

CHAPTER 7

Understanding Strategic Agenda Building and its Implications for Managing Change

JANE E. DUTTON

Three questions motivate the model presented in this chapter: (1) Why in an organization do some strategic issues (i.e. emerging developments, trends or concerns perceived as affecting achievement of the organization's objectives (Ansoff, 1980; King, 1982)) receive attention, while others do not? (2) What makes different organizations attend to different strategic issues? (3) What are the implications of the answers to these questions for managing organizational change? Attention to strategic issues is the first step in the interpretive process through which action initiatives are launched (Daft and Weick, 1984; Keisler and Sproull, 1982). Thus by understanding how issues gain attention in organizations new insights emerge about organizational change.

The process of attention allocation to strategic issues is conceptualized as an agenda-building process. By understanding this process and its likely outcomes, individuals can manage it to their advantage. For example, facilitating or constraining issues from reaching an organization's agenda is a powerful tactic for initiating or preventing certain change initiatives. Thus, by understanding agenda building one can manage the ambiguity of problem setting in organizations (Metcalf, 1981).

Agenda building refers to the process through which strategic issues gain decision-makers' attention and are legitimated in the organization. Through a series of agenda-building episodes, a *strategic agenda* is built. The strategic agenda or issue portfolio (Huff and Pondy, 1983) refers to the set of strategic issues receiving collective attention in the organization. Collective attention is defined as the allocation of information-processing capacity and resources to an issue (Simon, 1971). Evidence that allocation has occurred includes: the naming of the issue, a commitment of managerial time, collection of information about the issue, etc. An agenda issue is collective in the sense that individuals are able to converse about the issue, i.e. there is some consensus about its existence.

This chapter presents a model of agenda building based on the conditions influencing attention allocation to strategic issues. The term agenda building is used instead of agenda setting to highlight that the agenda is not dictated by top-level decision-makers. Instead, the agenda is the product of forces at multiple levels of the organization that consciously or subconsciously work to make an issue consensual, legitimate and resource-consuming. In this way the agenda-building process is consistent with

models of strategic change emphasizing its multilevel character (Bower, 1972; Burgelman, 1983).

Strategic issues are ambiguous, complex and potentially important (Dutton, Fahey and Narayanan, 1983), distinguishing them, in a relative sense, from more specific, less consequential, operational issues. The issues are strategic in the sense of being perceived by decision-makers as potentially related in some way to organizational goals and resource allocations necessary to achieve these goals (Chandler, 1962). So, for example, concerns such as 'What should be done about political developments in South Africa?' are strategic issues for organizations that are currently doing or considering business in this region.

Although the agenda-building model can be readily adapted to describe functional and business level agendas, the focus in this chapter is on the corporate level. The model is consistent with a strategic choice view of organizations depicting top-level decision-makers as consequential in determining organizational action (Child, 1972). This perspective supports recent arguments that a relatively small number of persons at top levels of organizations play a major role in interpretation processes and organizational action (Daft and Weick, 1984; Hambrick and Mason, 1984).

AGENDA BUILDING AND THE ALLOCATION OF ATTENTION

The agenda-building view builds on insights from theoretical treatments of attention allocation to issues generated from a diverse set of literatures. For example, economists have argued that attention, in the form of allocation of information-processing capacity and resources to an issue (March and Olsen, 1976; Simon, 1971), is determined by the costliness of the issue (Radner, 1975; Radner and Rothschild, 1975; Winter, 1981). However, this literature is limited as the most extensive research has been done on optimizing decisions once attention has been allocated.

In contrast, psychologists have adopted a view of attention allocation which considers characteristics of the perceiver (e.g. their schema in memory: Taylor and Crocker, 1980) and characteristics of the stimulus (e.g. an issue's vividness) in determining individual attention allocation. In the words of one psychologist, the allocation of attention is seen as a joint product of both theory-driven and data-driven forces (Norman, 1976).

Decision-making theorists have also considered attention allocation to issues, although typically this phase of the decision process has been ignored (Mintzberg, Raisinghini and Theoret, 1976). While recent work has explored issue formulation and diagnosis (Dutton, Fahey and Narayanan, 1983; Lyles and Mitroff, 1980), these models do not treat the question of how issues first gain decision-makers' attention. With the exception of advocates of the garbage can model of decision-making (Cohen, March and Olsen, 1972; March and Olsen, 1976), decision-making theorists, like economists, have generally assumed that rational criteria such as issue cost determine attention allocation.

The agenda-building view departs from these conceptions through its recognition that some issues are more socially acceptable to attend to than others, i.e. there are legitimacy forces which constrain attention allocation to some issues. Norms and beliefs in organizations include and exclude some issues from public consideration and support, making the process a social and political as well as a psychological event.

Further, the agenda-building view highlights the interdependence that exists between attentional events. Attention to one issue is related to others through both cognitive and political links. These ties are expressed in the model by arguing that inclusion of any strategic issue on the agenda is affected by the set of issues already under consideration.

Together these two points pave the way for a distinctive and more encompassing view of attention allocation to strategic issues. The model is built and explored in three steps. Part 1 describes the issue-specific context and its relationship to whether or not a strategic issue becomes an agenda item. This discussion provides answers to the first question, i.e. what is it about particular strategic issues that captures decision-makers' attention? Part 2 attempts to answer the second question concerning how different organizations respond to the same strategic issue. This question is answered by describing how the organization context systematically influences the issue-specific context. Part 3 addresses the third question in a discussion of the practical implications of an agenda-building view. Particular attention is paid to the tactics decision-makers can employ to manage the ambiguity of problem setting by manipulating the issue-specific context.

AN AGENDA-BUILDING MODEL

The agenda-building process highlights the effort and resources that individuals expend to have an issue made a strategic agenda item. These processes of agenda building may be formalized, i.e. some organizations employ strategic issue management systems to identify and legitimate a subset of potential strategic issues for further consideration (Brown, 1981). In other organizations, the process may be informal and implicit—with no clearly identifiable system for generating the set of strategic agenda issues. However, whether the organization employs a formal or informal agenda-building process, the assumption of this chapter is that all organizations attend to a limited issue set. This set of issues is the agenda—a structure that limits and orders an array of issues for top-level decision-makers in organizations. By focusing on the process by which this issue set is created, new insights into the process of strategy formulation and change are gained.

The agenda-building model proceeds from the fundamental proposition that an issue is placed on the strategic agenda when individuals are aware of the issue (issue exposure) and/or those persons who are aware of the issue are involved with the issue (issue interest). Involvement in an issue is indicated by the amount of personal resources (e.g. time or effort) a single or multiple individuals are willing to expend on an issue. In essence, this proposition suggests that there is a relationship between the forces

to convince proponents of its potential relevance. Issues representing future opportunities such as 'How can we capitalize on changes in new markets?' are often too abstractly defined to capture the interest of decision-makers (Dutton, 1987). In these cases it is difficult to incite interest as potential sponsors see the issue as irrelevant or unresolvable.

Strategic issues that are too complex may suffer the same fate as issues that are too abstract. The simplicity of an issue—the number of different concerns embedded in an issue and their level of technical sophistication—contributes to how easily an issue can be understood. For example, if an issue is very technically defined, organizational members may find it difficult to comprehend. Where understanding is a necessary precondition for interest, issue complexity may mar the chances of agenda inclusion.

Finally, the time pressure associated with an issue increases the level of issue interest. While time pressure or immediacy restricts the opportunity for gaining wide issue exposure as decision-makers are compelled to take action quickly on these issue types (Bolland, 1979), the issue's immediacy intensifies any one person's willingness to expend resources on it. So, for example, an immediate crisis such as a labor strike in a single plant of a multiplant company is more likely to gain agenda status than a demographic shift in the population that threatens an organization's long-term labor supply. Although the latter issue is potentially more consequential for an organization's long-run viability, it is likely to consume less collective attention than the more immediate strike issue. This hypothesis gains further support from studies of organizational and group responses to crisis. Consistently these studies have shown that the perception of time pressure is critical for inferring that an event is a crisis (e.g. Billings, Milburn and Schaalman, 1980; Hermann, 1963).

Any particular issue varies in how important, abstract, simple, and immediate it is perceived to be. Perceptions of issue characteristics change as new information and new interests define the issue in a different light, making it appear more or less appropriate for agenda inclusion. The subjective nature of issue characteristics contributes to the fluidity of an issue's definition over time. In other words, one would expect the meaning and significance of issues to change over time. The subjectivity of issue dimensions suggests that the definition of an issue becomes the target for debate and manipulation by organizational decision-makers.

Control over how the issues of conflict are defined means control over the choice of battlefields upon which conflict will take place. A group will always select a battlefield that gives it an advantage in terms of potential support. (Cobb and Elder, 1972, p. 102)

The activation of interests over the definition of strategic issues politicizes the process of strategic agenda building.

Issue sponsors

Control over an issue's definition is important to issue sponsors—individuals who have a personal stake in making a strategic issue an agenda item. Sponsors play a major

role in building the organization's agenda. Whether acting autonomously or as members of a coalition, they latch onto issues (March and Olsen, 1976) and mobilize interest and spread awareness about an issue. In the words of Walker (1977), certain individuals become 'skillful entrepreneurs' in orchestrating an issue's agenda status. Cobb and Elder (1972) have applied the label 'guardians of the formal agenda' to individuals who play this same role. Their role is not unlike the role of innovation champions who advocate the adoption of new technologies (Chakrabarti, 1974). The key point from the perspective of agenda building is to understand that certain individuals become attached to strategic issues. These sponsors help to intensify interest or to gain issue exposure, translating a concern into action by its placement on the agenda. Several researchers (e.g. Bower, 1972; Burgelman, 1983; Mazzolini, 1981; Quinn, 1980) have documented the role of sponsors in initiating the strategy-reformulation process. The importance of issue sponsors to the agenda-building process explicitly recognizes the political underpinnings of the change process.

Issue sponsors vary in their degree of attachment to an issue. Some persons become committed to 'pet issues' which they advocate for consideration. Where an individual is strongly personally committed to an issue, the issue stands a higher chance of agenda entry merely because the individual works harder to increase awareness of the issue's existence. These efforts, however, are likely to be more successful if the sponsor is strategically located and has personal credibility.

Issue sponsors are more effective when their strategic location gives them the clout to influence decision-makers' opinions about an issue. Individuals gain greater power when they are central, nonsubstitutable and cope with uncertainty for the organization in some way (Hickson *et al.*, 1971). Individuals with this type of power are likely to be more successful in generating consensus that an issue is a broadly recognized one and of high interest, i.e. a legitimate concern. A successful sponsor of an agenda item capitalizes on an opportunity created by some triggering event (e.g. an unanticipated event in the environment, a change in availability of key resources, Cobb and Elder, 1972) and catapults an issue onto the agenda.

Success in doing this task is enhanced by a sponsor's credibility (Lyles and Mitroff, 1980) and authority in the organization (Pounds, 1969). Credibility and authority are usually associated with the strategic position of an issue sponsor. They enhance the sponsor's jurisdiction over an issue domain and increase the successful promotion of an issue on to or off the strategic agenda (McCall, Kaplan and Gerlach, 1982). In addition, the strategic location of an issue sponsor gives this person heightened visibility. Where the sponsor and his/her coalition have greater visibility, the issue gains exposure (Stevenson, Pearce and Porter, 1985) and has a higher probability of agenda status (Kingdon, 1984).

Issue sponsorship and issue salience, although treated independently for discussion purposes, are in reality likely to be closely related to one another. So, for example, one would expect issues that are strongly promoted through active sponsorship to be viewed as higher in magnitude, more abstract, simpler, and more immediate. The mere act of issue sponsorship is likely to alter decision-makers' perceptions of issue

characteristics. Similarly, one might argue that issues with certain perceived characteristics (i.e. ones that are obviously of great magnitude and immediacy) may attract issue sponsors more readily than less consequential, less urgent issues. Potential issue sponsors are attracted to these sorts of issues as they know their chances of successfully drawing attention, i.e. resources, to these issue types are higher. Thus, issue sponsorship and issue salience jointly and interactively determine the level of interest and exposure directed towards an issue. However, both of these effects are dependent on the number and variety of issues currently receiving attention in the organization, i.e. the agenda structure.

Agenda structure

The entry of a new issue onto the strategic agenda is facilitated or constrained by the form or structure of the organization's agenda at the time an issue is being initiated. One can conceptualize the agenda as an issue array containing a limited number and variety of issues at any one point in time (Dutton and Duncan, 1987). For some organizations this array is very large, containing a wide range of distinctly different types of strategic issues. In other organizations the set of legitimate strategic issues may be very narrow, with only limited diversity.

The size of the strategic agenda represents its capacity limits. If the agenda is large—for example many items are considered legitimate items of concern—then the introduction of a new issue is unlikely to exceed the agenda's capacity limits. If, however, the agenda is restricted in size—i.e. decision-makers consider only a limited array of issues as legitimate concerns—then the introduction of any one new item is potentially very significant. With a smaller size agenda, the level of interest and exposure must be higher (than with a large agenda) to warrant the allocation of scarce attentional resources. As a result, any new strategic issues are scrutinized more closely, reducing the probability of agenda placement.

The same argument applies to understanding how a varied strategic agenda is more permeable than an agenda with limited variety. If a varied agenda exists, any new agenda item has an easier time gaining exposure or interest. Issues which are similar to issues encountered in the past gain broader exposure and deeper interest within a shorter period of time as they are easier to understand. Where an organization has devoted resources to a wide range of issues in the past, for any new potential issue there are multiple bases for understanding it, increasing the possibility of agenda entry. This argument gains support from studies of agenda building in Congress. Researchers have documented how the simple inclusion of one item on the agenda, e.g. a safety and health issue, increases the probability that other safety-related issues will be considered in the future (Walker, 1977).

Any time a new issue reaches the agenda it modifies the agenda structure operating during the next agenda-building episode. Suppose an organization legitimates concern over a new industry entrant through its inclusion on the strategic agenda. As part of the new agenda structure this issue will influence the probability of agenda placement

for the next issue. Thus the process of agenda building is dynamic over time, making each new episode contingent on the past. This means that by altering the agenda structure an issue sponsor can play a major role in the attention top decision-makers allocate to future strategic issues. By advocating a significantly novel strategic issue and gaining exposure and interest sufficient for agenda inclusion, an issue sponsor can alter an agenda's variety. Consequently, any new issue will be affected by the new agenda structure—extending a sponsor's impact far beyond the issue he or she originally promoted.

The structure of the strategic agenda, and the constraining or facilitating role it plays in the admission of new items, emphasizes that incorporation of a new issue cannot be understood apart from the array of concerns that the organization has already faced. Old agenda items limit or extend the agenda's capacity and bases for understanding, thus playing a critical role in the incorporation of new items.

An agenda-building episode builds issue interest and exposure, resulting in its inclusion or exclusion from the strategic agenda. The arguments linking the perceived characteristics of the issue, sponsorship and agenda structure to agenda placement are summarized in hypothesis form in Table 1.

Table 1. Hypotheses linking the issue context to agenda placement

-
- (1) The greater the perceived magnitude of a strategic issue, the greater the probability of agenda placement
 - (2) The greater the abstractness of an issue, the greater the probability of agenda placement
 - (3) The less perceived complexity of an issue, the greater the probability of agenda placement
 - (4) The greater the immediacy of an issue, the greater the probability of agenda placement
 - (5) The greater the power of an issue sponsor, the greater the probability of agenda placement
 - (6) The greater the sponsor's personal attachment to an issue, the greater the probability of agenda placement
 - (7) The greater the size of the agenda, the greater the probability of agenda placement
 - (8) The greater the variety of issues on the agenda, the greater the probability of agenda placement
-

All of these hypotheses focus on issue-specific characteristics and events, allowing one to predict how in the same organization different strategic issues command differing amounts of attentional resources. However, to predict organizational differences in issue attention, one must consider the organizational context in which agenda building takes place.

THE ORGANIZATIONAL CONTEXT

Each agenda-building episode takes place in a larger organizational context consisting of unique patterns of beliefs, values, resources, roles, etc. It is proposed that these patterns influence agenda building through their impact on the issue context, i.e. an

issue's salience, issue interest, and the agenda structure. The effects of the organizational context are manifold and complex. For illustrative purposes, two organizational characteristics will be discussed in terms of their implications for agenda building: the organization's strategy and its culture.

Strategy

An organization possesses a strategic frame (Huff, 1982) or strategic umbrella by defining some issues as major, immediate, and simple while defining others as minor, long-term, and complex. The organization's strategy poses a strategic requirement (Hambrick, 1981) making some issues easier to concentrate on and others easier to ignore. For example, an organization pursuing a differentiation strategy (Porter, 1980) is likely to devote systematic attention to issues concerning maintenance of a brand image, customer service, etc., as these issues are perceived as more important, immediate, and simple. The greater exposure and interest aroused with these issue types makes them more probable candidates for agenda inclusion than issues more compatible with alternative generic strategies (Porter, 1980). Thus an organization's strategy exerts influence on agenda placement through its effect on issue salience.

Organizational culture

The rebirth of practical (e.g. Deal and Kennedy, 1982) and academic (e.g. September 1983 edition of *Administrative Science Quarterly*) interest in organizational culture compels one to consider its relevance for agenda building. As applied here, culture is defined as the set of shared beliefs and values of organizational members (Smircich, 1983).

Both the content and consensus over organizational beliefs and values vary across organizations. Where there is a high level of consensus a 'strong culture' exists (Peters and Waterman, 1982), serving to clarify the meaning and interpretation of actions in an organization. However, where a 'weak' culture exists there is less consensus. Beliefs and values are more varied and diffuse, making actions more difficult to interpret.

Translated into the context of agenda building, an organization's culture plays a role in determining the variety of issues included in the strategic agenda at any one point in time. Where the culture is strong, i.e. high consensus exists over the domain of organizational inquiry (Shrivastava and Schneider, 1984), the agenda structure is likely to be less varied. There is a consensus about the key strategic issues but the issues represent a limited range of concerns. As a result, any new strategic issue which is encountered gains rapid agenda status if it is consistent with dominant concerns of the organization's culture but has a much poorer chance of inclusion if it departs from the dominant shared view. Thus, unlike the organization's strategy, which affected agenda building through its relationship to issue salience, organizational culture has influence through its role in determining a high- or low-variety agenda.

IMPLICATIONS OF AN AGENDA-BUILDING VIEW

The view of attention allocation to strategic issues as captured in the model of agenda building has both theoretical and practical implications. At a theoretical level, the notion of strategic agenda building provides a fresh perspective for understanding the early stages of strategic decision-making—where potential issues are recognized and diagnosed by decision-makers (Keisler and Sproull, 1982; Lyles and Mitroff, 1980; Mintzberg, Raisinghini and Theoret, 1976). While previous researchers have treated this process on an issue-by-issue basis (e.g. Dutton, Fahey and Narayanan, 1983; Lyles, 1981), considering the recognition and diagnosis of each new problem or opportunity as an independent event, an agenda perspective provides a different view. An agenda-building perspective implicitly assumes that each new strategic issue is dependent, in part, upon the set of issues that have already gained decision-makers' attention. Thus researchers must understand the portfolio of issues (Huff and Pondy, 1983) confronting decision-makers to understand interpretation (Daft and Weick, 1984) or action.

The agenda-building perspective helps to explain the bias towards incremental change in organizations by uncovering the forces at work in problem setting (Metcalf, 1981). It argues that the agenda structure acts as a conservative influence by keeping organizations most responsive to issues similar to those encountered in the past. In rare cases, actions occur such as the succession of top-level executives that serve to break this cycle of incremental change (e.g. Starbuck, Greve and Hedberg, 1978). When new and powerful individuals enter the organization, they are equipped to change the variety and number of issues considered, opening the door for more radical change.

The agenda-building perspective implies that theoretical treatments of adaptation and change must consider how organizational and environmental pressures translate into a particular issue context. Just as researchers studying the adoption of innovations in organizations have concluded, one must consider the issue-in-an-organization as the relevant unit of analysis (Downs and Mohr, 1976). Thus, to understand why organizations initiate unique responses to the 'same' strategic issue, for example why various petroleum-dependent firms responded differently to the 1973 oil embargo, one must consider how the salience of the issue, issue sponsorship, and agenda structure interacted to enhance or diminish attention to this environmental event.

The components of the agenda-building model reflect the political and cognitive forces at work in shaping strategic processes. In this way the model is consistent with attempts to wed these two forces to explain organizational change processes (e.g. Lawrence and Dyer, 1983; Normann, 1985; Quinn, 1980).

IMPLICATIONS FOR MANAGING CHANGE

The model of agenda building provides a basis for understanding why certain issues become agenda items while others fail to even be recognized in an organization. This understanding forms the basis for identifying a range of tactics that members of an organization can use to influence the content of the strategic agenda. While these tactics

do not assure that the 'right' strategic issues have been identified, they have the potential for increasing a member's influence over which issues receive collective attention. This potential is important as it provides a logic for managing decision-makers' ambiguity about which issues should be allocated resources. This ambiguity is reduced by knowing which issues are likely to gain agenda status.

The tactics for managing agenda building rely upon actions that influence the three factors that determine an issue's force: an issue's salience, an issue's sponsorship, and agenda structure. By influencing any one of these factors, the theory suggests that one can alter the likelihood that a particular issue or set of issues will gain agenda status. Where 'making the agenda' represents the first stage in strategic decision processes or action commitments, these tactics can have a profound influence on the strategic direction of an organization.

The tactics for managing the strategic agenda can be looked at in two ways. First the tactics can be used to increase the probability that an issue will receive collective attention. These tactics rely on increasing an issue's salience, its sponsorship, or increasing the variety and size of the organization's agenda. Alternatively, a reversal of these tactics could be used to decrease the probability of agenda inclusion for an issue by decreasing its issue force, thus helping to preserve the *status quo* (Bachrach and Baratz, 1962). Tactics that fall into this category are ones that try to minimize an issue's salience, decrease its base of sponsorship, or limit the size and variety of the agenda. In the discussion of tactics provided below, only the former alternative will be considered, i.e. avenues for increasing an issue's probability of agenda placement. However, one should keep in mind that the tactics could be employed in reverse to accomplish the opposite objective.

Tactic 1: Modifying an issue's salience

One set of tactics for influencing what issues comprise the strategic agenda focuses on manipulating an issue's salience, and in particular an issue's magnitude, abstractness, simplicity, and immediacy. These tactics are probably the most frequently used when compared with the other tactics as they are the least costly in terms of how much effort must be expended to affect an issue's inclusion on the agenda.

Tactics for altering an issue's salience represent attempts to manage an issue's meaning for other organizational members. The management of an issue's meaning is possible because issues are largely ambiguous events or developments as opposed to hard, concrete facts (Dutton, Fahey and Narayanan, 1983). Where the attributes of issues are based largely on subjective impressions as opposed to indelible characteristics, they are vulnerable to manipulation. In cases where decision-makers are aware that impressions of issue characteristics affect attention devoted to an issue, attempts can be made to orchestrate these impressions. Listed below are a number of possible tactics for increasing an issue's salience by altering its perceived characteristics.

Perceived issue magnitude

The perceived impact of an issue is often difficult to assess. For example, issues of social responsibility such as 'lifeline' or competitive issues such as 'deregulation' could be insignificant or very consequential to firms in the banking industry. Decision-makers in these firms could intensify the level of interest and exposure to these issues by altering perceptions of the issues' perceived impact.

For example, issues can be described as directly relevant to the firm's profitability or to other goals that are central to the organization's assessment of its performance. Estimates of the issue's impact on the firm's operations could convey that the magnitude of the issue's effect is very great. Statements such as 'this issue could be devastating' or 'this issue is a critical one' convey this sense and that failure to pay attention to the issue would be harmful to the organization.

Perceived issue abstractness

An issue's abstractness is important for determining the range of potential issue supporters as well as for affecting the perceived feasibility of resolving an issue. Where decision-makers want to increase the probability of agenda placement for an issue, they must walk the fine line between an issue too abstract and too concrete.

If a decision-maker wishes to make the issue more abstract, well-known tactics such as 'clouding an issue' can translate very specific issues into more generalizable, abstract ones. Advocates of various causes have frequently used this ploy to expand the base of support for their issues. For example, issues of child abuse have been labeled more abstractly as issues of 'human equality' (Nelson, 1979). More currently, proponents of women's rights have relabeled their cause as one of 'human rights' in efforts to expand levels of support and interest in the issue.

An opposite tactic is one that tries to narrow an issue's support base by decreasing the issue's abstractness. Familiar phrases such as 'grounding an issue' communicate that an issue's relevance to a potential support base may be enhanced if it is made less abstract. Thus, issues such as 'human rights' as mentioned above may be viewed as too abstract to incite the interest of potential support groups. The level of issue abstractness helps to define the boundaries and intensity of interest of issue advocates.

Perceived issue simplicity

In a similar way, the perceived simplicity of an issue helps to define an issue's support base by affecting its level of comprehensibility. If an issue is defined very simply, a broader base of interest may be activated as advocates are able to understand an issue's relevance or impact. For example, proponents of the 'right to life' issue have won more supporters by simplifying the issue of abortion into a basic human right of being. These proponents would probably have far less support if the issue was defined in more complex terms, involving definitions of when a fetus becomes 'a person'.

Perceived issue immediacy

Finally, decision-makers may choose to try to manipulate the perceived time pressure associated with an issue to push its inclusion onto an organization's agenda. In fact researchers who have studied the perception of crisis have found that immediacy is a critical attribute in spurring action in the wake of crisis (e.g. Hermann, 1963). Thus, 'putting the heat on' or 'making an issue pressing' are commonly used tactics for increasing perceived issue immediacy and correspondingly enhancing the probability that the issue will command organizational attention.

Tactic 2: Modifying issue sponsorship

The opportunity to attach individuals to issues (and *vice versa*) provides a potent lever to influence the agenda-building process. When one wants to increase the probability that an issue will gain agenda status, the object is to attach a powerful person with high commitment to the issue candidate. The bases of power and personal commitment of an issue sponsor permit and encourage the expenditure of resources on an issue. In addition, a powerful and committed issue sponsor bestows on the issue a degree of momentum that perseveres even after the issue-sponsor attachment has ceased.

There are several tactics available for influencing an issue sponsor's success. One tactic involves taking measures to expand the bases of power of an individual who is promoting consideration of an issue. Actions such as giving a lofty title to an issue sponsor or increasing his/her opportunities to form friendships with influential others are examples of power-related tactics.

Measures could also be employed to increase the level of commitment of an individual to an issue. A participatory process could be used to surface and raise issues, increasing the probability that an individual will become committed to an issue. Public declaration of an individual's involvement with an issue or providing an opportunity to choose which issue to advocate provides additional avenues to enhance issue commitment (Salancik, 1977).

Tactic 3: Modifying the agenda structure

The agenda structure sets information and political constraints which foster or foreclose new issue entry. The size of the strategic agenda determines the capacity limits that, when exceeded, stop additional issue entry. In contrast, the variety in the agenda determines the bases for potential political support for any new item approaching agenda status. There are several measures that can be taken to directly and indirectly influence the agenda structure, and hence the probability of new issue inclusion.

Strategic agendas appear in organizations in many forms. Organizations that utilize strategic issue management (SIM) systems (King, 1982; Dutton and Ottensmeyer, 1987) employ rather explicit strategic agendas through the formal identification and labeling of a subset of strategic issues designated as *the key* 'strategic issues'.

For organizations that do not employ SIM systems, the measures taken to affect the agenda structure will be more indirect in terms of their impact. For example, formal committees used in strategy making could be designed to include a diverse range of interests. The heterogeneity of interests in committees increases the likelihood that divergent and varied developments are raised as potential strategic issues. Metcalfe (1981) has made a similar recommendation in his own design for adaptive organizational systems. The logic for the use of a heterogeneous committee structure is that it ensures divergent views are available for problem solving as well as problem setting (Metcalfe, 1981). The agenda structure could also be indirectly altered by expanding the information-processing capacity of the organization. Thus Galbraith (1977) has elaborated on a wide range of design options intended to increase an organization's capacity for information processing—and in particular, vertical integration and the creation of lateral relations.

At a practical level, the agenda-building framework has identified multiple tactics for affecting strategic change and managing ambiguity *through* their influence on the issue context. On the one hand, individuals can take actions to prevent an issue from making the agenda, thus helping to preserve the *status quo* (Bachrach and Baratz, 1962). On the other hand, they can take actions to discourage change by decreasing the probability of new issue entry. The range of available tactics is summarized in Table 2.

Table 2. Tactics for managing agenda building

Issue salience	Issue sponsorship	Agenda structure
Alter perceived issue characteristics:	Alter strategic location of issue sponsor, e.g.:	Alter agenda size
Magnitude ('magnify the issue' vs 'minimize the issue')	Expand bases of power Form friendships with powerful people	Alter agenda variety, e.g.:
Abstractness ('cloud the issue' vs 'ground the issue')	Alter issue attachment, e.g. build personal commitment by: Participative issue surfacing Providing choice in issue selection Public attachment	Committee membership
Simplicity ('go to the heart of the issue' vs 'tie the issue to other concerns')		
Immediacy ('make the issue pressing' vs 'play down the issue')		

The agenda-building perspective, although rich in its theoretical and practical implications, presents new challenges for researchers. One challenge involves opera-

tionalizing the constructs of agenda and agenda structure. New research questions must be addressed including how individual and organizational agendas are interrelated. Recent research reveals that effective managers are astute agenda builders (Kotter, 1982; Huff, 1982). This finding suggests that future research should try to determine how individual agendas become linked to the strategic agenda. This type of research would highlight the dynamic processes which weave together individual and organizational action. Further, it may be that individuals who are most successful at controlling the strategic agenda are those that yield the greatest influence. The point is captured by Walker (1977) in his own conclusion about the legislative agenda:

Those who manage to shape the legislative agenda, in other words are able to magnify their influence many times over by determining the focus of attention and the energy in the entire political system. (Walker, 1977, p. 445)

Thus agenda building becomes a useful framework for exploring the political dynamics underlying the process of organizational change.

ACKNOWLEDGMENTS

This chapter was prepared for the Conference on Ambiguity and Change, and subsequently published in the *Scandinavian Journal of Management Studies*, 1986. It is reproduced with their kind permission.

The author thanks Susan J. Ashford, Arthur Brief, Roger Dunbar, John Dutton, Jan Katz, Lance Sandelands, Jerry Wadron, Jim Walsh, Eric Walton, and three anonymous reviewers for comments on earlier drafts of this chapter.

REFERENCES

- Ansoff, H. L. 'Strategic issue management.' *Strategic Management Journal* (1980) 1, pp. 131-148.
- Bachrach, P., and Baratz, B. 'Two faces of power.' *American Political Science Review* (1962) 56, pp. 947-952.
- Bauer, R. 'The policy process.' In R. Bauer and K. Gergen (Eds) *The Study of Policy Formulation*, New York: Free Press, 1968.
- Billings, R. S., Milburn, T. W., and Schaalman, M. 'A model of crisis perception: A theoretical and empirical analysis.' *Administrative Science Quarterly* (1980) 25, pp. 300-316.
- Bolland, J. M. 'Conflict and consensus in American communities: Agenda setting as a prelude to social change.' Unpublished PhD Dissertation, Ohio State University, 1979.
- Bower, J. L. *Managing the Resource Allocation Process Study of Corporate Planning and Investment*, Boston: Harvard University Press, 1972.
- Brown, J. K. *Guidelines for Managing Corporate Issues Programs*, New York: Conference Board, 1981.
- Burgelman, R. A. 'A process model of internal corporate ventures in the diversified major firm.' *Administrative Science Quarterly* (1983) 28, pp. 223-244.
- Chakrabarti, A. K. 'The role of champion in product innovation.' *California Management Review* (1974) pp. 58-62.
- Chandler, A. D. *Strategy and Structure*, Cambridge, Mass.: MIT Press, 1962.

- Child, J. 'Organizational structure, environment and performance: The role of strategic choice.' *Sociology* (1972) 6, pp. 2-22.
- Cobb, R. W., and Elder, C. D. *Participation in American Politics: The Dynamics of Agenda Building*, Boston: Allyn and Bacon, 1972.
- Cohen, M., March, J., and Olsen, J. 'A garbage can model of organizational choice.' *Administrative Science Quarterly* (1972) 17, pp. 1-25.
- Daft, R. L., and Weick, K. E. 'Toward a model of organizations as interpretation systems.' *Academy of Management Review* (1984) 9, pp. 284-296.
- Deal, T. E., and Kennedy, A. A. *Corporate Cultures*, Reading, Mass.: Addison Wesley, 1982.
- Downs, G. W., and Mohr, L. B. 'Conceptual issues in the study of innovation.' *Administrative Science Quarterly* (1976) 21, pp. 700-714.
- Dutton, J. E. 'The process of strategic issue resolution.' Unpublished PhD Dissertation, Northwestern University, 1983.
- Dutton, J. E., and Duncan, R. B. 'The influence of the strategic planning process on strategic change.' *Strategic Management Journal* (1987) 8, pp. 103-116.
- Dutton, J. E., and Ottensmeyer, E. 'Strategic issue management systems: forms, functions and contexts.' *Academy of Management Review* (1987) 12, pp. 355-365.
- Dutton, J. E., Fahey, L., and Narayanan, V. K. 'Toward understanding strategic issue diagnosis.' *Strategic Management Journal* (1983) 4, pp. 307-323.
- Edelman, M. *The Symbol Uses of Politics*, Urbana: University of Illinois Press, 1964.
- Galbraith, J. *Organization Design*, Reading, Mass.: Addison-Wesley, 1977.
- Hambrick, D. C. 'Environment, strategy and power within top management teams.' *Administrative Science Quarterly* (1981) 26, pp. 253-275.
- Hambrick, D. and Mason, P., 'Upper echelon: the organization as a reflection of its top managers.' *Academy of Management Review* (1984) 9, pp. 193-206.
- Hermann, C. F. 'Some consequences of crisis which limit the viability of organization.' *Administrative Science Quarterly* (1963) 8, pp. 343-388.
- Hickson, D. J., Hining, C. R., Lee, C. A., Schneck, R. E., and Pennings, J. M. 'A strategic contingencies theory of intra-organizational power.' *Administrative Science Quarterly* (1971) 16, pp. 216-222.
- Huff, A. S. 'Industry influences on strategic reformulation.' *Strategic Management Journal*, (1982) pp. 119-131.
- Huff, A. S., and Pondy, L. R. 'Issue management by school superintendents.' Final Report to National Institute of Education, Part 1, 1983.
- Keisler, S., and Sproull, L. 'Managerial response to changing environment: Perspectives in problem setting from social cognition.' *Administrative Science Quarterly* (1982) 27 (4), pp. 548-570.
- King, W. R. 'Using strategic issue analysis.' *Long Range Planning* (1982) 15, pp. 45-49.
- Kingdon, John W. *Agendas, Alternatives, and Public Policies*, Boston: Little, Brown and Company, 1984.
- Kotter, J. P. *The General Managers*, Free Press: New York, 1982.
- Lawrence, P. R., and Dyer, D. *Renewing American Industry*, Free Press: New York, 1983.
- Lyles, M. A. 'Formulating strategic problems: empirical analysis and model development.' *Strategic Management Journal* (1981) 2, pp. 61-75.
- Lyles, M. A., and Mitroff, I. 'Organizational problem formulation: An empirical study.' *Administrative Science Quarterly* (1980) 25, pp. 102-120.
- March, J. G. 'Decision making perspectives.' In A. H. Van De Ven and W. F. Joyce (Eds) *Perspectives in Organization Design and Behavior*, New York: Wiley-Interscience, 1981, pp. 205-244.
- March, J. G. and Olsen, J. P. *Ambiguity and Choice in Organizations*, Bergen: Universitetsforlaget, 1976.
- Mazzolini, R. 'How strategic decisions are made.' *Long Range Planning* (1981) 14, pp. 85-96.

- McCall, M., Kaplan, R. E., and Gerlach, M. L. 'Caught in the act: Decision makers at work.' Technical Report No. 20, Center for Creative Leadership, 1982.
- Metcalfe, L. 'Designing precarious partnerships.' In P. Nystrom and W. Starbuck (Eds) *Handbook of Organization Design*, New York: Oxford University Press, 1981, Vol. 2, pp. 503-530.
- Mintzberg, H., Raisinghani, M., and Theoret, A. 'The structure of unstructured decision processes.' *Administrative Science Quarterly* (1976) 21, pp. 246-275.
- Nelson, B. 'Setting the public agenda: The case of child abuse.' In A. Wildavsky, *The Policy Cycle*, Beverly Hills: Sage Publications, 1979.
- Norman, D. A. *Memory and Attention*, 2nd edn, New York: Wiley, 1976.
- Normann, R. 'Developing capabilities for organizational learning.' In J. M. Pennings (Ed.) *Organizational Strategy and Change*, San Francisco: Jossey-Bass, 1985, pp. 217-248.
- Peters, T. J., and Waterman, R. H. *In Search of Excellence*, New York: Harper and Row, 1982.
- Pfeffer, J. *Power in Organizations*, Marshfield, Mass.: Pitman Publishers, 1981.
- Porter, M. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: Free Press, 1980.
- Pounds, W. F. 'Processes of problem finding.' *Industrial Management Review* (1969) 11, pp. 1-19.
- Quinn, J. B. *Strategies for Change*, Homewood, Ill.: Richard D. Irwin, 1980.
- Radner, R. 'Satisfying.' *Journal of Mathematical Economics* (1975) 2, pp. 25-262.
- Radner, R., and Rothschild, M. 'On the allocation of effort.' *Journal of Economic Theory* (1975) 10, pp. 358-376.
- Salancik, Gerald. 'Commitment and the control of organizational behavior and belief.' In B. Staw and G. Salancik (Eds) *New Directions in Organization Behavior*, Chicago: Sinclair-Press, 1977.
- Shrivastava, P., and Schneider, S. 'Organizational frames of reference.' *Human Relations* (1984) 37 (10), pp. 795-809.
- Simon, H. 'Designing organizations for an information rich world.' In Martin Greenberger (Ed.) *Computers, Communication and the Public Interest*, Baltimore: Johns Hopkins Press, 1971.
- Smircich, L. E., 'Concepts of culture in organizational analysis.' *Administrative Science Quarterly* (1983) 28, pp. 339-358.
- Smircich, L. E., and Morgan, G. 'Leadership: The management of meaning.' *Journal of Applied Behavioral Science* (1982) 18, pp. 257-273.
- Starbuck, W. H., Greve, A., and Hedberg, B. T. 'Responding to crises.' In C. F. Smart and W. T. Standbury (Eds) *Studies in Crisis Management*, Montreal: Butterworth, 1978, pp. 111-137.
- Stevenson, W. B., Pearce, J. L., and Porter, L. W. 'The concept of "coalition" in organization theory and research.' *Academy of Management Review* (1985) 10, pp. 256-268.
- Taylor, S. E., and Crocker, J. C. 'Schematic bases of social information processing.' In E. T. Higgins, P. Hermann and M. P. Zanna (Eds) *The Ontario Symposium on Personality and Social Psychology*, Hillsdale, NJ: Erlbaum, 1980, pp. 89-134.
- Walker, J. L. 'Selling the agenda in the U.S. Senate: A theory of problem selection.' *British Journal of Political Science* (1977) 7, pp. 423-445.
- Winter, S. 'Attention allocation and input proportions.' *Journal of Economic Behavior* (1981) 2 (31), 46.

Managing Ambiguity and Change
 Edited by Louis R. Pondy, Richard J.
 Boland, Jr and Howard Thomas
 John Wiley & Sons Ltd.

CHAPTER 8

Structure Which Executives Can Implement Under Conditions of Ambiguity to Increase Innovation Within Average Organizations

ANDRE L. DELBECQ AND
 PETER K. MILLS

You have recently been appointed CEO of a medium or large company or service organization (manufacturing firm, hospital, university, food service organization etc.). It is neither 'elite' in the sense of being a new entrepreneurial organization at the cutting edge of technology nor in the sense of having substantial wealth or resources. Further, it is filled with fallible managers and technical personnel (engineers, doctors, etc.), some above average, some average, some below average. You enjoy a comfortable environmental niche in the sense of having some loyal customers or clients, but you face increasing competition and increasing costs. You are, in effect, charged to provide leadership with an average organization under conditions of ambiguity.

Reading articles on organizational innovation has been somewhat unsettling. Many characteristics of innovative organizations (e.g. at the frontier of knowledge, with prior high rates of innovation, with members comfortable with change as a way of life, with many cosmopolitans) seem idealistic and not descriptive of your new organizational position yet you must meet the challenge. How can you manage in a manner which will increase the approximation to features found in high-performing innovative organizations? *What structures are available to an average manager in an average organization which will increase the probability of timely and adequate innovation?*

For the past decade the senior author has been studying innovation in business and service industries, attempting to identify both processes and structures associated with high rates of innovation. His earliest work was conducted with colleagues at the University of Wisconsin under Ford Foundation funding focusing on NASA and aerospace firms. More recently, under funds from the Robert Wood Johnson Foundation and in cooperation with the American Academy of Medical Directors, he had the opportunity to meet with administrators and technical managers of leading hospitals, clinics, and other health care organizations. This dialogue has continued among high-technology firms both in the Minneapolis area and in 'Silicon Valley' (the South San Francisco Bay region of California). To date, most of his writing has been directed to theory building and research.