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Author(s): Roger L. M. Dunbar and David Ahlstrom
Source: *The Academy of Management Review*, Vol. 20, No. 1 (Jan., 1995), pp. 171-192
Published by: [Academy of Management](#)
Stable URL: <http://www.jstor.org/stable/258891>
Accessed: 15/08/2011 10:51

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SEEKING THE INSTITUTIONAL BALANCE OF POWER: AVOIDING THE POWER OF A BALANCED VIEW

ROGER L. M. DUNBAR
DAVID AHLSTROM
New York University

In this article we distinguish the views of insiders and outsiders and develop propositions suggesting how interactions between them may evolve. Two case studies illustrate how these ideas may manifest themselves in practice. By focusing on gaining control of the balance of institutional power instead of exploring alternative perspectives on controversial issues, we continue to create gaps between what insiders do and what outsiders actually want. Resolution of controversial issues requires that insiders and outsiders reorient themselves away from a self-centered, competitive approach in favor of a more cooperative approach in which the shared objective is an understanding of the issues and better solutions for all concerned.

People in the United States take pride in the rights they enjoy as insiders, for example, as citizens and as members of organizations. Yet it is often a very self-centered appreciation. Many people, for example, although insistent on their privileges, are much less concerned about fulfilling broader social obligations. Crises in social integration eventually emerge if individual rights are the exclusive focus of attention and broader social obligations are overlooked (Habermas, 1973). When those who pursue individual rights fail to take account of concerns in the broader environment, conflict between insiders and outsiders can be expected. In this article we explore conflicts, how they are usually handled, and how they may be resolved.

Individuals working in organizations or professional communities, for example, usually take for granted their insider perspective along with their right to practice their skills in the way they see fit. They focus on learning their trade and finding a niche to use and exploit their knowledge. Economists like Milton Friedman advocate such an approach. They argue that if a business performs its activities efficiently and effectively, it is doing all it needs to be concerned with, because in the long run these individual strivings produce optimal societal solutions (e.g., Friedman &

This title was inspired by *The Power of Balance* by William R. Torbert. The helpful comments of Lewis Miller, the editors, and the reviewers are gratefully acknowledged.

Friedman, 1980). If "insiders" in organizations just focus on what they do well, market "outsiders" will then ensure that resource allocations facilitate overall growth and improvement.

Relatively few researchers have explored the implications of the systematic differences that distinguish the perspectives of those inside and those outside social organizations or groups (for exceptions, see Harris, 1979; Headland, Pike, & Harris, 1990; Louis & Bartunek, 1992). We consider those differences and explore how interactions between insiders and outsiders evolve at those times when organizations are committed to particular practices while there are those in the environment who question an approach to such situations. What are their goals, and how do they assess effectiveness? We suggest why insiders and outsiders often find themselves involved in competitive rather than constructive relations. We also describe how they seek a hegemonic balance of power in an attempt to control or shut out other points of view. Such a process eliminates the possibility of a more balanced approach in which a full range of considerations could come into play. We then describe two cases that illustrate the ways in which this process plays out in practice. We conclude by discussing how these difficult situations may be overcome.

THE PROCESS

The Perspectives of Insiders and Outsiders

We refer to the members of target organizations as *insiders* and to everybody else as *outsiders*. In many situations, such a stark distinction is too strong (Starbuck, 1976), for people see themselves as being, relatively speaking, insiders or outsiders. On the other hand, when important differences characterize a particular context, many people often do identify strongly with either an insider or an outsider perspective. We are interested in identifying the sources of difference that will distinguish the perspectives typical of the two groups in these situations. Table 1 summarizes some elements that distinguish the differences in perspective of insiders and outsiders.

Organizations handle recurring issues in particular ways in specific

TABLE 1
Elements Distinguishing the Alternative Perspectives of Insiders and Outsiders

	Insiders	Outsiders
Perspective of discourse is	Bounded, detailed	Unbounded, general
The focus of interest is on	Organizational practices	Organizational outputs
Social construction is on	Culture development	Assessment efforts
Assessment is based on	Consistency with practice and ideals	Comparative efficiency, effectiveness, and fairness

settings (Drazin & Sandelands, 1992). Insiders commit to these routine ways of doing things. The boundary they share as members of the same organization acts as a frame to their understanding. Organizational cultures that are consistent with the organization's activities then develop. They determine how internal integration and external adaptation issues should be handled (Schein, 1985). They also act as filters through which insiders assess and evaluate their organization and the views and behaviors of outsiders.

Insider views, then, tend to be pragmatic, reflecting the practices and activities that are pursued by their organization. What is meaningful is linked to the established ways of doing things in a particular organizational context and to the ideals to which an organization aspires. Within this institutionalized context, insiders monitor their performance, seek effective implementation, and select directions in which to make further investments. Physicians in a given specialty, for example, develop a specialized discourse and a focused perspective (Plough, 1981). Insiders perceive such languages as an effective way to describe reality accurately and efficiently.

Outsider perspectives, in contrast, are not bounded by organizational or professional affiliations, but rather they may reflect many different interests in the behavior of a target organization. Outsiders are mainly concerned about whether a target organization seems sensitive and responsive to their specific needs and broader social concerns. They rely on social construction processes to assess target organization outputs. Specifically, they seek to compare the target organization's outputs with those available from alternative sources. They ask, for example, Are these the outputs that we want? If not, how and from whom can we get the outputs we want?

To help analyze and discuss these issues of external assessment, outsiders develop frameworks and terminologies to categorize and compare target organizations' outputs. In medicine, for example, there have been efforts to assess the comparative effectiveness of different treatments in terms of standard universal criteria such as cost effectiveness and the quality of life they allow (e.g., Eddy & Billings, 1988; Laupacis, Feeny, Detsky, & Tugwell, 1992). More generally, agency theorists suggest that outsiders should structure rewards and monitor procedures to encourage insiders to produce the outcomes that outsiders desire (Eisenhardt, 1989). Proponents of such output-focused approaches tend to regard insiders' working processes as a "black box." Outsiders, however, are usually not too concerned that they only have a vague understanding of what insiders actually do. Outsiders are mainly concerned about whether target organization outputs are going to satisfy their demands. Thus, we propose

Proposition 1: Insiders socially construct an organizational culture that justifies current practices and ideals and supports effective performance in practice

implementation. Relative to outsiders, insiders have less appreciation of the broader range of expectations that outsiders have for their organization and its outputs. Outsiders socially construct shared views of how to assess and compare target organization outputs based on universal criteria. Relative to insiders, outsiders have less appreciation of the process details that insiders must manage to deliver the outputs that outsiders desire.

Approaching the Other

Given these differences in perspective, the relationships between insiders and outsiders are often characterized by a social, intellectual distance that can easily turn into suspicion. Reflecting their lack of the shared and specialized insider knowledge, for example, outsiders may perceive a special closeness among insiders who share membership in a profession, a sports team, a particular department, or a firm, and they may find this exclusiveness difficult to accept. Insiders, on the other hand, find the perspectives they have of themselves out of line with the perspectives of outsiders, such as commentators, reporters, economists, politicians, or other stakeholders. To insiders, the broad assessments made by outsiders may ignore many practical realities that are of primary concern. The sense of suspicion associated with this distance may increase as both insiders and outsiders develop a sophisticated knowledge base and specialized terminology to support and justify their views. Although a specialist language may facilitate communication within insider groups, it increases the transaction costs incurred in communicating between insider and outsider groups.

Excerpts from an exchange between Dr. Thomas Starzl, the well-known transplant surgeon and key proponent of transplantation, and Richard Lamm, an experienced politician, a former governor of Colorado, and an opponent of the widespread diffusion of transplantation, illustrate the different types of objective functions that may be proposed and justified given different, well-developed perspectives. Dr. Starzl commented that "[t]he taking or debasing of life by withholding effective treatment ought not to be justifiable no matter how great the offsetting 'benefit' to the public good." Governor Lamm argued that "[a] compassionate society has the duty to use its limited resources to save the maximum number of its citizens . . . I know of no health official who claims transplants are a cost-effective way to bring a society good health" (Starzl, 1992: 286).

This excerpt stresses that both insiders and outsiders become committed to their knowledge bases, values, associated ways of understanding, and methods of evaluation. Then they often approach one another in self-centered ways, making interpretations based on their own understandings rather than based on an appreciation of the others' perspective (Freidson, 1986; Luhmann, 1990). This self-centeredness exacerbates

problems. Insiders placing high value on their special knowledge and familiarity with established practice may believe outsiders lack this understanding and do not appreciate its implications. Insiders may reason, therefore, that outsiders should leave them alone to run internal matters in the way they see fit. Given such a perspective, insiders regard any pressures that outsiders may attempt to bring to bear on outputs as superficial in design and thus inappropriate. Insiders may decide an appropriate response to outsiders is to work to neutralize, manipulate, or hold them off in whatever way they can so the established ways of doing things can continue (Sandelands & Drazin, 1989).

Outsiders, in contrast, value their abilities to assess and evaluate organizational outputs. They are likely to believe that unless broad comparative perspectives are adopted, overall assessments are not possible and rational resource allocations that promote universal criteria such as efficiency, effectiveness, and fairness are also not likely. The problem with universal criteria is, however, that they assume uniform bases for comparison. This is obviously not possible if situations have unique characteristics and if outputs depend on insiders with unique, specialized knowledge. Whereas outsiders favor a more universal, quantifiable, broader view, therefore, insiders may still be convinced that such an approach constitutes a very limited appreciation of the situation. Because outsiders' knowledge of specialized insiders' practices is limited, outsiders often have difficulty in assessing the implications of their ignorance. Thus, we propose

Proposition 2: Commitments to insiders' views at the exclusion of outsiders' views are associated with a) assertions of unique insider knowledge of practice that outsiders do not appreciate and b) denials that such knowledge and contributions can adequately be assessed in terms of universal effectiveness, efficiency, and fairness measures.

Commitments to outsiders' views at the exclusion of insiders' views are associated with a) assertions of the need to apply universal criteria of effectiveness, efficiency, and fairness to evaluate and make resource allocations and b) denials that a focus on local contexts is appropriate.

Senge (1990) summarized the resulting situation. He pointed out that, intellectually, we fragment the world to make it more manageable. In the process, however, we become invested in the details of our particular fragment, and we lose our intrinsic sense of a connection to a larger whole. If we try to reassemble the fragments, we find it to be a futile task. The usual reaction, according to Senge, is for all parties then simply to give up on the possibility of seeing the whole. But Torbert (1991: 1) suggested the consequences are more serious. He stated that "each

intellectual and cultural arena has established its own criterion for success and has sought to maximize attainment of that ideal without reference to the other arenas of life." Rather than working together to comprehend a larger whole, separate arenas often seek to dominate one another by building coalitions of powerful organizations that then give institutional endorsements and imply that particular approaches are superior.

Competing With One Another

Insiders and outsiders understand from their own perspectives and notice as the other side fails to consider their concerns. As these omissions become more evident, both sides become exasperated and frustrated in dealings with one another. Discussion becomes more difficult. The parties take increasingly competitive stances toward each other. The focus of attention moves away from the issues at hand and toward the focus on which party has sufficient power based on institutional support to dominate and eliminate alternative perspectives.

Insiders still wish to minimize the impact on practice of any constraints or pressures that may be imposed by outsiders. They may claim simply that their perspective is institutionally approved and hence superior because historically it has attracted institutional support. Insiders may claim, for example, that they have long since established a right to determine and control practice in a particular area (Abbott, 1988). They may claim that their contributions in the area have always been above reproach and are consistent with the highest human ideals. In their particular area of expertise, they may claim exclusive rights to determine what occurs (e.g., Starr, 1982). This is the approach adopted by professionals, for example, as their organizations defend their right to assess and control the work of their members (Freidson, 1986).

Outsiders operating in situations emphasizing institutionalized rights are usually unwilling to accept that insiders should have either exclusive jurisdictional rights or a free reign to decide what outputs are appropriate. Market economists, for example, favor the assessment of outputs based on standardized, universal criteria (Eddy & Billings, 1988). They advocate competition in most arenas, arguing that it gives choices to consumers and motivates better insider performance (Wasley, 1992). In agency situations, they advocate the imposition of monitoring and assessment structures. To impose this type of structure, outsiders must also justify why their proposals are institutionally superior. They do so by emphasizing how achievement on universal criteria such as effectiveness, efficiency, and fairness leads to important social benefits.

Because insiders or outsiders are institutionally well entrenched, they may be able to obtain favorable endorsements quickly. Insiders, such as members of professions, for example, can often persuade government regulators that their perspective in their area of specialization is the best available. Government agencies may then give them exclusive rights to control areas of concern (Freidson, 1986). Similarly, outsiders

such as economists or politicians are often members of ideologically committed groups that support particular perspectives concerning the appropriate roles that different parties should play. When support is institutionally precommitted in this way, the probable winner is already well recognized, and activities are likely to be brought quickly to a close.

If insiders and outsiders are relatively evenly matched in terms of the support they can attract in an institutional environment, however, protracted battles rather than quick resolutions are likely. With more time, insiders and outsiders tend to increase the gulf between themselves by increasing and broadening their attacks. The essential tactic is to disparage the other in as many different ways as possible and, as a result, destroy the good reputation of the other side. The intent is to make the experience so painful in terms of alleged institutionally unacceptable behavior that opponents feel that their sense of personal dignity and integrity is so damaged that they eventually choose to slip away, a broken and spent force that no longer has to be reckoned with in the institutional arena.¹

If such onslaughts are not yet sufficient for one or the other party to achieve a unilaterally powerful position, then the outsiders who have been relatively neutral on the issue become the targets of interest. They are wooed by both sides because, although they may be neutral on the specific issue, they have institutional power that they can exercise in favor of one party or the other. Each side finds reasons to be in contact with these neutrals, inviting them to discuss issues and to explore how and where there may be opportunities for mutual support. Each side aims to convince the neutrals to throw their institutional support to its side and, in the process, to shift the balance of power.

As decisions in institutional arenas are guided by power, as measured by the number and strength of supporters rather than by understanding, those who are neutral do not have to understand the issues to affect the outcomes. All that is required is that they be persuaded to choose sides. Hence, effort often focuses on getting closer to potential allies by building on a common ideological ground. This building may be done by emphasizing, for example, a common heritage, shared traditions, or similar concerns. It can also be shared dependencies or purposes, personal friendships, personal debts, or future commitments. The aim is to establish a basis for "being on the same side" and, as a result, a willingness to use institutional support power for one side rather than for others.

¹A good example is the current debate over health care reform in the United States. Insurance and pharmaceutical companies have found themselves under attack for allegedly cutting off people's insurance and price gouging. After emphasizing such allegations, Senator Jay Rockefeller recently argued that a particular insurance industry leader has a "special place in hell" prepared for him for opposing the Clinton health care plan (Murchison, 1994: 25A).

Once matters move into the institutional arena, both insiders and outsiders who seek to promote an understanding of the issues may find the discussions that they wish to initiate are simply bypassed and ignored. Instead, they find themselves continually forced into positions where they find they must justify their institutional status rather than being able to deal with what they consider are the issues at hand. The statements and accusations of both sides are often not only insulting but gross distortions of the context as it is understood by the other side. Thus, the following propositions are generated:

Proposition 3: When attention focuses on identifying sources of institutional support, competing insiders and outsiders work to build and enhance the legitimacy of their claims to exercise jurisdiction over a particular area of controversy. Through overarching goals, both seek to establish themselves as holding the institutional high ground. Both sides support their claims by highlighting qualifications and the effectiveness of their approaches and by denying those advocated by the other side.

Proposition 4: When attention focuses on identifying sources of institutional support, competing insiders and outsiders approach neutral outsiders and emphasize shared concerns. Both use immediate inducements and appeals to principle in their efforts to persuade neutrals to give them support. A consequence is that the balance of power to resolve controversies may be provided by organizations that have little understanding or stake in the issue.

Proposition 5: When attention focuses on identifying sources of institutional support, issues subject to competition from insiders and outsiders are further divided and fragmented. As more parties gain more stakes in the various fragments, actions on the original issues become increasingly more difficult to take.

These five propositions suggest the type of process that occurs when there is conflict between insiders and outsiders. The following two cases flesh out and illustrate how this process may manifest itself in practice.

TWO ILLUSTRATIVE EXAMPLES

Making Medical Technology Available

Consider the way in which clinic-based facilities to provide dialysis treatments for patients with chronic kidney disease have developed in the United States. For years, nephrologists treating patients with end-stage

renal disease could do little except alleviate their patients' symptoms. In 1960, however, a Seattle nephrologist, Dr. Belding Scribner, and an engineering colleague invented an indwelling venous shunt that permitted repeated dialyzing of patients. Although technically a relatively minor innovation, this invention led to a major change in the way kidney disease was treated. Largely because of the efforts of energetic dialysis proponents like Dr. Scribner, dialysis treatments were more and more widely applied during the 1960s. Despite their kidney disease, many patients who would otherwise have died, lived (Fox & Swazey, 1978).

A problem with the new treatment process was its cost. In the 1960s, dialysis often cost more than \$20,000 annually per patient (Fox & Swazey, 1978). This high price made it likely that only a small proportion of the afflicted population would be able to afford and hence benefit from dialysis treatments. Treatment proponents sought government support for providing patients with insurance to cover the full cost of their dialysis treatments. They dramatized their case by wheeling a patient in front of the House Ways and Means Committee and dialyzing him on the spot (Rennie, 1978). Amendment 299I to the 1972 Social Security Act instituting the End-stage Renal Disease (ESRD) program passed with little debate. This amendment ensured government coverage for patient costs incurred for either dialysis or renal transplantation treatments (Rettig, 1976). Given government support, insurance companies then extended their policies partially to cover kidney dialysis and transplantation treatment costs. Proponents expected that the ESRD program costs would be \$35–75 million in the first year and that they would rise slowly thereafter. First year costs were, in fact, \$240 million (Fox & Swazey, 1978). Annual costs of the ESRD program have since escalated to more than \$6 billion a year (United States Renal Data System (USRDS), 1993).

This remarkably underestimated cost forecast was based largely on Dr. Scribner's projections and testimony to Congress that, in the future, the less expensive home dialysis should be emphasized over more expensive, in-center dialysis treatments (Rettig, 1991). Dr. Scribner's testimony took account of alternative practices familiar to insiders but that were not well understood by outsiders. His hope in dealing with Congress was that they would approve the financial resources necessary to make dialysis treatment universally available. He was also well aware that high treatment costs were a concern. The Secretary of Health, Education and Welfare (HEW), for example, stated that "we do not agree that every patient with end-stage renal disease should be dialyzed" (Comptroller General, 1975: 66). Because treatment at home was cheaper, Dr. Scribner made his estimates based on his belief that home treatments should and would be greatly expanded. At the time, most patients were dialyzed in not-for-profit research hospitals, whereas about 40 percent were dialyzed at home (Kolata, 1980: 381).

Neither the HEW Secretary nor Dr. Scribner had reckoned, though, on the impact that a new corporate presence would have in the dialysis field.

Specifically, National Medical Care (NMC) was founded by a group of nephrologists in 1970 with the intent of operating stand-alone dialysis clinics and providing ancillary services, including the manufacture of dialysis supplies (Kolata, 1980). In 1972, NMC had 25 centers and provided 77,000 dialysis treatments annually. By 1975, NMC had 48 centers and provided 338,000 annual treatments (Fox & Swazey, 1978). Such rapid growth caught the attention of the financial community, which reported favorably on NMC's prospects, noting that its business was basically recession proof; NMC's earnings were based on the number of patients needing dialysis that it could treat in its growing number of clinics (Kolata, 1980). Payment for dialysis was not a concern, as the 1972 amendment to Social Security committed the government to funding dialysis treatments for nearly all patients and without limit (Kolata, 1980; Rettig, 1976).

Dr. Constantine Hampers, the chairman of NMC, recalled that the strategy allowing NMC to grow so rapidly depended on lining up support from the local medical community in the areas into which the firm was expanding (Kolata, 1980). Sometimes, for example, NMC invited the local medical school to recommend who should be appointed director of the new clinic. Working closely with the local medical community not only ensured referrals but also made it difficult to oppose NMC's efforts to push its stand-alone clinics. More often than not and thanks to NMC's co-opting tactics, new clinics were specifically backed by the most influential local nephrologists. Clinic operators were also often able to secure regional monopolies through the government's program requiring Certificate of Need (CON) approval. The CON laws thus added to the financial opportunities of proprietary clinics for, once approved, a new clinic enjoyed a monopoly in a local area (Daniels, 1991; Ford & Kaserman, 1993; Kutner, 1982). In this regard, Bovjberg, Held, and Diamond (1987: 183) reported how proposals to modify the CON laws to permit patients to choose their own dialysis clinic led to "an unexpected firestorm of resistance" from the nephrology community. Their announced concern was that patients should not be permitted to make such choices because only nephrologists could understand the treatment's implications.

After 1972, the proportion of patients treated in the for-profit clinics grew briskly. By the late 1970s, the proportion of patients dialyzed in "for-profit" units had reached about 40 percent, whereas the proportion of patients dialyzed at home had fallen from 40 percent to about 10 percent of all dialysis patients (Kolata, 1980; Relman & Rennie, 1980). As the costs of the end-stage renal disease treatment program had escalated far beyond forecasts, a new Congressional bill was introduced in 1977. The intent of this outsider initiative was to increase home dialysis by setting a quota that would require 50 percent of all dialysis treatments be done in homes. At the hearings, Dr. Scribner's colleague, Dr. Christopher Blagg, also of the Northwest Kidney Center, argued that dialysis patients did well in home dialysis and that 50 percent was a reasonable national goal, although he did not think it should be made a quota (Blagg, 1977). In

contrast, Dr. Edmund Lowrie, who shortly thereafter was hired by NMC, argued that a quota was quite inappropriate because sending patients home to do their own dialysis could be dangerous (Kolata, 1980). Drs. Hampers and Hager agreed and added that the home approach to dialysis could endanger patients' well-being, which was everyone's highest concern (Hampers & Hager, 1979). With limited understanding of the available practice alternatives and faced with differences of opinion among the experts, the members of Congress went with what seemed to be the majority-accepted view, as presented by Dr. Lowrie and Dr. Hampers of NMC. The approved bill made no mention of the proportion of patients who should receive home dialysis treatment.

As for the danger of home dialysis, the data did not agree with the assessment of Drs. Lowrie and Hampers. From 1972–74, a comparison of three-year survival figures reveals a rate for home dialysis patients of about 79 percent, whereas the in-clinic survival rate was lower, at 71.4 percent (Greenberg, 1978). An analysis of subsequent data shows that home dialysis survival rates continued to remain slightly superior to those of facilities through much of the 1970s (Delano, 1977). In the 1980s, the mortality and morbidity rates of home and in-center dialysis were consistently close (USRDS, 1992). Home dialysis has not proved to be injurious to patients, as it was portrayed in the 1977 hearings.

In terms of reporting survival data, Blagg (1979) added that many arguments and data presented by Drs. Hampers, Hager, and Lowrie were fraught with misinformation or were downright false. For example, Dr. Lowrie, in giving his testimony before the Health Subcommittee of the Senate Finance Committee, alleged that the three-year survival rate of home dialysis patients cared for by the Northwest Kidney Center was only 58 percent. He pointed out that because this rate was well below the 68 percent national average, the obvious conclusion was that home dialysis incurred an unacceptably high mortality rate (Lowrie, 1977). Blagg declared, however, that the 58 percent was not a rate for home dialysis survival, but the average survival rate for all of the patients at the Northwest Kidney Center. He pointed out that the survival rate for home dialysis patients under the NWK Center's care was, in fact, 74 percent—better than the national, average three-year survival rate for dialysis patients at that time and much better than as reported by Dr. Lowrie (Blagg, 1979). NMC's quarterly and annual reports repeated the misinformation presented by Drs. Hampers and Hager about dialysis survival data (Blagg, 1979).

Misinformation is not the only controversy that has swirled around the for-profit dialysis industry. Periodically, the regional monopolies awarded to NMC have been an issue. In 1983, for example, when the Department of Health and Human Services tried to reduce reimbursements for dialysis treatments, NMC threatened to close 60 of its centers if the regulations were changed, a step that would have left many patients with no access to treatment (Ford, 1985).

The proportion of home dialysis patients has, in fact, continued to

decline slowly through the 1980s, despite the superior cost and efficacy data that would ostensibly argue for its increased application (USRDS, 1992). For-profit dialysis facilities now make up half of all dialysis facilities (USRDS, 1992). NMC, now part of W. R. Grace Corporation, has continued to expand its patient base and number of clinics and is estimated to generate more than a billion dollars in revenue annually (*Standard & Poor*, 1993).²

This case illustrates how, in an institutional arena dominated by for-profit clinic dialyzers, some knowledgeable insiders took a broader view. This led to a division within the profession concerning what was presented as best practice. Specifically, Drs. Blagg and Scribner functioned as knowledgeable insiders who knew the details and the discourse of the field and, in addition, showed an appreciation for broader societal needs. To determine which practices were to be adopted, however, the issue was placed in a competitive context in which the parties that could amass the most institutional support were declared the winners. The "winners" were decided by members of Congress, who included mostly non-physician outsiders who knew little of the practices and risks involved in the treating of end-stage kidney disease. They had to rely on the testimony of insiders, who sought to present their respective interests and concerns in the very best light.

Through its clinic expansion effort, NMC had already established itself as having significant institutional support from a large number of nephrologists who had endorsed the idea of having dialysis facilities located in special clinics. In their 1977 hearings, their representatives reconfirmed this position, emphasizing safety concerns and the need for patients and physicians to be in close touch during treatment. They supported this intuitively appealing position with misrepresented or questionable data. Questions of the costs involved seemed to have fallen by the wayside. Congress eliminated moves to impose quotas favoring home dialysis treatment and continued unchanged the laws that provided a degree of regional monopoly protection for NMC via the CON laws. Incensed by their experience, Drs. Blagg and Scribner wrote about it in the medical journals (Blagg & Scribner, 1980), and political scientist Richard Rettig of the Institute of Medicine described the final language of the 1978 bill as "National Medical Care's revenge" (Kolata, 1980: 381).

With the number of dialysis patients in 1994 exceeding 100,000 and the annual costs already in excess of \$6 billion and increasing more rapidly than overall medical costs, the consequences of employing more home dialysis rather than in-clinic dialysis treatments would seem to be

² The original ESRD legislation in 1972 contained a confusing disincentive for home dialysis that was sometimes but not always eliminated by private insurance reimbursements. Despite the elimination of this disincentive in the 1978 law, the same downward trend in home dialysis has persisted through today while the use of in-clinic dialysis has continued to rise (Ford, 1985; U.S. Renal Data System, 1993).

a) essentially the same level of treatment success for patients, b) reduced treatment costs for society, and c) over capacity and resulting financial pressures for in-clinic dialysis providers such as NMC. The current balance of institutional power, however, supports in-clinic practices for delivering dialysis treatment. This makes endorsement of the alternative, apparently socially preferable home treatment approach, very unlikely.

In Defense of Cigarette Smoking

Tobacco and the cigarette industry are about as closely tied to U.S. institutional history and traditional icons as possible. Historically, the industry has grown rapidly, and it has always been highly profitable. The perspective of industry insiders builds around the idea that individuals have traditionally had the right to indulge in a cheap and harmless way to relax and to get rid of the tension that builds up either during a strenuous day of work or at times of stress. The cigarette is a product that serves this function. The industry takes pride in having provided cigarettes to workers over the years and, in times of war, to soldiers. Acclaimed marketing has also promoted the idea that the smoker is a robust, healthy individual, an independent free thinker who makes choices for himself or herself. Cigarettes further enhance a personal image, adding sophistication, attractiveness, ruggedness, and good taste. From an industry perspective, a cigarette is a small, easily portable, inexpensive consumer item with the potential to provide wonderful benefits for everyone (except children).

Against this view are the Annual Reports presented over the last three decades by the U.S. Surgeon General. These reports document an appalling toll of death and disease linked to smoking behavior. Surgeon General Koop, for example, said that cigarettes, far from being a normal consumer product, not only damage health but are also seriously addictive like heroine and cocaine. The implication is that, from a public health standpoint, tobacco should be classified as an illegal or a restricted drug that is available only through medical prescription. Such critical outsider views are scornful of industry insider views and, in turn, the Surgeon General's critical reports usually generate little comment from the industry. As, over time, both the industry and anti-smoking groups built up extensive coalitions supporting their respective views, a protracted battle between institutional forces over smoking and health has been ongoing for decades in the United States.

From the moment in 1962 when President Kennedy decided to appoint a blue ribbon group to examine all aspects of the smoking and health controversy, this issue has received wide media coverage. The original Commission included representatives of all concerned parties and was intended to ensure that proponents representing all possible perspectives on the issue were brought together for a fruitful dialogue from which all could learn. From the industry's standpoint, however, the findings of the 1964 report were negatively critical. The report was strictly advisory, how-

ever, and not a legal document requiring that anything be done. After its release, both regulators and legislators organized themselves to consider what possible actions should be taken. Both sides took a competitive stance with respect to one another and organized to argue their cases before the various regulatory bodies and Congress itself.

Dunbar and Wasilewski (1985) presented data on the extent of institutional support for industry positions and how this support changed as the controversy surrounding smoking and health manifested itself in various ways. Prior to the commissioning of the first report, for example, activity was isolated rather than institutionalized. There were outsiders who had taken some isolated actions against the industry. Liability suits, for example, had been brought against industry firms, but all lawsuits had been decided in favor of the industry. The industry had also experienced difficulties with rulings by the Federal Trade Commission (FTC), which restricted its advertising claims. Such skirmishes signaled potential criticism of the industry. Besides denying all allegations, the industry did not publicly address the issues raised by its critics. It did, however, establish the Tobacco Institute in the 1950s as a specific institution charged with managing the industry's public relations.

From 1962–1965, when attention was focused on preparation of the Surgeon General's first report on smoking and health, the actions reported in the press seemed to be approximately equally divided between those supportive and those critical of industry positions (Dunbar & Wasilewski, 1985). An example of how the industry organized institutional support for the following Congressional Hearings is indicated by the relationship it established with the American Medical Association (AMA), the physician's lobbying group. The industry gave the AMA a grant of \$10 million "for research," and AMA representatives then stated at the Congressional Hearings that, in their opinion, although warnings on cigarettes were not yet warranted, there was a need for more research to determine the elements in smoking that actually caused disease. Months after the Hearings, and after considerable criticism from its members, the AMA revised its position, saying that it recognized a significant relationship between cigarette smoking and disease and considered smoking to be a serious health hazard. As both AMA statements were on record, however, the clarification simply served to confirm the industry's position that as medical opinion had again been shown to be uncertain, divided, and confused on the smoking and health issue, Congress should not consider it further. Instead, it should simply support the idea of "further research."

The industry further argued that other, more important issues involving institutional power needed the immediate attention of Congress. The industry alleged, for instance, that the FTC had overstepped its regulatory mandate in rulings affecting cigarette advertising. Industry representatives explained that they had boycotted the FTC's hearings because they believed that Congress alone had the authority to pass the types of

rules that had been promulgated by the FTC. The industry declared itself willing to submit to whatever rulings Congress might direct. By acting in this way, it emphasized its respect for Congress as an institution even as it disparaged the institutional authority of the FTC. The industry also pointed out that it was willing to regulate the advertising claims made by industry firms through its institutionalized Industry Advertising Code. It also noted the important contributions made by tobacco taxes as sources of both federal and state revenue and of the industry's particular importance to farmers and as an employer in tobacco states.

The industry was institutionally well organized. Anti-smoking groups, in contrast, were not well organized at the time, and the Johnson White House was not an anti-smoking force. Industry representatives pointed to the disarray, confusion, and differences of opinion that characterized their critics. As a result, the restrictive legislation stemming from the 1964 Surgeon General's Commission Report on Smoking and Health was gradually whittled down. The industry willingly accepted a weak warning on cigarette packages because it anticipated it might give firms some protection from future liability suits. In addition, it persuaded Congress to forbid FTC regulation of the industry for at least three years. Instead, the FTC was required to assess and report to Congress on the effects of the new warning. These later reports concluded that the warning had had no significant effect at all on smoking behavior.

Dunbar and Wasilewski (1985), Miles and Cameron (1982), and Sethi (1990) have all discussed the increasingly institutional nature of the conflict as industry firms have co-opted ostensibly neutral organizations, and anti-smoking forces have become much better organized into a recognizable coalition. So far as the facts of the issue are concerned, however, the industry denies all criticism, claiming that all allegations are either unproven, misrepresented, or irrelevant. It has insisted, for example, that the only evidence for connections between smoking and disease is statistical. It has argued that because statistics can be manipulated to prove anything, they alone are not acceptable as evidence connecting smoking behavior and disease. It also insists that because scientific aspects of disease are not yet available, conclusions are speculative, and there is, therefore, no reason to take action on them. It professes to look for possible connections between smoking and disease but, despite its best efforts, has not been able to find any evidence that satisfies its high standards of proof.

Industry representatives depict the anti-smoking coalition as persistently meddling, disrespectful, harassing, and naive, whereas members of the anti-smoking coalition depict the industry as incorrigible, deceptive, untrustworthy, and lying. Cigarette firms, in contrast, maintain that they promote a harmless product that helps people relax. They point out how they have been generous in their financial support of communities, promoting the welfare of the arts, sports, and minority groups. Anti-smoking groups, on the other hand, claim they are fighting an uphill

battle against a well-financed foe that uses unscrupulous tactics to gain institutional support. At stake, they claim, is not only the nation's but also the world's health, which is threatened by continuously promoted tobacco addiction (e.g., Blum, 1983).

The controversy surrounding smoking and health flares up repeatedly and has not yet been satisfactorily resolved. In the early 1970s, for example, the focus was on advertising and whether it should be permitted to continue on television. After it was agreed that advertising on this medium would cease, attention moved to local arenas. Because of the public's increasing awareness of the impact of secondhand smoke, smoking is now often restricted to limited, specifically designated areas. The controversy around advertising returned with R. J. Reynolds' introduction of their cartoon character, Joe Camel. Anti-smoking forces argue that children identify with this cartoon character and, as a result, are implicitly encouraged to begin smoking at an early age. Tobacco companies also give financial support to the American Civil Liberties Union (ACLU), which has endorsed the industry's position concerning "rights to free speech." This relationship is controversial not because of rights to free speech but because of the associated social obligation to report truthfully on the dangers of smoking, which often seems in contrast to the industry's practice of denying and distorting evidence. Regulation issues also continually resurface. If nicotine is addictive, should it not be subject to regulation by the Food and Drug Administration (FDA), and, if so regulated, would not cigarettes almost certainly be banned in the United States?

It is extremely difficult for outsiders such as members of Congress, for example, to know the impact of cigarette advertising practices, the way the nicotine content of cigarettes is managed, or the long-term impact of smoking on health. In this situation, outsiders depend on insiders for information, and insiders have used this dependence to promote their interests and to manipulate and to distort others' views to promote unnecessary confusion. Decisions that serve the general good have been almost impossible to make. From a public health standpoint, banning cigarettes probably makes sense. But the resulting social and economic disruption could be so major as to make such a step politically impossible. The case illustrates how, as a result of competitive activity in an institutional arena, an issue has become both so well known and also so fragmented that it is impossible to act on it comprehensively.

DISCUSSION

Balancing Perspectives

Insider and outsider perspectives are different in their focus, but they are not usually diametrically opposed to one another. Rather, the matter is more complex, as the respective views highlight some issues and ignore others. Conflicts between insiders and outsiders stem mainly from

the considerations that one side regards as critically important and the other side repeatedly fails to consider. Such repeated omissions offend, hurt, and wound relationships. They signal a lack of awareness, tolerance, mutuality, and respect, all of which encourages the respective parties to adopt a competitive stance relative to one another. It seems that by repeatedly not considering what the other side considers critical, the parties are implicitly signaling to one another their belief in the superiority of their own perspective and the inferiority of the other. Battles in institutional arenas allegedly confirm what is superior and eliminate the inferior. Yet endorsements in such arenas are often made for reasons having little to do with the underlying issues. As a result, problems and controversies remain unresolved.

How power is exercised in such situations is critical, and how people understand and define power and their responsibilities for its use has an important influence on its exercise. Torbert (1991) distinguished eight possible ways of understanding power. Five definitions, including the notions that power is controlled and directed based on impulses, interests, expectations, internal craft logics, and system success in the environment, emphasize various degrees of self-centeredness in terms of the way people see power as being used. He reported that more than 91 percent of the 500 or so people he studied defined power in these self-centered ways. The dominance of a self-centered perspective perhaps helps explain why some difficulties discussed previously become such intractably difficult issues to resolve.

The remaining 9 percent of the sample saw power as something embedded in a broader context and believed its use should be subject to principles designed to promote social justice. Torbert (1991: 52) called power used from this perspective "transforming power." Transforming power includes, among other things, the requirement that power cannot be used unilaterally but must be exercised mutually, must be rational in its approach, must be not only open to difference but must actively seek challenge and contradiction, and must empower all who come under its influence, including those who oppose its influence. These characteristics of transforming power are important in the present context because they provide an initial outline for the approaches that are needed by insiders and outsiders to resolve controversies and to avoid the competition of institutional arenas.

The strength of the insider perspective is based on its knowledge of practice. Its problem is that it tends to ignore broader social considerations and to react defensively when outsiders attempt to influence it or control its outputs, rather than approaching such an experience cooperatively, seeking to find out what it may be possible to learn. To overcome this uncooperative stance and to obtain a socially just outcome, Torbert (1991) would argue that insiders should enter into an alliance with outsiders to appreciate their perspective while broadening their own. Insiders' aim, therefore, should be to learn how they are perceived by others

when they are compared with many other output producers. But insiders can also help outsiders in the evaluation process. They should work with outsiders, first, to inform them of the various options so far as internal practices are concerned and, second, to help design evaluation criteria that will enable outsiders to make assessments that are fair and just to all producers while ensuring that outsiders also get the best available outputs.

The strength of the outsider perspective, in contrast, is its focus on comparative assessment. Its problem is that it tends to be ignorant of internal practice issues and to define such concerns not as their responsibility but the responsibility of insiders (Friedman & Friedman, 1980). But Torbert (1991) would argue that as all parties are involved in the situation, none can abdicate responsibility in this way. If outsiders evaluate insider output, they must learn the different output possibilities and how they may be assessed, and they need insider cooperation to determine appropriate evaluation criteria (see also, Louis & Bartunek, 1992).

Torbert (1991) noted, however, that the way of operating that he proposes is extremely unfamiliar to most people. The question arises, therefore, as to how one can get self-centered insiders and outsiders to use their power to cooperate with one another in this way, to share problems and vulnerabilities, and to become empowered through the process of working with one another so that the blindness of institutional competitiveness can be avoided. Those involved in controversies will not likely willingly behave in a transforming way unless they feel that they have little choice and, also, that it is likely in some sense to be a rewarding rather than a punishing endeavor. For this context to be created, the situation and the steps the respective parties take must be transparent for all to see. There must also be a significant audience who can view and report on what is occurring and reward or punish efforts as this seems appropriate to achieve social justice.

In this regard, the potential implicit and modern communications media and their evolving interactive forms may have an important role to play. Investigatory programs such as CBS's *60 Minutes* demonstrate how attention can be drawn to important social issues. The structure of current reporting processes, however, means these programs describe rather than resolve problems. They also suffer from the difficulties associated with insider and outsider views. A restructuring of this process, allowing reports to be designed jointly by all parties involved, might allow for both the identification and the resolution of issues. An independent moderator, for example, might provide an overview of the concerns. Insiders might then present outsiders' views in terms, for example, of the comparative outputs that need to be assessed and make a proposal concerning how this assessment should occur. Outsiders, in turn, might present insiders' views and explain, for example, the strengths and weaknesses of available options and, based on this understanding, make recommendations concerning how to proceed. After each side has reported on the extent that

the other side has adequately presented its views and can accept the proposals and recommendations, an audience might suggest how outstanding differences could be resolved. Such an approach would increase awareness of the need to take account of insider and outsider views. It would also facilitate appreciation of links between individual rights and social responsibilities.

CONCLUSION

We have outlined how insider and outsider relations are likely to evolve when insider practices are perceived to have an impact on the broader environment in negative ways. The usual way of approaching such issues in the United States is self-centered and fragmented and tends to become institutionalized and highly competitive as the objectives of the respective parties are perceived to differ. The results often create bitterness, frustration, and stalemate. Typically, they fail to resolve issues. There is also little evidence that such an approach achieves social justice or other desirable outcomes. The most likely outcome is that recognized problems simply continue, impossible to resolve.

We have also tried to clarify why one may reach this pessimistic conclusion. By breaking out the elements that distinguish insider perspectives from outsider perspectives, some clarification concerning the nature of the problem and the process is achieved. Both the propositions and the case illustrations emphasize how, based on these differences, positions become institutionalized and the parties tend to adopt a confrontive competitive stance with respect to one another. Resolution of such a situation requires a different understanding of the personal responsibilities of executives who have access to power and the right to exercise it. Torbert (1991) suggested that rather than seeing power as the basis for competing with one another, the parties involved must see their power as something to be pooled jointly to transform situations for the betterment of all. Yet in practice, such an approach is often not considered and remains untried. Just as we finish writing this article, an acclaimed hard-hitting advertisement concerned with universal health care asks people whether they wish to have their health looked after by MDs or MBAs. Why not ask, instead, whether health care might not be the responsibility of both MDs and MBAs?

A more generally constructive approach is needed to help deal with some controversies reflecting insider and outsider views that are inevitable in a society that entrusts power to specialists and firms. The problem is how to educate and convince the parties involved to cooperate with one another to find solutions that meet broader social obligations while also promoting individual rights. The emphasis on a competitive stance within an institutional context is often so strong that all parties believe an alternative approach is simply not possible. We believe that finding ways to break this current emphasis on a competitive stance is imperative.

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Roger L. M. Dunbar is a professor of management at the Stern School of Business, New York University. He received his Ph.D. from Cornell University. His research interests focus on how people make sense of managerial situations and how cultural beliefs have an impact on this sense making.

David Ahlstrom is a doctoral candidate at the Stern School of Business, New York University. His research interests focus on the management of technology and the evolution of technological systems, particularly in medicine.