matters for how issues are constructed, but more work is needed to develop the theoretical tie that links the content and structure of organizational paradigm to opportunity construction.

Current Agenda

Whether or not a new issue will consume scarce attentional resources depends on the set of issues that have already been legitimated in the organization. This idea is captured in the assertion that the framing of organizational issues depends on characteristics of the current issue array (Dutton & Duncan, 1987b) or the current agenda structure (Dutton, 1988). In particular, two characteristics of an organization’s agenda structure are likely to affect whether or not an issue will be constructed as an opportunity. The first is the size of the agenda, which reflects the structural capacity or the number of issues an organization can deal with at any particular point in time. Agenda size is very similar to the idea of an organization’s attentional load from the garbage can theories of choice (March & Olsen, 1976) or the idea that public institutions have limited carrying capacities from theories of social problems [e.g., Hilgartner & Bosk, 1988]. The agenda size for any organization is limited, making entry of new issues onto the agenda (or their capacity to draw attentional resources) dependent on the attentional consumption of issues that have already been legitimated.

An organization’s agenda size or capacity can encourage or discourage the construction of issues as opportunities. When an organization’s agenda size is large, there is greater attentional slack which can be devoted to opportunities. Research on organizational problem recognition and decision making repeatedly shows the relatively disproportionate amount of attention that is paid to issues that represent problems (e.g., Lyles & Mitroff, 1980; Mintzberg et al., 1976; Nutt, 1984). It seems problems, or issues that represent losses of some sort, represent issue frames that are more easily justified in organizations than alternative frames such as opportunities. As a result, organizations in which there is greater agenda capacity, or in which there is space protection for the consideration of issues framed as opportunities, create a structural context in which the construction of legitimated opportunities is more feasible and subtly encouraged.

The second way that the organization’s current agenda affects the construction of opportunities is in terms of the agenda’s content. The substance of the current agenda acts as a type of cognitive orienting device and political interest builder that can enhance or depress the ease of constructing issues as opportunities. For example, new technological developments by outside competitors are likely to be constructed as opportunities by interested decision makers if there are other technological issues legitimated as opportunities already on the agenda. Previously legitimated issues serve as examples,
analogues and/or points of cognitive connection that allow an issue sponsor to get others to "see" an issue in a particular light. In addition, if a new issue fits with the purposes and logic of other agenda items, it may be easier to see that the issue is controllable or as representing a potential gain. Not only is it easier to get others to see an issue as an opportunity if other opportunities have already been legitimated, but already legitimated issues have a political support base that issue sponsors can tap and mobilize for legitimating claims that this new development also represents an opportunity.

While isolating these sets of variables that make opportunity construction more likely in some organizations than in others is useful at some level, it underestimates the subtlety of the processual differences that underlie these broader characteristics. Besides understandings of the role of process, this type of argument focuses on bivariate patterns, ignoring the gestalt or configuration of organizational variables that account for meaning creation in organizations. For example, the conditions that give rise to opportunity constructions may involve the simultaneous presence of a large agenda, a diverse and innovation-valuing paradigm, as well as a structure with great information processing capacity. When these conditions are present, the organizational context may be ripe for the issue context variables (publicness of the issue arena or characteristics of issue sponsors) to nurture the construction of opportunities. If we think only of bivariate associations between characteristics of the issue or organizational contexts and the probability of opportunity construction, we may miss the more complex, and interactive forces at work which create a sustainable issue construct.

The Institutional Context

Support and interest in organizational issues is facilitated, constrained, or sustained by the institutional or larger environmental context in which the issues arise. Just as issues rise and fall in organizations, this process occurs within the context of the rise and fall of broader, societal issues. This claim draws support from sociologists who study the rise and fall of social problems (e.g., Hilgartner & Bosk, 1988; Schneider, 1985; Spector & Kituse, 1987). Like the perspective developed here, a central claim of social problem theorists is that "social problems are the product of a collective definition" (Blumer, 1971, p. 298).

The definition of institutional context builds on the idea of organizational field. The term institutional context refers to the set of norms, values, beliefs, rules and procedures that are common to member of an organizational field. An organizational field is a set of organizations that constitute "a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organizations that produce similar services or products" (DiMaggio & Powell, 1983, p. 148). The term institutional context is also similar in Pettigrew's (1987) idea of outer context which he defines as the "social, economic and competitive environment in which the firm operates" (p. 657). The institutional context matters for issue construction for two reasons: (1) it provides the beliefs or legitimating books for issue sponsors operating within these contexts; and (2) it affects the pacing and rhythm of new issue introductions (Hilgartner and Bosk, 1988). For example, media coverage of the 1986 drug crisis facilitated claims-making about making drug testing a viable organizational issue (Staudenweber, 1989). Another example comes from the tracking of the emergence of homelessness as a national issue and its effect on organizational action. Stern (1984) documents the significant role that the publication of two books on homelessness had on focusing public attention on this issue (Ann Marie Roumeau's Shopping Bag Ladies and Ellen Baxter and Kim Hopper's book Private Lives Public Spaces). These books were published at the same time that the Port Authority of New York and New Jersey (the PA) was struggling with the rising number of homeless persons spending time in PA facilities. With the rise in public attention to this issue, it became much easier for PA facility managers to get top management to see homelessness as a strategic issue for the PA (Dutton & Dikerich, 1991). In both examples, issues that were legitimated in the institutional context affected the framing of organizational issues. Legitimated societal issues provide valuable books that issue sponsors can use to hang organizational issues which they wish others to recognize and support. For example, as "national competitiveness in an era of global competition" is legitimated as a national issue, this broad institutional issue provides a logic and focus for legitimating a wide range of organizational issues. For instance, issues as disparate as child care benefits for employees, the need for computer networking, and concern over appropriate dividend rates can all be argued as opportunities to "enhance a firm or industry's competitiveness in an era of rising global competition." Thus, legitimated societal issues facilitate the process of getting organizational members to view an issue as an opportunity, allowing for broader political support base for an issue so that others will sit on an opportunity construction. The framing of opportunity issues will be more abundant in dynamic institutional contexts. In a dynamic institutional context, decision makers have a richer and more varied set of institutional values to use as leverage points for claiming that some issue is important, potentially controllable, positive, and holds promise of some gain than individuals in more stable institutional environments. Using this logic, one might assume that as the rate of political, economic, and social change increases as contexts expand globally, conditions are ripe for opportunity construction. These changes introduce a new and variable set of values for justifying the positive and controllable aspects of an issue. These claims become less disputable and more believable, when
individuals in many organizations do not know what to expect from the future. Uncertainty and equivocality abound, encouraging managers to use symbolic signals to assert that "everything is under control." Opportunity constructions are one way that managers in organizations in a turbulent environment can signal that "everything is normal" and that the future promises gain. Without the use of an opportunity construct, conditions of uncertainty may induce the framing of issues as threats. For example, Jackson and Dutton (1988) found that managers perceived ambiguous issues as threats unless there was strong evidence that both disconfirmed that an issue was a threat and confirmed that an issue was an opportunity. Thus, while the institutional context may create or uncertainty that facilitates the creation of issues, whether or not the issues are ultimately construed as an opportunity or threat, may depend on the prominent features of the issue-level and organizational-level contexts. When the institutional context is uncertain, the presence of powerful issue sponsors who are centrally located in organizing structures, with charismatic-like personalities may be particularly important for constructing ambiguous issues as opportunities. Alternatively, in dynamic institutional contexts, where more issues are apparent then in static contexts, the existence of an organizational paradigm, an information processing capacity or a current agenda that favors the construction of opportunities may be particularly important in transforming ambiguous issues into opportunities.

In addition, environmental uncertainty may instrumentally facilitate the noticing of opportunities, contributing to success in the entrepreneurial process. "Environmental turbulence acts to distort information, and thus facilitates the fragmentation of knowledge" (Ansoff, 1979). This can be beneficial to the entrepreneurial process because increased distortions provide opportunities that allow entrepreneurs to more easily notice discrepancies in the marketplace" (Butler, 1991, p. 20). Meyer, Brooks, and Ores (1990) note a similar effect for organizations operating in industries that are undergoing discontinuous change. Based on their research on California hospitals in the 1980s, they argue that discontinuous environmental changes "create opportunities for entrepreneurs to redeline the visible niches and opening ecological space for new strategies and structural forms." As the same time, these authors warn that discontinuous changes that create these opportunities are often difficult for managers to understand, so organizational action often precedes managerial comprehension.

A similar conclusion that change and dynamism in institutional contexts facilitate the discovery of opportunities is available from studies of organizational foundations. For example, Delacroix and Carroll (1983) report that political turmoil at the national level freed up new resources and fueled the foundings of new papers. Whaley and Brittain (1986) review the stream of population ecology studies which suggest that environmental change and the resource and information conditions that they imply, lie importantly so

Figure 2. Conditions Favoring the Construction of Opportunities in Organizations
entrepreneurs' desire and capability for locating and capitalizing on environmental opportunities.

A summary of the contextual conditions that favor the construction of opportunities is contained in Figure 2. At the center of the nested conditions is a probabilistic outcome: whether or not an issue will be constructed as an opportunity. Each of the contexts—issue, organizational, and institutional—contains conditions that enhance or depress the likelihood of this outcome. The arrows in the figure represent the forces in each context that are hypothesized to increase the probability of opportunity construction. The arguments discussed thus far suggest a number of testable propositions that are depicted in the Figure. These propositions are listed in Table 1.

Table 1. Propositions that Link Context to the Construction of Opportunities

Issues are more likely to be constructed as opportunities when:

1. Issue sponsors have characteristics similar to transformational leaders.
2. Issue sponsors are located centrally in organizational networks.
3. Issue sponsors have positional authority.
4. Issue sponsors sell the issue in a public versus private arena.
5. The organization contains greater amounts of information processing capacity.
6. The organizational paradigm is diverse.
7. The organizational paradigm contains values that support entrepreneurship, innovation or change.
8. The organization has an attentional stock acquired either by fewer issues making claims on decision makers' attention or greater attentional capacity (greater agenda size) (Dutton & Dwan, 1987).
9. The organization has other opportunity issues on the agenda.
10. The institutional context is dynamic.

CONCLUSION AND IMPLICATIONS

This paper began with the assumption that issue interpretation matters for organizational change. It contains two major assertions with respect to constructing opportunities. First is the idea that seeing and legitimating issues as opportunities has definite psychological consequences for individuals. For individuals, the successful construction of an issue as an opportunity is positive in terms of coloring the way individuals see the issue and their relationship to it (the positive glow effect), suppressing the potentially damaging threat effects, and imbuing the issue with the right amount of strategic ambiguity that gives individuals more degrees of freedom in resolving the issue. At the same time, the successful application of the opportunity frame to an issue has distinctive organizational consequences. The use of an opportunity construction signals proactiveness and innovativeness and, at the same time, the use of an opportunity construction reframes collective effort from past and present toward the future. If we consider the positive psychological and organizational consequences that follow the construction of opportunities, they help to explain the "real world" observations that renewing companies use abundant optimism (Tichy & Devanna, 1986) or informed opportunism (Waterman, 1987) to motivate action in organizations. Tichy and Devanna (1986) and Waterman (1987) may have captured organizational settings in which the issue, organizational, and institutional contexts work together to create conditions that nurture and legitimate the continuous construction of opportunities, with the attendant positive consequences that follow.

The second idea is that opportunities are made or constructed more easily and more often when the context both motivates individuals to see an issue with this frame (and to get others to see an issue this way) and when such constructions are feasible or reasonable. Thus, the contexts in which issues are embedded create the degrees of freedom that members have in constructing an issue as an opportunity. Thus, the three levels of context create the conditions that nurture or destroy the motivation and feasibility of opportunity construction. This view of how issues are interpreted suggests several important implications.

One theoretical implication from this perspective is that issue framing and legitimation have a largely emergent quality. An emergent view of issue interpretation highlights the time dependence and sequencing of events, information, and participants involved in issue framing. Kingdon (1984) has noted a similar effect for agenda setting in the public policy arena. He identifies three streams of processes that interact to create policy windows—"opportunities for pushing pet proposals or conceptions" (p. 20). This idea is evident in how the issue, organizational and institutional contexts create "windows" for opportunity framing that drive issue sponsors (similar to Waterman's term issue brokers) in organizations take advantage of. However,
because these windows are jointly created through the collective interplay of forces operating at the issue, organizational and institutional levels, the pattern of issue framing that is created in an organization has a stochastic, random look to it—a look that matches descriptions of process captured in metaphors like garbage can (Cohen, March, & Olsen, 1972), gardens (Mintzberg & McHugh, 1985), and architects assembling components of a building (Dean, 1987). Such a process of issue construction has patterns of intentional activity in it—however, these activities and interpretations are swayed, molded and moved by the changing field of nested contexts.

The emergent nature of issue construction which is shaped by changing conditions in three levels of context was illustrated by the findings cited earlier of a study of how the PA interpreted and responded to the issue of homelessness over a ten-year time period (Dutton & Duinkerch, 1991). Interest in the homelessness issue blossomed and died as new issue advocates made claims about the issue (changes in the issue context). The interpretation of the issue changed radically as it affected different components of the organization's identity. For example, when homeless persons were present at the PA's flagship facility, it touched the "heart and soul" of the organization. The organization's identity, as part of the organization's paradigm, helped individuals to see and face the impact of the issue. The interpretation of the issue changed accordingly—from seeing it as a police and security issue to a significant corporate and regional issue, which was tied to the New York region's future viability. Finally, changes in the institutional context, in particular, in the level of media attention paid to the regional homelessness issue and to the PA's actions, in particular, affected how PA members interpreted the issue (giving the interpretation a moral component), and ultimately helped to shape how the organization responded over time. Thus, only by understanding how the complex web of nested contexts activate and motivate the construction of issues in organizations, can we understand how issue interpretations relate to action over time.

An emergent view of meaning creation around issues stands in contrast to most top-down views of how organizational issues are interpreted. The top-down view asserts that it is the upper echelon's or dominant coalitions' interpretations that matter for explaining the link between interpretation and patterns of organizational action (e.g., Daft & Weick, 1984; Dutton & Jackson, 1987; Schwenk, 1984). Such a view, however, has not explained where the interpretations of those in power come from, nor has it adequately linked the content of these interpretations to individual-level behavior. However, by focusing on the construction of issues as both an individual and social process, one can begin to see how decision makers' views of issues are affected by the motivated efforts of others, directed toward shaping how an issue is constructed. In addition, one is reminded of the sensitivity of these claims to the nature of the context.

The Making of Organizational Opportunities

The perspective outlined in this paper supports a contextual approach to decision and change processes in organizations (Pettingrew, 1988). Based on the analysis of conditions that favor the construction of issues as opportunities, this paper agrees with Gibbons, Allenby, and Fleischer's (1991) conclusion (based on a comparative case study of corporate entrepreneurship), that "objective contextual conditions in the organization's environment impact the decision making process through enabling alternative frame to be legitimated" (p. 21). I add to their conclusion that it is the set of nested contextual conditions that are embodied at the issue, organizational, and environmental-institutional levels that collectively create the conditions in which alternative frames for an issue are legitimated. In addition, the paper identifies particular characteristics of these contexts that make more probable the construction of opportunities. The work of these researchers reminds us that this framework has direct relevance to understanding both innovation and restructuring processes in organizations.

The arguments that link characteristics of the issue, organizational, and institutional contexts to opportunity construction lead to several implications for managing change and renewal in organizations. At a most basic level, the framework urges organizational decision makers to be sensitive to the conditions that motivate individuals to construct issues as opportunities as opposed to alternative issue frames. For example, it suggests that individuals' positions (e.g., their centrality) and personal attributes (e.g., transformational leadership qualities) equip them to construe and get others to believe that issues represent organizational opportunities. Thus, the management of issue sponsors and their exposure and attachment to issues is a practical concern for the management of change. It further suggests that the organization's information processing capacity and the structure and context of organizational beliefs are important facilitators or inhibitors to change through their linkages to the motivation and feasibility of selling issues as opportunities in organizations. Thus, the management of the organizational context is pivotal for creating or destroying the conditions in which individuals can see and are motivated to act on issues as opportunities. By shaping the organizational context, decision makers mold the momentum for change by managing the conditions for meaning creation around issues. Finally, the view encourages decision makers to consider the conditions present in the larger institutional context that create images, information and other resources which help individuals see and believe that organizational issues represent opportunities.

Thus, decision makers must consider how the institutions context affects or rels potential issue sponsors of the resources necessary to successfully create opportunity issues.

The view proposed in this paper echoes the voices of previous strategy researchers who suggest that renewal and change depend on managing the context in which processes unfold (e.g., Bower, 1970; Burgelman, 1983). As
The Making of Organizational Opportunities


ABSTRACT

Recent research on organizational impression management has emphasized that leaders are held responsible not only for managing organizational actions, they are also expected to explain and make sense of those actions. When events occur that threaten an organization’s image, for example, members of the organizational audience routinely turn to the organization’s top management for explanations of such events. As guardians and promoters of the organization’s image, it is their job to provide explanations or interpretations that minimize damage to the organization and its leadership. Much theory and research has addressed the kinds of strategies used by top management to maintain and protect organizational images. But little attention has been paid to the role the organizational audience plays in shaping the impression management process.

This paper proposes that impression management is a reciprocal influence process that entails cycles of negotiation between top management and segment of the organization’s audience. We present a conceptual framework that identifies the major elements and phases of this interactive process. We then identify implications of the framework and suggest how it contributes to theory on organizational impression management.