Organizational Ingenuity and the Paradox of Embedded Agency: The Case of the Embryonic Ontario Solar Energy Industry

WHAT IS THIS RESEARCH ABOUT?

Ingenuity is the ability to create innovative solutions within structural constraints using limited resources and imaginative problem solving. This research examines organizational ingenuity within the paradox of embedded agency where organizational stakeholders are constrained in their behaviors by institutions, yet also influence and change these institutions. A four-year case study of the embryonic Ontario solar industry has allowed researchers to build theory about ingenuity.

WHAT DID THE RESEARCHERS DO?

Kent Walker, Francine Schlosser and David Deephouse from the University of Windsor and University of Alberta address the research question, how does organizational ingenuity play a role in the paradox of embedded agency within an embryonic industry? They answer the research question using a longitudinal case study of the embryonic solar energy industry in Ontario during 2009–2012 with data from interviews of 22 industry stakeholders and 91 media articles.

The researchers used this data to identify three main constructs of interest: organizational ingenuity, institutional constraints, and legitimacy. They were then able to develop a process model that tracks their evolution over time.

WHAT DID THE RESEARCHERS FIND?

The researchers found the following:

- Ingenuity strategies can be usefully framed using institutional processes. In this case: compliance, challenge, and escape.
- Ingenuity develops over time in a sequence of strategic responses characterized by: challenge, escape, compliance, and escape.
- Industry participants capitalized on existing stocks of legitimacy in developing their ingenuity strategies, specifically regarding how pragmatic, regulative, moral, and cognitive legitimacy applied to them. This further develops the claim that changes can be legitimized by framing them within popular discourses.
- Ingenuity may still emerge when an institutional enabler becomes an institutional constraint. Innovation may also take place within institutional constraints, consistent with the definition of ingenuity.
- There are collaborations in the Ontario solar energy industry, which unexpectedly began to form within the first year of the introduction of the GEA. Collaborations are important in driving institutional change.
- Extending legitimacy to an ingenuity strategy is necessary for its success.
In summary, the researchers found that severe top-down constraints led to a set of bottom-up ingenuity strategies that challenged, complied with, or escaped the constraints. These ingenuity strategies were manifested at multiple levels of analysis, and firms were able to extend different dimensions of legitimacy to the strategies. Hence, when confronted by significant institutional constraints, we conclude that firms can circumvent these constraints ingeniously and legitimately.

HOW CAN YOU USE THIS RESEARCH?

This research may be used by firms operating in the Ontario solar industry. Without changes to the current institutional constraints, the industry is unlikely to grow beyond its current form and a promising opportunity for clean energy, investment, and job creation will be lost. Ultimately, all relevant stakeholders, including private, public and non-profit entities should be aware of this research and be at the policy table if sustainable climate change policies are to be successfully introduced.

Managers can also use this research. The research showed in the Ontario solar industry, a 7% restriction changed from enabling to constraining within less than one year. Managers should be aware of how quickly such a change can occur so they don't preemptively strike at the institutional constraints.

CITATION


KEYWORDS


WHAT YOU NEED TO KNOW

Extending legitimacy to an ingenuity strategy is necessary for its success. When confronted by significant institutional constraints, firms can circumvent these constraints ingeniously and legitimately.