RESEARCH NOTES AND COMMUNICATIONS
CHOICE AND DETERMINISM: A COMMENT

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This note comments on Lawless and Finch's (1989) empirical test of Hrebiniak and Joyce's (1985) framework of business–environment relations. In doing so it extends Lawless and Finch's reasoning through the explicit incorporation of an interactionist perspective. A model is presented that amplifies the prevailing organizational adaptation logic by assigning a role to organizational learning and by suggesting how organizations act on environmental information vis-à-vis symbolic processes and environmental management strategies.

In a recent *Strategic Management Journal* article, Lawless and Finch (1989) report the first empirical test of Hrebiniak and Joyce's (1985) framework of business–environment relations. The purpose of this note is to supplement the theoretical base Lawless and Finch draw on by extending their reasoning through the explicit incorporation of an interactionist perspective. In so doing, a more complete explanation for Lawless and Finch's mixed results is also possible.

The Hrebiniak–Joyce (1985) framework is important because, as Lawless and Finch (1989) note, it opens new ground in strategic theory-building by substantially departing from existing presuppositions concerning strategy–environment fit and managerial choice. Rather than following traditional assumptions that presuppose one-way causality, the Hrebiniak–Joyce (1985) framework depicts organizational adaptation as a continuous process based on multi-directional interaction or feedback between objective environmental attributes and managerial choice. This notion conveys the idea of what Pervin and Lewis (1978), writing in another setting, label 'reciprocal action–transaction.' Viewed from a strategy perspective, such reciprocal causation, or interaction, derives from two factors: (1) organizations not only react to their individual environments, they

also create or enact them, and (2) the resulting new environments in turn influence future organizational actions, which alternatively change the environments again. In this way of thinking it makes little sense to speak of an organization apart from its environment. They are inherently inseparable.

Building on the theoretical ground Hrebiniak and Joyce open, the above factors suggest several significant implications. *First*, the continuous reciprocal influence underlying the cognitive interpretation and reinterpretation of an organization's environment emphasizes the need to consider *both* subjective and objective phenomena. *Second*, since environments are actively constructed, an understanding of the adaptation process requires observing organizations across time so that changes in their behavior as they successively enact new environments can be examined.

The critical point here, as the Hrebiniak–Joyce framework posits, is that organizational adaptation is an ongoing, multi-directional relationship in which organizations neither mechanistically react to environmental forces nor exercise unrestricted free will (strategic choice). Stated differently, an organization and its environment compose a complex interactive system. The actions

taken by an organization can have important effects on its environment and, conversely, the outcomes of organizational actions are partially determined by events in the environment.

The parallel between this logic and contemporary social learning theory is strong. Social learning theorists hold that behavior, cognitive processes, and environment exist in a state of reciprocal interaction. Sometimes individual behavior prevails in this interaction, while at other times environment prevails. Meanwhile, people exercise self-control to the degree that they can rely on cognitive supports (Kreitner and Luthans, 1984). Figure 1 builds on this parallel. It presents a basic model that extends the synchronic snapshot presented in the Hrebiniak and Joyce (1985) framework by stressing that an organization's behavior itself, as well as strategic choice and environmental determinism, are reciprocal determinants over time. Thus, Figure 1 presents organizational adaptation as a diachronic, interactive process in which strategic choice, environment, and behavior form an ongoing inextricably interwoven relationship. In this view strategic choice, environment, and behavior continuously influence each other.

Figure 1 further amplifies the prevailing organizational adaptation logic by assigning a role to organizational learning and by suggesting how organizations act on environmental information *vis-à-vis* symbolic processes and environmental management strategies. These complementary activities help explain why similar organizations in like environments often behave quite differently. The role of environmental management strategies in this regard is well established (Zeithaml and Zeithaml, 1984). Likewise, the importance of continuous organizational learning has been clearly determined (Bedeian, 1987). By contrast, the impact of symbolic processes on organizational adaptation has only recently been studied. While theories of action (Argyris, 1985) and goals (Cohen, 1984) have been explored in this connection, the significance of top management values as a potential screen between an organization and its behavior deserves further attention (Hambrick and Mason, 1984).

Strategic choice, environment, and behavior are thus indispensably linked. To date, little research employing designs that allow for the dynamic interaction thus implied has been reported. It is not enough to say that organizations

Strategic choice

Symbolic processes
Values, goals, and theories of action influencing behavior

Environmental management strategies
Organizations manage their own behavior to the degree that they can purposely enact, define, and otherwise affect their domain and the exogenous conditions under which they wish to compete

Behavior

Organizational learning
The process whereby an organization obtains knowledge about the associations between past actions, the effectiveness of those actions, and future actions
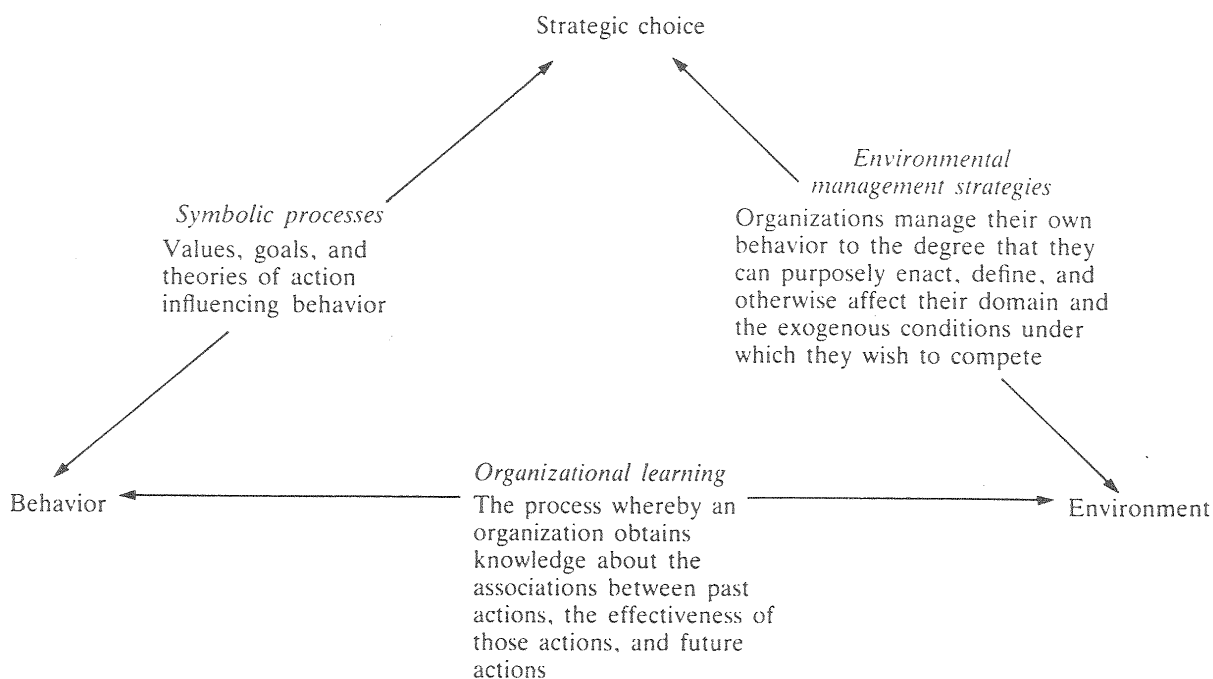
Environment

Figure 1.   A basic interactive model of organizational adaptation

interact with their environment, or vice-versa. Rather, what is needed is a more complete delineation of the exchange processes (Figure 1) underlying organizational adaptation.

Moreover, research that captures how an organization's strategic choices at Time 1 influence its behavior and environment at Time 2, and so on, is sorely needed. Such research will require collecting data that allow for examining multi-directional change among all three focal variables. This is more than another plea for longitudinal research. The acceptance of dynamic models requires the explicit specification of change mechanisms *before* data collection. In this regard the triadic reciprocal causation outlined in Figure 1 should not be interpreted to mean that the influences of the different focal variables are always of equal strength. Nor should it be interpreted to suggest that the reciprocal influences occur simultaneously. It takes time for causal variables to exert their influence and to activate reciprocal influences (cf. Wood and Bandura, 1989).

The basic model presented in Figure 1 promotes a conceptualization of organizational adaptation which supports the idea that an organization's behavior exists in continuous, multi-directional interaction with strategic and environmental determinants. Lawless and Finch (1989) contribute to our understanding of organizational adaptation, but do so using a restricted static methodology. The partial support they report for the Hrebiniak and Joyce framework may well be a result of this restriction. The interactional causal structure outlined in Figure 1 explains organizational adaptation in terms of a triadic reciprocal system that develops *over time*. An organization's behavior, as well as strategic choice, and environment operate as interacting determinants that influence each other bidirectionally. It is because of this bidirectionality of influence that organizations are both products and producers of their environment. Future longitudinal research incorporating the dynamic interaction implied in this logic is sorely needed for the exchange processes underlying organizational adaptation to be fully understood.

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