Structural and Cognitive Antecedents to Middle Management Influence on Strategic Inertia

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ABSTRACT

In this paper we explore the influence of middle managers on strategic inertia in organizations. We present and discuss a conceptual model that shows the process by which this influence is exerted, and propose that factors such as the amount of decision making autonomy possessed by middle managers, their cognitive frame, and their emotional commitment to change influences whether, and the extent to which, strategic inertia exists in organizations. We also propose that the disposition of top management in organizations antecedes middle managers’ influence, and that this disposition is moderated by the level of competitive intensity that exists in the industry in which firms operate.

INTRODUCTION

A major focus of strategic management research concerns the relationship between organizations and their environments. Because performance is heavily dependent on the degree of organization-environment fit it is important that strategies undertaken are appropriate for environmental conditions. However, while a change in strategy may be necessary to ensure that organizations survive and prosper in their competitive environments, a number of inertial forces that work against change are typically present. The concept of strategic inertia is generally viewed as the tendency for organizations to remain with the status quo and the resistance to strategic renewal outside the frame of current strategy (Hill & Rothaermel, 2003). Despite the implications that strategic inertia has for organizational survival, factors that influence this phenomenon have not been thoroughly explored. Prior studies have attributed strategic inertia to organizational size (Miller & Chen, 1994), competitive forces (Toxvaerd, 2008), and top management (Tushman, Smith, & Binns, 2011). Although several studies have also focused on the role of middle managers (Fenton-O'Creevy, 2000; Floyd & Wooldridge, 1994; Westley, 1990), the extant literature has not fully explored the antecedents or the moderating factors that we propose.

Our primary objective in this paper is to model the process by which strategic inertia is likely influenced by middle managers and provide theoretically sound arguments for why certain components are critical to the process. Although prior studies have explored these components to some extent, albeit individually, none have conducted an integrated exploration of them as they relate to middle management. Because prior studies have largely neglected to explore the possible integrative aspects of the middle manager-strategic inertia relationship, a knowledge gap has been left unfilled in the extant literature. We contribute to existing literature by extending knowledge about the structural and cognitive dimensions that impact the influential role that middle managers occupy with respect to strategic inertia.
THEORETICAL FOUNDATIONS

Organizational Ecology and Institutional Theories

Several theories have been used to explain the relationship between environmental conditions and strategic change. Organizational ecology theory is concerned with populations of organizations. It explains organizational diversity and how the composition of a population of organizations changes over time. Organizational ecology views strategic change as a function of environmental forces on populations of organizations with particular emphasis on why they fail. From this view, unfit firms die out from a process of natural selection because they have a set of characteristics that is incompatible with conditions in their environments. The theory is used to explain how populations of organizations evolve over time even though individual firms may change very little. Population shifts occur over time as unfit firms are replaced by those that are more closely aligned with their environments.

Organizational ecology theory holds that organizational change is difficult, costly, and time consuming and that it carries a high risk of failure. In this framework, successful organizations are those that consistently reproduce their structures and routines. However, organizations that do consistently reproduce structures and routines also become more inertial. From this view inertia may be a good thing that is related to organizational maturity. The challenge is to identify those situations where inertia produces a survivability advantage (Peli, 2009) and those situations in which young organizations suffer from a liability of newness (Stinchcombe, 1965).

Institutional theory is another framework that has been used to examine strategic change. It assumes that most organizational activity derives from set processes, practices, and routines. These are created to improve performance given a unique set of environmental circumstances. They become institutionalized when they are used repeatedly and this helps to create stability over time (Hannan & Freeman, 1984). DiMaggio and Powell (1983) argue that traditions, (industry) norms, and social expectations force organizations to conform. When this occurs, the resulting sameness across organizations is what gives them political and institutional legitimacy. While there may be some unique organizational adaptation that takes place, they are constrained by broadly accepted norms, traditions, and expectations that are placed on all ‘legitimate’ firms. From this perspective, firms that fail to adapt in legitimate ways would have a high risk of failure (Baum, 1990).

Similar to population ecology, ingrained routines produce inertial forces. While both population ecology and institutional theories are more concerned with stability than adapting to change, the latter does recognize that organizational adaptation may be necessary. Under institutional theory, institutional forces may impede change but they can also initiate it. For example, when an organization makes a strategic change that is deemed successful, the change is likely to be mimicked by other organizations (Haunschild & Miner, 1997). As more and more organizations mimic the change, it becomes institutionalized because it is viewed as a form of legitimacy. Firms that fail to adopt these successful, legitimate practices are assumed to be at greater risk of poor performance. Thus, while both theories recognize the problem of not changing, they are both concerned with the inertial forces that inhibit change.

Organizational and Structural Inertia Theories

Organizational and structural inertia theories are both logical extensions of the theories discussed above. Organizational inertia theory has been viewed as a firm’s inability to enact internal change in the face of significant external change (Gilbert, 2005). From this perspective, the structure of inertia can be classified into two organizational dimensions: resource rigidities and routine rigidities. Resource
rigidities refer to the inability of organizations to change their pattern of resource allocations in the face of external threats and/or opportunities. Routine rigidities refer to the repeated patterns of behaviors that are bound by the rules and customs that affect organizational activities on a day-to-day basis. These rigidities are an issue when routines become self-enforcing, nonadaptable, and deeply embedded within the operating environment. Overcoming resource rigidities depends to a large degree on management understanding, support, and ability to freely allocate resources (Cartwright et al., 2005). Overcoming routine rigidities is perhaps more problematic because they are a function of the cultural and political forces that exist within organizations. When routines are self-enforcing, nonadaptable, and tightly embedded in the environment, routine rigidities are significant contributors to inertia (Teece et al., 1997).

Structural inertia theory is also concerned with the forces that make it difficult for organizations to change. A fundamental concept of structural inertia theory is that organizations are generally resistant to change but that this resistance increases when changes are to an organization’s core (authority and decision making structures, stated goals, core technologies employed, business strategy, etc.). When organizations cannot keep pace with changes in the external environment they are assumed to be structurally inert. Antecedents of structural inertia include firm age, complexity, size, routinization, past success and failure, dependency, and influence activity or organizational constituents (Hannan & Freeman, 1984; Kelley, 1990; Rungtusanatham & Salvador, 2008). Structural inertia theory holds that the stronger these inertial forces, the lower organizational flexibility, and thus the more likely an organization would experience poor performance when the external environment changes. However, it also recognizes that change in core organizational features initiates processes of reorganization that increase the chance or mortality and that this is most likely to occur in mature and complex firms.

**Red Queen Competition Theory and the Behavioral Theory of the Firm**

The Red Queen theory of organizational adaptation has been used to explain the evolution of individual firms in intensely competitive environments (Barnett & Pontikes, 2008; Peli, 2009). Red Queen competition occurs when a firm’s performance falls below some acceptable level and the firm is forced to look for ways to remedy the situation. When this happens organizations may pursue two types of change to address performance shortfalls - exploratory change or exploitative change. Exploratory change involves firms moving into new contexts: new products aimed at new markets utilizing new supply chains to take on new competitors. Exploitative change involves firms adapting within their current context.

When a firm becomes a stronger competitor it is more likely that its competition will increasingly perform below levels it believes are acceptable. In a rational world, competitors attempt to address their emerging shortcomings within their current context and, as a result, they become stronger competitors as well. Over time this pattern repeats itself as competition and organizational learning each trigger the other in an ongoing, self-initiating process referred to as the Red Queen. As competition continues to intensify firms are rewarded for discovering and then adapting to changing competitive conditions - but only within the current context. In this framework, competing successfully in one context hurts firms’ ability to explore others. Organizations that have shown the ability to compete successfully in one context over time experience significant disruption when they move to another context (Barnett & Pontikes, 2008).

The Red Queen theory helps to explain why successful firms might change contexts. When firms continue to excel within their current managers believe that the firm is able to adapt. However, in the minds of decision makers, adaptation is viewed broadly as the ability to adapt both within their current
context and, if desired, outside of it. Unconstrained by the view that adaptation is context-specific, successful firms often engage in exploratory change. This cognitive frame makes exploratory change extremely disruptive and at the same time encourages managers to think exploratory moves are the right thing to do. The exploratory/exploitative distinction is important because organizations are assumed to face tradeoffs between them. When firms initiate exploitative changes they get better at what they already do and, in the process, they become a more formidable competitors. Exploratory change involves organizations going in new and different directions. Building on central tenets of structural inertia theory, organizations are especially disrupted by changes to their core activities (Hannan & Freeman, 1984), changes that render an organization’s capabilities inappropriate (Christensen, 1997), and changes that require a different organizational design (Henderson & Clark 1990).

Similarly, the behavioral theory of the firm suggests that poor performance can impact risk-taking and inertia. According to the theory, decision makers set performance targets that reflect aspirational performance levels. When these targets are met or exceeded performance is viewed as satisfactory. Satisfactory performance is viewed as inertial because the tendency is to continue to do what is producing satisfactory results. When performance falls below target levels, decision makers typically search for solutions – to a point. If managers’ cognitive frames remain focused on aspirational goals, risk-taking and further adaptation is likely. However, if managers’ cognitive frames shift to survival mentality then risk aversion (and inertia) dramatically increase (Desai, 2008). Numerous factors affect the way performance shortfalls are viewed, including experience, organizational legitimacy, and organizational age (with more experienced, more legitimate, and younger firms being less inertial (less risk averse). These firms are more likely to remain focused on exceeding aspiration targets when performance falls below acceptable levels. Conversely, less experienced, less legitimate, and older firms are likely to be more inert when performance falls below aspirational levels (Desai, 2008).

SUPPORTING LITERATURE

Our focus in this paper is on strategic inertia which refers primarily to the failure of organizations to adapt strategy to environmental changes. We view strategic inertia as applying to a host of variables that affect organizations’ abilities to better position themselves to cope with changing circumstances. These actions can involve significant changes in organizational structure and processes, a larger expenditure of organizational resources, the development of new organizational capabilities, a shift in strategic position, a longer time horizon, or any other significant departure from the status quo (Markides, 2000).

Management and Strategic Inertia

Top management refers to the individual(s) whose primary responsibility is to make strategic decisions that can result in strategic change or to some level of strategic inertia in organizations. It is the influence that they have on future strategy, leading to strategic renewal, which overcomes the inertial forces that may be embodied in the organization’s existing strategy (Floyd & Lane, 2000). However, top management must be willing to take the types of strategic actions that lead to strategic renewal before these inertial forces can be overcome. We argue in this paper that the disposition of top management determines the extent to which these types of strategic actions are taken. The type of information individuals are attuned to, how they interpret this information, and the thoughts and actions produced as a result of this process are all influenced by their disposition (Gollwitzer, Heckhausen, & Steller, 1990).
Within the context of decision-making theory, disposition has been described as a set of assumptions which is so established in the minds of people that it creates a powerful incentive within them to continue to adopt or accept prior choices (Blackburn, 1998). This set of assumptions also shape peoples’ predisposition towards risk (Kahneman & Tversky, 1979). Thus, research suggests that top managers with a disposition that is more risk oriented are more likely to take the types of strategic actions that overcome strategic inertia and those with a disposition that is less risk oriented are less likely to take such strategic actions. In this paper, we consider two types of top management disposition – managerial and entrepreneurial.

The importance of middle managers’ role in the functioning and success of organizations is well-documented. Often referred to as change agents (Albrecht 2002), the importance of their role is most visible during periods of strategic change. However, it has been observed that if top management is not supportive of middle managers during the change process the roles used to influence strategic inertia will not be executed effectively (Fernandez & Rainey, 2006). In this paper, we propose two types of support – tangible and emotional – that top management must provide to middle managers if they are to effectively execute these roles. Specifically, we propose that middle managers must have decision making autonomy (tangible support) and an encouraging organizational culture (emotional support) that develops and enhances their emotional commitment to change. In addition, adaptation is the result of cognitive processes in which middle managers learn what needs to be done, when it needs to be done, how it should be done, and what happens as a result. Cognitive frames affect how they collect, share, and analyze information about both the organization and its environment and thus influence adaptive actions.

Environmental Change and Strategic Inertia

It is widely accepted that in highly competitive environments organizations must take strategic actions to maintain their competitive advantage. Implicit in this understanding is the notion that there is a direct relationship between the amount of competitive intensity that exists in the environment and the level of strategic inertia that exists in organizations. That is, strategic actions will increase as competition intensifies, and decrease (toward an inertial state) as competition stabilizes (Lant & Mezias, 1992).

Although this line of inquiry provides both empirical and conceptual evidence that competitive intensity is a primary driving force behind strategic change, and thus a determinant of whether and/or the extent to which inertia exists in organizations, what is lacking in this line of inquiry is the recognition of the primary role of top management in this relationship. There is agreement in the literature that any strategic actions taken in organizations are initiated by top management and based on their perceptions of the amount of competitive intensity that exists in the environment (Srivastava, & Frankwick, 2011).

CONCEPTUAL MODEL AND PROPOSITIONS

The foregoing literature review supports the model shown in Figure 1. As indicated in the model, we propose a direct relationship between top management disposition and strategic inertia (P1a). Middle managers’ decision making autonomy, their cognitive frame, and their emotional commitment to change are also proposed in the model to directly influence whether and the extent to which strategic inertia exists (P2, P4c and P5b respectively).
The model further proposes that the disposition of top management affects middle managers’ decision making autonomy as well as their cognitive frame and emotional commitment to change (P3a, P4b, and P6a respectively). Middle managers’ decision making autonomy is shown to influence their cognitive frame (P4a); in turn, their cognitive frame and their decision making autonomy are proposed to have an influence on their emotional commitment to change (P4d, and P5a respectively). Finally, the model proposes that competitive intensity moderates the relationships between top management disposition and strategic inertia ((P1b), middle managers’ decision making autonomy (P3b), cognitive frame (P4c), and emotional commitment to change (P6b).

**Top Management Disposition and Strategic Inertia**

Antecedent to the influence middle managers are proposed to have on strategic inertia is the disposition of top management. Two types of top management disposition have been identified in the literature - entrepreneurial (Ireland, Hitt, & Sirmon, 2003) and managerial (Busenitz & Barney, 1997). An entrepreneurial disposition refers to the extensive use of rules of thumb and individual beliefs in the decisions involved in strategic innovations, where rules of thumb represent simplifying strategies or decision heuristics based on such things as prior experiences, individual beliefs, and perceptions. A managerial disposition refers to the use of more systematic decision making based on established algorithms, practices, and procedures. It has been suggested that individuals with an entrepreneurial disposition seek opportunities to take strategic action (Gaglio & Katz, 2001), resulting in organizational renewal and/or rebirth, and are able to deal with the uncertainty of dynamic environments due to their
inherent risk taking propensity (Baum & Locke, 2004). The more systematic decision making framework used by individuals with a managerial disposition is viewed as being reluctant to initiate strategic actions that require more risk than they are willing to take thus promoting strategic inertia.

It has also been argued that as competition in an organization’s environment becomes more intense there is no such thing as a sustainable competitive advantage (D’Aveni, 1994). The rationale for this argument is that the only way organizations faced with a competitively intense environment can sustain any competitive advantage is through substantial adaptive change. As discussed above, institutional theory supports these arguments by suggesting that competitively intense environments force organizations to adapt or lose their standing in the industry as successful competitor adaptations are copied by rivals (Haunschild & Miner, 1997). As additional firms imitate a successful adaptation it becomes ‘institutionalized’ and viewed as legitimate. While our earlier discussions indicate that the nature of organizations’ environment is not likely to provide much motivation for top managers with an entrepreneurial disposition to take strategic actions that lead to organizational renewal and/or rebirth thereby diminishing strategic inertia, this line of research suggests that competitive intensity is likely to be a strong motivator for top managers with a managerial disposition to take such actions. The following propositions reflect this rationale:

**P1a:** Strategic inertia is more likely to exist in organizations when top management’s disposition is characterized as managerial and less likely to exist when top management’s disposition is characterized as entrepreneurial

**P1b:** When top management’s disposition is characterized as managerial strategic inertia is likely to decrease as competition in the organization’s environment becomes more intense

### Decision Making Autonomy and Strategic Inertia

It has been suggested that it is often middle managers, rather than top managers, who are more closely attuned to the firm’s external environment (Ikavalko & Aaltonen, 2001). It has also been suggested that when middle managers have decision-making autonomy, organizations will be more responsive to changes in their external environment (Williams, 2000). When middle managers have decision-making autonomy organizations are more flexible and amenable to such changes. They are in the best position to know what needs to be done and how to do it and, because they have decision-making autonomy, they are constantly looking for ways to make a positive impact on organizational performance. A strong inference to be drawn from these studies and others (e.g., Hopkins, Mallette, & Hopkins, 2013; Fenton-O’Creevy, 2000; Jones, 1984) is that middle managers’ lack of decision-making autonomy to affect change may facilitate strategic inertia. That is, they may not only refrain from engaging in behaviors that champion change efforts but may engage in behaviors that promote strategic inertia.

**P2:** The more decision-making autonomy middle managers have the less likely strategic inertia will exist in organizations

The descriptions of the entrepreneurial and managerial dispositions suggest that decision making authority is likely to be more centralized in organizations where top management’s disposition is characterized as being managerial and more decentralized in organizations where it is characterized as being entrepreneurial. In competitively intense environments there is pressure for both a rapid and high-quality decision-making process. Bourgeois and Eisenhardt (1998) contend that organizations in such environments can benefit from a fast decision-making process. Thus, strong competitive pressures may serve to heighten a sense of urgency within organizations, which may drive them to actively search for ways to maintain competitive position (Nohria & Gulati, 1996). When middle managers have decision-
making autonomy, organizations will be more responsive to changes precipitated by these competitive pressures, such pressures are likely to be a strong motivator for top managers with a managerial disposition to provide them with the decision making autonomy they need to effectively respond.

**P3a:** Middle managers are likely to have less decision making autonomy when top management’s disposition is characterized as managerial and more decision making autonomy when top management’s disposition is characterized as entrepreneurial.

**P3b:** When top management’s disposition is characterized as managerial middle manager’s decision making autonomy is likely to increase as competition in the organization’s environment becomes more intense.

### Cognitive Frames and Strategic Inertia

Cognitive frames are important in shaping individual interests and the effectiveness of various incentive mechanisms that are used to reward actions. As incentives are likely to be based on measures that are subject to interpretation, it is important for middle managers to not only see clearly what needs to be done, but also whether they have the autonomy to do it and to understand how their actions will be rewarded. Since top management is likely to influence middle managers’ perception of what needs to be done and determines whether they have the autonomy to do what needs to be done the disposition of top management is likely to have an influence on their cognitive frames. With respect to inertia, however, they also must know what and how actions are rewarded. Cognitive frames can lead to inertia when the context changes and employees lack knowledge of effective behaviors, they look to the past to make bets on the future, and it is difficult to develop new relational contracts (Kaplan & Henderson, 2005).

When environmental change is slow, middle managers’ cognitive frames that are anchored in existing systems and structures may produce desired results. However, when environments are changing rapidly and adaptive responses become necessary, the links between actions, outcomes, and rewards is uncertain. This can lead to adaptation but it is not clear to managers what they should do and little knowledge exists about how specific actions lead to defined rewards (Gavetti & Levinthal 2000). And, as competitive intensity increases it becomes even less clear what managerial/organizational interests are and how to incentivize desirable actions. In these situations, if a strategic change requires a new cognitive frame to implement a different course of action, it is less likely to be executed by middle managers anchored in old ways of doing things and/or invested in existing incentive systems. Viewed in this way, cognitive frames not only lead to appropriate adaptive responses, but also enhance the emotional commitment needed to execute those responses. For effective adaptive responses to occur, top management must be able to reduce uncertainty in middle managers’ cognitive frames.

**P4a:** The more decision making autonomy middle managers have the less embedded their cognitive frames will be.

**P4b:** Middle managers are less likely to have embedded cognitive frames when top management’s disposition is characterized as entrepreneurial and more embedded cognitive frames when top management’s disposition is characterized as managerial.

**P4c:** When top management’s disposition is characterized as managerial, middle managers are less likely to have embedded cognitive frames as competition becomes more intense.

**P4d:** The less embedded the cognitive frames possessed by middle managers the stronger will be their emotional commitment to change.

**P4e:** The more embedded the cognitive frames of middle managers the more likely strategic inertia will exist in organizations.
Emotional Commitment to Change and Strategic Inertia

It has been suggested that a manager’s emotional commitment is the ultimate trigger for their discretionary efforts leading to the solving of unsolvable problems, the creation of energy when all energy has been expended, and the ignition of emotional commitment in other employees within organizations (Slap, 2010). The emotional commitment of middle managers is evident when they passionately champion strategic change. Huy (2002) asserts that to generate passion that fuels the pursuit of strategic change middle managers have to strive continuously to manage their own emotions associated with the change. We contend in this paper that managing their emotions is facilitated by the type of support (e.g., emotional and tangible) middle managers perceive they have to affect change.

Being respected for their loyalty and importance to the social network of the organization, and perceiving that they are operating within a culture characterized by trust and justice have been identified as important sources of middle managers’ emotional commitment to change (Huy, 2000). A logical conclusion is that inertia is likely to exist in organizations when middle managers’ emotional commitment to change is low. Feeling powerless is another barrier to middle managers’ emotional commitment to change. What we propose in this paper is that tangible support, specifically decision making autonomy, authenticates emotional support and has a positive effect on the emotional commitment of middle managers.

\[ P5a: \] the greater the amount of decision making autonomy possessed by middle managers the stronger will be their emotional commitment to change

\[ P5b: \] the stronger middle managers’ emotional commitment to change the less likely strategic inertia will exist in organizations

Emotional support is an integral component of organizational cultures created by top managers with an entrepreneurial disposition (Hitt et al., 2011). In such cultures, risk taking is encouraged and failure is tolerated for the purpose of engendering the trust required to ensure high levels of emotional commitment to change (Gupta, Macmillan, & Surie, 2004). It has also been suggested that top managers with an entrepreneurial disposition express the type of passion that is contagious and engenders employee commitment to change (Baum & Lock, 2004). The descriptions of the entrepreneurial and managerial dispositions provided suggest that the emotional support that engenders emotional commitment to change is more likely to occur in organizations in which top management’s disposition is characterized as entrepreneurial than in organizations in which it is managerial.

Strong competitive pressures may serve to heighten a sense of urgency within organizations, which may drive them to actively search for ways to deal with these pressures. We contend that when middle managers are emotionally committed to change they will be more responsive to competitive pressures in the organization’s environment. While the strategic entrepreneurship literature suggests that top managers with an entrepreneurial disposition are likely to create and maintain an organizational culture that engenders emotional commitment to change, such pressures are likely to be a strong motivator for top managers with a managerial disposition.

\[ P6a: \] middle manager’s emotional commitment to change is likely to be weaker when top management’s disposition is characterized as managerial and stronger when top management’s disposition is characterized as entrepreneurial

\[ P6b: \] when top management’s disposition is characterized as managerial middle manager’s emotional commitment to change is likely to increase as competition in the organization’s environment becomes more intense
DISCUSSION AND CONCLUSIONS

Although prior research has attempted to bring some clarity to the phenomenon of strategic inertia, its focus has largely been on the impact of a limited number of factors. This narrow focus has resulted in theoretical and practical gaps in our understanding. We have made the case that overcoming strategic inertia is the result of both structural arrangements and cognitive processes. It is apparent that structure and cognition are intertwined and that an appropriate adaptive response is more likely to occur when all of these elements co-evolve. Rather than re-state our propositions here, we would like to conclude by outlining promising areas for future research.

The framework that we present contributes to the theoretical and supporting empirical literatures in several ways. The discussion of whether inertia is good or bad is perhaps less important than when and to what extent different adaptations produce desirable results. All of the theoretical perspectives discussed herein recognize that organizational structure affects inertia. Without specifically addressing middle management decision making autonomy, most theories recognize that embedded routines, practices, and routines are associated with organizations that are more inert. When there is little opportunity to act outside of traditional boundaries, adaptive responses become limited. Thus, part of the adaptive response needs to contemplate structural impediments to change. Second, cognitive frame is an important dimension that the perspectives address in different ways. While organizational ecology and institutional theories generally assume it is embedded, others recognize that it can be shifted through adequate organizational resources (which may include incentives), competitors do it when they mimic successful competitor actions, or that it is transitory. The behavioral theory of the firm also views competitive intensity as an important moderating force, but the focus is on performance and not on the processes that affect how firms understand and attempt to overcome inertia. While emotional commitment to change is only tangentially addressed by the Red Queen theory and behavioral theory of the firm (survival is assumed to garner commitment), we believe that this dimension of our framework is very important as a factor that affects firms’ ability to develop and execute adaptive responses. Thus, understanding the factors that impact the commitment dimension, and to what degree, need to be determined. Future research should examine how these components interact to affect the choices that managers make and how different environmental contexts influence those choices.

Specifically, researchers need to more thoroughly address the complex factors (and the relationships among them) that contribute to inertia. For example, organizations don’t perceive things, individuals within organizations do and it is likely that each perceives things uniquely. Future research that looks at how individual cognitive frames are formed, and how incentives affect individuals differently, could produce important findings. In addition, future research needs to explore how individual cognitive frames coalesce to produce both “organizational” frames and subsequent outcomes. Further, looking at how these processes unfold in different environmental contexts could produce findings that not only make a significant contribution to the literature in this area, but prove valuable for managers dealing with inertia issues. Future research should also seek to understand how managers perceive performance shortfalls, and how this factor helps establish a cognitive frame. Future research could also examine inertia from a social movements perspective in which a powerful and influential group is able to shift organizations from embedded frames to new ones (Benford & Snow, 2000). Future research also needs to explore the moderating effect of competitive intensity on the middle management dimensions presented in our framework across multiple industries. It is reasonable to assume that industry idiosyncratic competitive conditions exist and that these unique features would affect how managers perceive and respond to the competition.
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