

DIVERGENT PERSPECTIVES AND FLUID RESPONSES: MULTIPLEXED FRAMING IN INCUMBENT RESPONSES TO DISRUPTION

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INTRODUCTION

The ways in which established firms respond to disruptive innovations have received considerable attention over the past three decades (Hill and Rothaermel, 2003; Schumpeter, 1942; Tushman and Anderson, 1986). While we have learned much about incumbents' responses to change and innovation (Ansari and Krop, 2012; Eggers and Park, 2018), how framing affects an incumbent's response strategies remains relatively underexplored within the disruptive innovation literature (Hopp et al., 2018; Kumaraswamy et al., 2018; Snihur et al., 2018). Where accounts have utilized framing, they have tended to apply a binary formulation, often relying on a broad opportunity/threat dichotomy (Chattopadhyay et al., 2001; Dutton and Jackson, 1987; Mintzberg et al., 1976; Nutt, 1984). Recent work suggests that frames held by managers may not be unidimensional nor binary (Dutton and Jackson, 1987), but rather multi-dimensional (Osiyevskyy and Dewald, 2015), conflicting (Gilbert, 2005) and non-binary (Hahn et al., 2014).

Acknowledging such frame heterogeneity suggests that there may be not only inter-incumbent variation in how incumbents frame and respond to disruptive innovations (Cohen and Tripsas, 2018) but also *intra-incumbent* variation. Frame heterogeneity raises new issues for how multiple, conflicting frames interact within an incumbent organization and shape its responses. The process can be both combative, with managers engaging in 'framing contests' (Gurses and Ozcan, 2015; Kaplan, 2008), and collaborative, to combine and merge frames (Ansari et al., 2013; Powell and Sandholtz, 2012) as they try to win the support of others and agree about the right way to respond (Klitsie et al., 2018; Reay and Hinings, 2009). While a greater plurality of frames potentially provides more opportunity for conflict, it also allows for the possibility of a more extensive repertoire of incumbent responses (Gray et al., 2015). Understanding intra-firm heterogeneity requires a multi-level perspective that focuses on how interactions among frames espoused by different members of an organization unfold to influence organizational strategy (Gray et al., 2015; Kaplan, 2008).

From these considerations, two questions emerge. What are the different types of frames through which a potentially disruptive innovation is viewed inside an incumbent organization? Where pluralistic frames do appear, how do these interact, and how does this interaction shape the firm's responses to disruptive innovation?

To address these issues, we conduct a grounded, inductive study of framing in an incumbent organization responding to digital disruption. Our research focuses on the UK General Insurance division of Insurecorp plc, a pseudonym for a large multi-national insurance and investment firm. Our case explores the nature and role of framing within the organization during a period of disruption in the insurance industry—the rise of digital aggregator platforms between 2002 and 2007—to explore how frames develop and impact firm decision-making and responses.

FRAMING AND DISRUPTION

Socio-Cognitive Perspectives on Disruption

Much of the literature on disruptive innovation has focused on resolving the ‘innovator’s dilemma’ or how incumbent organizations fail to successfully respond to emerging innovations despite simultaneously doing ‘what is right for the near-term health of their established businesses’ (Christensen, 2013, xiv). Recent work has begun to focus on the heterogeneity of incumbent responses (Cohen and Tripsas, 2018; Eggers and Park, 2018; Khanagha et al., 2018). From this perspective, the challenge is to understand why incumbent organizations respond to the same disruption in different and, at times, conflicting ways.

Traditional accounts have focused on macro-level explanations, drawing on a resource-dependent (Christensen, 2013; Pfeffer and Salancik, 2003; Sandström et al., 2009) and capabilities-driven (Benner and Tushman, 2002; Ethiraj and Zhou, 2019; Sosa, 2011) perspective on incumbent responses. While providing strong insights, these studies paid less attention to the influence that interpretive processes have within organizations. This is the focus of a socio-cognitive body of research spearheaded by works such as Dutton and Jackson (1987), Gilbert (2006), Nadkarni and Barr (2008), Rindova et al. (2012), Staw et al. (1981), and Tripsas and Gavetti (2000).

Managers of incumbent organizations facing disruption find themselves making decisions in highly uncertain conditions (Kaplan, 2008; Snihur et al., 2018). This may include disagreement about what a ‘good’ outcome looks like, who the competitors are, and what defines the market (McCaskey, 1982; Weick, 1995). As ‘interpretations are likely to diverge widely’ (Kaplan, 2008, 673), managers are forced to address not only how to achieve a desirable outcome but also figure out what a desirable outcome is (Jauch and Kraft, 1986; Weick, 1995).

Understanding such divergence is a central aim of the socio-cognitive lens and, in particular, framing theory. Frames function as ‘structures of belief, perception and appreciation’ (Schön and Rein, 1994: 23), which filter what an individual sees as significant (Gilbert, 2006: 151) and how it is interpreted (Weick, 1995). The content of these frames can include representations of competitors (Reger and Huff, 1993) and the organizations’ history and market demands (Tripsas and Gavetti, 2000). This influences how managers interpret and respond to changing market dynamics (Eggers and Kaplan, 2013; Garud and Rappa, 1994). Framing theory posits that where the processing of decisions is limited by what can be known and processed (Eisenhardt and Zbaracki, 1992; Jones, 1999), frames operate as a heuristic to aid decision-making.

Emerging Issues in the Application of Framing to Disruption

Much of the literature applying a framing lens to issues of disruption has depicted frames as binary and discreet (Daft and Weick, 1984; Dutton and Jackson, 1987; Gilbert, 2006; Khanagha et al., 2014; Saebi et al., 2017). Exploring the newspaper industry during the emergence of digital publishing, Gilbert (2006) showed that framing innovation as a ‘threat’ or ‘opportunity’ influenced the range of options considered and the resources committed to addressing the issue. While this model holds strong prescriptive appeal, recent work has begun to break down the binary, discreet heuristic. Osiyevskyy and Dewald (2015) distinguish between

degrees of threat; framing the disruptive business model as a non-critical threat was positively associated with intentions to adopt the new business model while framing the disruption as a critical threat did not have the same effect. Dewald and Bowen (2010) present a non-binary treatment of opportunity and threat frames, wherein the content of each frame is concerned with fundamentally different elements of the challenge. Specifically, a threat frame is an outward-looking claim about the challenge posed, while an opportunity frame is an ‘inward assessment’ (2010: 200) about the utility for the firm.

This recent turn in the literature raises the possibility that the frames used by managers during periods of disruption may be more nuanced and pluralistic than earlier suggested, raising questions about how such frames unfold and interact over time. In addressing this, extant research has explored the potential for (and consequences of) tensions between divergent frames (Fiss and Zajac, 2006; Gurses and Ozcan, 2015). These tensions may manifest in contestation, whereby actors engage in political processes to make their frames resonate with others (Kaplan, 2008). Alternatively, tensions between frames can be maintained in a productive manner (Reay and Hinings, 2009) that allows sufficient common ground to emerge, despite the variance (Gray et al., 2015; Klitsie et al., 2018). Tensions between frames can also be resolved through the re-interpretation of frames—relying on the ability of managers to adjust and reclassify their frames to mitigate conflict (Ansari et al., 2013; Osiyevskyy and Dewald, 2018; Raffaelli et al., 2019).

Multiple frames can increase the possibility of conflict and contestation (Klitsie et al., 2018), however people can also hold divergent frames for extended periods or shift their frames to resolve conflicts (Gray et al., 2015). Whether tensions between plural, heterogeneous, non-binary frames result in conflict may depend on how frames are held within the organization. Much of the literature on framing contestation (e.g., Kaplan, 2008) explores political action between groups of individuals with similar frames as they compete to mobilize action. Further work has explored how, when organizational sub-groups identify with different positions, members can engage in ‘splitting’ (Lewis, 2000), whereby ‘we/they’ distinctions are heightened as individuals with similar views coalesce around a shared identity. These differences between sub-groups can reduce mutual understanding (Leonard-Barton, 1992) and perpetuate conflict (O’Connor, 1995). Understanding how multiple frames interact will require an exploration of their distribution in the organization.

Taken together, these bodies of literature highlight the need for a grounded exploration of the relational dynamics of frames in an incumbent organization responding to a potentially disruptive innovation. What are the different types of frames through which a potentially disruptive innovation is viewed inside an incumbent organization? Where pluralistic frames do appear, how do these interact, and how does this interaction shape the firm’s responses to disruptive innovation?

METHODOLOGY

Our research uses an inductive study of the UK General Insurance arm of Insurecorp plc between 2002 and 2007 in response to the disruption wreaked by the growth of digital aggregator platforms. To improve accuracy and validity data was triangulated across multiple discrete sources. We prioritized archival content analysis, combined with semi-structured interviews with former senior management and current employees of the organization.

We followed the methodology of Gioia, Corley, and Hamilton (2012), more often associated with grounded theory (Glaser and Strauss, 1967). Drawing on existing literature to

develop the initial research questions and identify relevant theoretical concepts, we are consistent with grounded theory insofar as we employ techniques intended to develop an interpretive model of the role of frames ‘grounded in the views of participants in the study’ (Creswell, 2012: 14).

FINDINGS

Response Imperative

Our analysis showed the emergence of two response strategies. The first response, ‘*adapt*’ was defined by a set of strategic priorities aimed (in the words of a former Marketing Manager) at ‘beating cheap aggregator-based players at their own game’. The focus was on competing on cost, the primary value dimension from which the aggregators’ differentiated products. The second – ‘*differentiate*’ – included tactics aimed at resisting the ‘creeping commoditization’ (according to a former Innovation Manager) of its business.

Both strategic positions acknowledged that aggregators were undercutting Insurecorp’s existing position and required a response beyond maintaining the status quo. Our analysis shows that there were significant divergences in *how* this challenge was framed and how the organization was framed as capable of dealing with it.

Frame Dimensions

Our analysis revealed multiple frame dimensions, resulting in a heterogeneous range of beliefs associated with the identification with one of the two strategy positions. Specifically, these beliefs concerned the *Challenge Type*, *Response Urgency*, and *Firm Heritage*. Variation along these framing dimensions influenced the compatibility of an individual’s beliefs with either the *adapt* or *differentiate* strategic position. An individual who framed the situation as an urgent, volume challenge and who framed Insurecorp’s heritage as primarily functional would find the *adapt* response to be more consistent with their beliefs. As such, they would prioritize tactics aimed at competing on price.

These three framing dimensions, though inter-related, are separate. The framing positions of ‘challenge to volume’, ‘high urgency’ and ‘functional heritage’, as well as the set of ‘challenge to margin’, ‘low urgency’ and ‘pioneer heritage’, appear to be mutually constructive at times in discussions with respondents however it was possible to simultaneously hold framing perspectives that could lead to incompatible response strategies. This appears to indicate that the frames held by managers were complementary but not mutually inter-dependent.

These framing dimensions functioned as spectrums, bracketed at either end by polarised framing positions. Individual members’ beliefs and perspectives may entirely or partially align with these frames or hold a view somewhere in between. It is possible, for example, for individuals to frame the challenge as ‘pressing’ (in the words of the former Customer Experience Director) or ‘requiring attention’ (in the words of a former Strategy Director), neither of which are consistent with framing the threat as urgent or non-urgent, but rather a nuanced position in between.

From Framing Clashes to Emergent Strategy

Our analysis revealed that conflicting frames would often be held by members of the same organizational group. Frame positions were thus spread more evenly throughout the organization than we had expected. Framing tensions thus emerged between individuals within groups rather than between groups. Rather than *tribal* divisions emerging along organizational lines, divergent (and sometimes conflicting) beliefs could be held simultaneously within each team. Our findings suggest that this lack of consensus within teams mitigated the degree of conflict within the organization. Organizational sub-units, each made up of agents using a variety of frames, did not rally around polarised perspectives or positions. As a result, the tribalist conflict that can accompany these framing clashes did not emerge.

Within teams, the multiple ways in which agents could frame the situation created an ambiguity about which perspectives were relevant or important. Where interpretations clashed, agents would draw on other ways of framing the situation to make their case. In doing so, it was possible for a team to see multiple response strategies as legitimate and coherent, allowing them to move between different ideas in a relatively fluid manner. The range and number of frames held within groups encouraged multiple response strategies to be considered and allowed managers to tack between different and potentially conflicting alternatives. This ability of individuals within the organization to shift between different strategies for different reasons allowed the organization to iteratively trial multiple responses to the threat of digital disruption.

DISCUSSION AND CONTRIBUTIONS

Multiplexed Framing

Rather than schematically classifying disruption as a threat or opportunity, our analysis suggests that organizational members can use multiple, non-binary framing dimensions to develop a multi-faceted perspective. We introduce the term Multiplexed Framing to refer to the dual qualities of multiple framing dimensions and non-binary structures. This perspective allows individuals to simultaneously hold beliefs that are consistent with framing the disruptive innovation as a threat *and* as an opportunity. Because these beliefs exist across separate framing dimensions, they can be held simultaneously, even though they may have differing implications for whether the disruption is seen to be consistent with a traditionally construed threat or opportunity. This provides a more nuanced understanding of how disruption is interpreted inside an incumbent organization.

We argue that modeling frame structures as non-binary dimensions allowing a *spectrum* of positions allows for a more granular and nuanced understanding of responses to disruption. While prior work has emphasized the binary poles of framing, our model depicts a spectrum of beliefs held by members between the two abstracted ‘ideal types’ (Doty and Glick, 1994) or categorical frames (threat/opportunity), which gain differential resonance. Indeed, ‘ideal types’ rarely exist in pure form, the actual frames of decision-makers will lie between the endpoints’ (Hahn et al., 2014: 466). Focusing on only the endpoints of the spectrum of framing positions would lead to missing out on the range of responses that emerge in practice.

Framing Tensions, Equifinal Resolutions, and Progress

We found that frames are distributed ‘holographically’ (cf., Albert and Whetten, 1985), such that each sub-unit of the organization comprises individuals utilizing a range of frames.

This differs from an idiographic distribution (Pratt, 2016) where members of a particular unit hold the same frame, as found in Tripsas and Gavetti (2000) and Gilbert (2006). We argue that the combination of multiplexed frames and a holographic distribution enabled the organization to rapidly switch between different responses to the unfolding disruptive innovation in a relatively short timeframe. As frames were not monopolized by specific teams or sub-units, tensions emerged *within* rather than between groups. The broad range of framing positions distributed throughout the organization enabled the firm to avoid the inter-team tribal conflict that tends to characterize incumbents' responses to disruption.

While previous research has described how these tensions unfold through competition and conflict (Gilbert, 2006; Gurses and Ozcan, 2015; Kaplan, 2008; Kaplan and Orlikowski, 2013), this analysis proposes that the plurality of framing positions within each team in the organization helped mitigate conflict by allowing organizational members to settle on the same response even if for different reasons. This is consistent with the notion of equifinal resolution of conflict: relying on the co-existence of multiple perspectives and issues, individuals can circumvent conflict by finding different ways to agree on decisions without agreeing on why these decisions are necessary (Donellon et al., 1986; Gray et al., 2015). This allowed sub-units and teams to consider a wide range of response strategies and tack between them fluidly, rather than get tied to a specific response (that was no longer appropriate), with each strategy being understood as a 'legitimate' response despite different reasons for selecting that response strategy. As a result, the organization could dynamically manage the disruptive innovation process by responding in a manner that seemed optimal and prudent at a point in time, but then adjust the response as needed in line with changes in the unfolding disruptive innovation process.

CONCLUSION

Our core contribution is the development of a multiplexed model of framing that eschews traditional formulations of framing in favour of multiple, non-binary interpretations, distributed holographically throughout the organization. It explains the equifinal resolution of conflict – managers can leverage the ambiguity generated by multiple, non-binary frames to settle on a particular course of action at a point in time, but with different reasons for doing so. The plurality of frames combined with a holographic distribution allows multiple response strategies to be seen as legitimate and plausible. This allows the organization to switch fluidly between different strategic responses. Faced with the threat of digital disruption, multiplexed framing enables the organization to nimbly navigate the unfolding disruptive innovation process, particularly in periods marked by high uncertainty and ambiguity.

REFERENCES AVAILABLE FROM THE AUTHOR