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Dynamic Institutionalization of the Terms of Presentation in Information Technology Management

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Abstract

This report of research in progress describes a study of how senior executives incorporate statements concerning information technology innovation into their public representations of firm performance, activities, and direction. Drawing on institutional theory and using longitudinal content analysis, we consider how discourse in the wider business milieu potentially shapes and constrains executives' representations.

Introduction

The research attention of the IS academic community has traditionally focused rather heavily on practical and instrumental issues in organizational innovation with information technologies (Swanson and Ramiller, 1993; Fichman, 2000). While the actual deployment of technology clearly demands our continued attention, research into the management of IT innovation should also consider the parallel challenges associated with how executives represent organizational efforts in the IT arena to interested constituencies. In fact, interesting tensions often occur between such *managerial representations* and organizational innovations *as matters of fact*.

It has long been a given, in management scholarship, that executives face a fundamental, on-going challenge to interpret and represent organizational strategy, action, and performance in a credible and persuasive manner to such interested parties as internal stakeholders, shareholders, financial-market analysts, and the general business press. The increasing pervasiveness of IT innovations, both within business firms and in the imagination of the business community, puts ever-mounting normative pressure on executives to incorporate statements about IT innovation in their public representations.

While the challenge of managerial representation endures, the specific formulation of executives' responses tends to change over time. This is because the language that is considered credible and persuasive shifts with the passing years. This paper reports on a study underway to investigate such language change, and its effects on executives' representations concerning their firms' IT-related investments and activities.

Theoretical Development

We propose that executives construct (and re-construct) their discourses on organizational performance, in part, by drawing on relatively transitory discourses that take place in wider interorganizational fields. The discourses of particular interest are those that address current and emergent norms for organizational innovation. These transitory, yet influential, discourses are commonly announced by what are sometimes derisively called "buzzwords" (Swanson and Ramiller, 1997). Such buzzwords may refer to commercial innovations (e.g., "e-business"), positions on management practice ("TQM," "BPR"), infrastructural investments ("intranets"), or the sociotechnical constitution of organizational forms ("ERP"), among other things. Whatever the nature of the innovation, the buzzword in question is often more than merely that, and may label a substantive, focused discourse about an area of significant organizational opportunity or concern.

The executive nowadays ignores the IT buzzwords and their associated discourses at his/her peril. The IT topic du jour holds significant power for legitimation, and an executive's credibility is likely to be tied, in part, to the topic's successful deployment in the executive's communications. Accordingly, the *terms of presentation* available to the executive (and, it is likely, executive thinking itself) are, to a significant degree, shaped and constrained by the language in currency.

The influence of transitory interorganizational discourses suggests that they are in effect *nascent institutions* – ideas in movement toward conventionalization and a claim to "rule-like status in social thought and action" (Covalesski and Dirsmith, 1988, p. 562). However, this movement is actually an ebb and flow, with successive discourses coming into prominence and then fading away (Abrahamson, 1996; Eccles and Nohria, 1992). It is more fitting, therefore, to think of the terms of presentation as being subject, specifically, to a dynamic institutionalization.

The preceding perspective on the constitution of executive representation suggests a two-part research challenge. For the first part, we need to develop a systematic account of the "comings and goings" of these influential discourses. In particular, we need to

understand more fully what patterns they manifest in their development, impact, and duration. For the second part, we need to learn more about their genesis and diffusion. A given discourse typically will appear in a variety of *spheres of presentation*, including the business press, corporate communications, analysts' reports, and the like. These spheres of presentation reflect an underlying community of interests that is heterogeneous in character. Accordingly, it is important to know whether, and to what degree, some interests may lead others in the elaboration and promulgation of these discourses (Barley et al., 1988; Abrahamson and Fairchild, 1999) – or whether, in fact, there is variation across discourses in the social locus of their production and promotion.

Research Program

In a preliminary exploration of these issues, we will perform a longitudinal content analysis for a focused set of IT-related innovation discourses. This effort builds on a long tradition of the use of content analysis in the management literature (Erdener and Dunn, 1990). The pilot study will consider each of these discourses across three spheres of presentation, specifically: prospective-adopter firms, the financial analysts' community, and the wider business community. We believe that a seven-year window will be sufficient to yield preliminary data reflecting the dynamic nature of these discourses.

Companies' annual reports constitute our sampling domain for the first sphere, prospective adopters. The annual report, which represents management's statement to various stakeholders, discusses the past results of the firm as well as describes future plans and strategies. Prior studies have demonstrated that the textual content of these reports are predictors of future firm performance (Abrahamson and Amir, 1996). Analyzing the contents of annual reports will be our means of identifying innovation discourses of relevance to management.

Financial analysts are important information intermediaries. This group of individuals prepares reports that provide information to the general investing public regarding past and future company performance. Analyzing the content of these reports over time will provide information regarding the changing nature of this group's interest in IT innovation discourses.

Annual reports and analyst reports represent statements about the status, activities, and directions of specific companies. These statements, however, are made in the context of a wider business community, another sphere of presentation in which a specific innovation discourse may arise, taking there a more general form. For this sphere, we will examine the content of the general business press over the same time window.

We will select five firms from five different industries. We will exclude industries oriented around IT-related products and services, so as to focus our analysis on texts that are unambiguously concerned with the adoption (rather than the purveying) of IT. To ensure adequate coverage from the financial analyst's community, these five firms will be in the top ten percentile of their industry in terms of market following. The annual reports for these five firms for the years 1993 through 1999 will be obtained from the Compact Disclosure database. For each annual report we will consider the president's letter and the management discussion and analysis section of the annual report. Content analysis will be used to identify the prominent innovation discourses referenced in these annual reports, and to develop thesauri of keyword indicators for these discourses. Analyst reports of the five firms covering the same time period will be obtained from the Investext database. These, too, will be content-analyzed for discourses and indicators.

The innovation discourses and indicators that have been identified, year-by-year, for each firm will be compared between annual reports and analyst reports and also considered longitudinally. The final step of the analysis will be to investigate the timing and intensity of these discourses in the general business press during the seven-year window. The Lexis/Nexis database will be the source used in this part of the analysis. Contrasting patterns in the manifestation of the innovation discourses across the three spheres of presentation will then be evaluated for insights into the dynamics involved in the diffusion of IT-related discourses and their normative expression in executives' representations of firm activities and performance.

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