

# **Combining Logics to Transform Organizational Agency: Blending Industry and Art at Alessi**

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## **Abstract**

To understand how organizations combine conflicting institutional logics strategically to create and pursue new market opportunities, we conducted an in-depth longitudinal study of the multiple efforts of the Italian manufacturer of household goods Alessi to combine the logics of industrial manufacturing and cultural production. Over three decades, Alessi developed three different strategies to combine normative elements of the two logics, using each strategy to envision and pursue different market opportunities. By combining the logics of industrial manufacturing and cultural production, Alessi was able to envision new possibilities for value creation and to enact them through innovation in product design. The three strategies triggered a common set of mechanisms through which the purposeful combining of logics enabled the pursuit of opportunity, while each strategy structured the process differently. We develop a theoretical model linking the development of recombinant strategies to the dynamic restructuring of organizational agency and the related capacity to create and pursue new market opportunities. Our findings and theoretical insights advance understanding of the processes through which organizations challenge taken-for-granted beliefs and practices to create new market opportunities, use logics as resources to enable embedded agency, and design hybrid organizational arrangements.

**Keywords:** institutional complexity, multiple institutional logics, hybrid organizations, opportunity creation, design innovation, cultural production.

Research on institutional complexity has revealed the tensions that some organizations experience as they become exposed to conflicting prescriptions from different institutional logics, reflected in the expectations of multiple constituents (e.g., Binder, 2007; Purdy and Gray, 2009; Reay and Hinings, 2009) and/or understandings of organizational members (Glynn, 2000; Zilber, 2002). This research has related institutional complexity to intra-organizational conflicts (e.g., Glynn, 2000), internal resistance to change (e.g., Townley, 2002), and loss of audience support (D'Aunno, Sutton, and Price, 1991).

Institutional logics are socially constructed, coherent, and integrated sets of “assumptions, values, beliefs and rules” (Thornton and Ocasio, 1999: 804) that give actors “organizing principles” prescribing legitimate ends and “the means by which those ends are achieved” (Friedland and Alford, 1991: 248). Researchers have increasingly shown that multiple logics coexist, and often compete, in governing a particular domain of activity (Thornton and Ocasio, 1999; Lounsbury, 2002, 2007; Thornton, 2002; Marquis and Lounsbury, 2007; Smets et al., 2015), and scholarly attention has turned to the study of institutional complexity defined as the simultaneous operation of different logics that impose contradictory demands on an organization (Greenwood et al., 2011).

Early research viewed institutional complexity primarily as imposed on organizations (Kraatz and Block, 2008; Greenwood et al., 2011) and analyzed how organizations respond to the partly incompatible prescriptions of the different logics in play (D'Aunno, Sutton, and Price, 1991; Oliver, 1991; Pache and Santos, 2010). Subsequent research, however, has shown that the instantiation of institutional logics in organizational beliefs, structures, and practices is less straightforward than assumed by large-scale analyses, and it has described multiple ways in which organizations rearrange their material elements to address beliefs and expectations reflecting multiple logics (Pache and Santos, 2013). Further, whereas early research focused on the defensive strategies that organizations use to handle conflicting logics (Townley, 2002; Purdy and Gray, 2009; Reay and Hinings, 2009), recent work has suggested that at times organizations purposefully combine seemingly conflicting logics to create new “hybrid” organizational forms and practices

(e.g., Battilana and Dorado, 2010; Smets, Morris, and Greenwood, 2012) and to conceive of new ways to serve markets (Djelic and Ainamo, 2005; Tracey, Phillips, and Jarvis, 2011; Kent and Dacin, 2013). These studies support the view that “fragments of categorical elements are available and differentially accessible to individuals and organizations to apply in novel social situations” (Thornton, Ocasio, and Lounsbury, 2012: 9) and that organizations may transpose different logics from one field to another to modify their strategies of action (Djelic and Ainamo, 2005; Kent and Dacin, 2013). Collectively these studies advance a new view of institutional complexity as a source of opportunities for change.

This emerging stream of research, however, has also highlighted that purposeful attempts to combine different logics are risky and that organizations that do so frequently fail to deliver expected results (D'Aunno, Sutton, and Price, 1991; Battilana and Dorado, 2010; Tracey, Phillips, and Jarvis, 2011; Kent and Dacin, 2013). Whereas individuals have been shown to make flexible, situated use of logics to settle specific interactions in multi-party situations (McPherson and Sauder, 2013), combining different logics at the organizational level requires more substantive efforts to reorganize members' practices and activities (Kraatz and Block, 2008; Stark and Girard, 2009; Battilana and Lee, 2014) and is constrained by institutional demands and audiences' expectations about appropriate organizational practices (Greenwood et al., 2011). Combining different logics requires not only altering organizational practices that members may perceive as incompatible with established ones but also persuading external audiences with cognitive commitments to the preexisting logic's regime (Pache and Santos, 2013). Thus, whereas research has suggested that strategic engagement with multiple logics enables organizations to create new organizational forms and practices (e.g., D'Aunno, Sutton, and Price, 1991; Purdy and Gray, 2009; Battilana and Dorado, 2010; Tracey, Phillips, and Jarvis, 2011), we need more systematic understanding of the processes through which organizations combine different logics strategically.

To understand the mechanisms through which strategically combining institutional logics enables the pursuit of new market opportunities—defined as the introduction of new or improved

products or services (Shane and Venkataraman, 2000; Stark, 2009) reflecting key decision makers' representations of the environment (Shepherd, McMullen, and Jennings, 2007)—we conducted an in-depth, longitudinal case study of the Italian household goods manufacturer Alessi's multiple efforts to combine the logics of industrial manufacturing and cultural production. In the introduction to his book *The Dream Factory*, Alessi's former CEO Alberto Alessi wrote, "This book sets out to tell the tale of how a deep-rooted, hard, traditional, and perhaps even inward looking, manufacturing tradition has blossomed into . . . [a] business venture . . . characterized by constant innovation, open[ness] to experimentation, and to the paradoxical results of casting from a poetic mould" (Alessi, 1998: 7). The change that he referred to involved several deliberate efforts to combine the institutional logics of industry and art. Between 1970 and 2000, Alessi developed three distinct strategies for combining the two logics, and these strategies guided how it envisioned new possibilities for value creation, how it enacted them experimentally through a series of design initiatives, and how it explored specific opportunities to imbue its products with cultural value through innovation in product form.

Our analysis built on the inhabited institutions perspective, which emphasizes the importance of interpretation in the enactment of institutional logics (Hirsch and Lounsbury, 1997; Hallett and Ventresca, 2006; Binder, 2007; McPherson and Sauder, 2013). Building on Emirbayer and Mische's (1998) theory of agency as encompassing three dimensions that simultaneously anchor action in the habitual (iterational dimension), enable imagining of future trajectories of action (projective dimension), and modify action in response to currently evolving situations (practical-evaluative dimension), we develop a theoretical model linking the development of recombinant strategies to the dynamic restructuring of organizational agency and the related capacity to create and pursue new opportunities.

## **Method**

## **Research Setting**

Alessi was founded in 1921 as a manufacturer of serving tools, such as trays and food containers, primarily targeted at bars and restaurants. Based on its advanced skills in cold-pressed steel production, by 1970 it had emerged as the technological and market leader in the tableware segment of the Italian metal household industry. In 1970, Alberto Alessi, the founder's grandson, headed product development and became concerned with the limited growth and differentiation opportunities in the industry. He set out to discover new opportunities by combining normative elements from the logic of industrial manufacturing—in which his organization was firmly embedded—with elements from the logic of cultural production. The transformations that resulted from these efforts were so radical that informants referred to the organization before 1970 as the “old Alessi,” “the other Alessi,” and “the Alessi before Alberto.”

Alessi is an extreme case (Pettigrew, 1990), particularly well-suited for addressing our research question. First, it set out to explore growth opportunities specifically by combining two different institutional logics. Second, it did so while explicitly recognizing the challenge of combining their different normative elements. Third, because combining the two logics proved to be far from straightforward, the firm developed different strategies and experienced varied outcomes, giving us multiple opportunities to observe the phenomenon of interest.

## **Data Collection and Analysis**

Our database, described in table 1, consists of a large archive and two rounds of semi-structured interviews. We analyzed our data using methods for case analysis (Pettigrew, 1990) and for grounded theory building (Glaser and Strauss, 1967; Strauss and Corbin, 1998). Data analysis was conducted iteratively and is presented sequentially below in five steps for clarity.

[Insert Table 1 about here]

**Developing a case chronology.** We began our analysis by constructing a chronology of key events and activities that took place at Alessi from 1921 to 2000. Through the case chronology we

identified the beginning of the change process in 1970, and we established the timing of key events and activities, such as the initiation of new collaborations with designers, new product development initiatives, and changes in organizational structures and activities.

**Open coding of guiding principles, practices, and outcomes.** As we reconstructed the history of the organization, we noticed that multiple data sources referred to the metal household industry and the world of cultural production as governed by distinct and conflicting norms. We used the archival documents and semi-structured interviews to trace whether and how these norms were understood and used at Alessi to inform organizational actions over time. Consistent with theoretical work on institutional logics, which distinguishes between the norms and beliefs that constitute field-level logics (Friedland and Alford, 1991; Thornton, Ocasio, and Lounsbury, 2012) and their instantiations in guiding principles and practices within organizations (Hallett and Ventresca, 2006; Besharov and Smith, 2014), we carried out multiple rounds of coding of archival and interview data.<sup>1</sup> Through these rounds we identified (1) the principles that organizational members identified as guiding action over time, (2) the changes in practices, and (3) the outcomes achieved and the challenges encountered.

First, consistent with arguments that the analysis of institutional logics requires “gaining insight about meaning making” (Thornton, Ocasio, and Lounsbury, 2012: 145), we used words, phrases, and concepts denoting specific meanings as indicators of organizational guiding principles derived from institutional logics (see Zilber, 2002; Jones and Livne-Tarandach, 2008; Nigam and Ocasio, 2010; Jones et al., 2012). To validate informants’ statements that organizational guiding principles were derived from the logics of metal household manufacturing and cultural production, we compared our observations with media articles; industry magazines; reports on the Italian household industry; and scholarly publications about the typical goals, audiences, and practices of

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<sup>1</sup> Prior literature has referred to the elements of institutional logics using various terms, including categorical elements and meanings (Alvarez, Barney, and Anderson, 2013: 308), as well as norms and beliefs (Thornton, Ocasio, and Lounsbury, 2012). For brevity, in the remainder of the paper we use the term “elements” to refer to specific components of field-level logics and “guiding principles” to refer to the instantiations of such normative elements within organizations.

industrial and cultural producers (Hirsch, 1972, 2000; Becker, 1982; Bourdieu, 1983; Lampel, Lant, and Shamsie, 2000; Glynn and Lounsbury, 2005; Gaut, 2007). Second, consistent with the research on inhabited institutions (Hallett and Ventresca, 2006), we open-coded how these principles guided decisions about product development, manufacturing, and marketing and distribution. For example, the new guiding principle that Alessi should produce art products that deliver aesthetic rather than utilitarian value led to a new practice of collaborating with renowned sculptors. We also kept track of all changes in practices introduced at Alessi and compared them with the typical ones in the field of cultural production as described in the academic literature. Finally, we combined interview and archival data to capture the outcomes Alessi obtained. We used internal and external sources to track economic and cultural outcomes, and we used data about awards and inclusions in museum collections to track cultural recognition and assess audiences' responses.

**Tracking development initiatives.** Our data analysis further revealed that Alessi enacted the new guiding principles through experimental product development initiatives aimed at exploring new market segments. Iterating between archival sources and conversations with key informants, we identified 22 initiatives that charted the path of Alessi's transformations. For each initiative, we coded the guiding principles it enacted, the relevant practices it relied on, the products it developed, the challenges it encountered, and the outcomes it generated in both the industry and the cultural production field. This analysis gave us a fine-grained understanding of how Alessi used its changing guiding principles to pursue new market opportunities.

**Temporal bracketing.** The comparative analysis of the changes in guiding principles, practices, and outcomes across initiatives enabled us to analyze how Alessi combined the two logics over time and to systematize the changes in its approach. Consistent with prescriptions for historical case analysis (e.g., Nasra and Dacin, 2010), we looked for "critical junctures," defined as events that "durably transform previous structures and practices" (Sewell, 1996: 843). We identified four such junctures and provisionally divided (Langley, 1999) the time frame of the study into four partially overlapping periods corresponding to four distinct approaches for combining the logics of



cultural production and industrial manufacturing. We used these periods as embedded units of analysis (Eisenhardt, 1989) to compare different patterns and consequences of combining the two logics.

We used descriptive observations about changing guiding principles (changes in how members understood organizational goals, products, product value, and target audience) to support theorizing about the different ways in which logics were combined (recombinant strategies). We examined the product categories, goals, design approaches, and outcomes (when available) for the initiatives through which the new guiding principles were enacted to support theorizing about where and how new principles directed the search for opportunities.

Informants and archival data pointed to uncertainty about the content of the new practices and the strain caused by conflicting demands from different logics. We used these observations to support theorizing about the execution challenges associated with different strategies and the processes through which they were addressed. Finally, we combined data about patterns of success and failure in the market for kitchenware and in the cultural world with informants' comments on these successes and failures to gain evidence about the legitimacy challenges in each period.

**Building a process model.** The analysis across periods described above led us to identify three recombinant strategies (in Periods 3 and 4 Alessi followed the same strategy but combined elements from different logics) and the associated changes in practices and search for market opportunities. In the next step, we drew multiple representations of the emerging theoretical relationships within and across periods, and we recursively checked with the data to ensure consistency between insights and data (Locke, 2001). Comparing the relationships across periods enabled us to identify a set of consistent processes, which we theorized building on Emirbayer and Mische's (1998) theory of agency, and to develop a theoretical model linking the development of recombinant strategies to the dynamic restructuring of organizational agency and the capacity to create and pursue new market opportunities. Feedback on the emerging theoretical framework from

colleagues through more than a dozen formal and informal presentations led to multiple revisions and refinements of the theory.

### **Recombinant Strategies, Search for Opportunities, and Practice Changes at Alessi (1970–2000)**

We observed four distinct efforts by Alessi to combine elements from the logics of industrial manufacturing and cultural production into new guiding principles about organizational goals, dimensions of product value, and referent audiences. Alessi combined the two logics in three distinct patterns, which we term “recombinant strategies” because they reflected explicit decisions about the desired relationship between elements of the two logics and their application to organizational activities. These recombinant strategies directed the search for opportunities by defining the scope of exploration within product categories, market segments, and product attributes. They led to different changes in organizational practices of new product development, manufacturing, and marketing, and they presented the organization with different execution and legitimacy challenges. We use these theoretical categories to present our observations. Table 2 summarizes the ideal-typical logics recombined by Alessi, and table 3 shows the combination of their normative elements into organizational guiding principles and practices in each period, the associated search for opportunities and outcomes, and the challenges Alessi encountered when implementing each recombinant strategy.

[Insert Tables 2 and 3 about here]

### **Compartmentalized Addition of New Guiding Principles to Produce Industrial Art (1970–1975)**

In 1970, Alessi derived 90 percent of its sales from products sold to the catering and hotel segments. Products were manufactured on a large scale, promoted at industry tradeshow, and distributed through wholesalers and household goods retailers. Our informants and other sources

identified profit seeking, competitiveness, technological innovation, and production efficiencies as core principles guiding organizational action at that time. These principles represent case-specific instantiation of a business (Reay and Hinings, 2009), market (Glynn and Lounsbury, 2005), or for-profit logic (Battilana and Dorado, 2010; Tracey, Phillips, and Jarvis, 2011); table 2 summarizes the normative elements of this logic.

Convinced that technological excellence alone would not offer the firm a sustainable advantage in the future, Alberto Alessi decided to engage Alessi in the production of fine art through industrial means. He championed new product development initiatives that followed new guiding principles based on norms from the field of cultural production, including art, architecture, and publishing (CA40, 1972; CA19, 1979).<sup>2</sup> These new principles were case-specific instantiations of the logic of cultural production (Bourdieu, 1993) or art (Glynn, 2000; Glynn and Lounsbury, 2005); table 2 summarizes the normative elements of this logic.

Alberto Alessi and his close collaborators were acutely aware of the conflicting prescriptions of the two logics. In fact, they purposefully combined their elements in an effort to escape the “cold logic of industry” (ID01) and be “as free as possible from the logic of the market” (ID03). They explicitly used the term “logic” (in Italian, “logica”) to refer to what they perceived as different norms governing the domains of industry and cultural production.

**Recombinant strategy: Compartmentalization.** The first attempt to combine the elements of the two logics was a product development initiative named Alessi d’Après, “envisioned as an enterprise led by a major industrial manufacturer for the unlimited production of original sculptures with the interesting philosophy of making multiples in steel for the art market” (CA03, 2006). It followed new guiding principles emphasizing aesthetics and originality as the primary dimensions

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<sup>2</sup> To protect the confidentiality of our sources, throughout this paper we use the following nomenclature to refer to our sources: ID# refers to interview data by informants with a specific number in our database, and CA# followed by the year of publication refers to a document in the corporate archive provided by the organization. Whenever necessary and appropriate, we state the organizational role of the informant to provide the reader with additional contextual information about the perspective of that informant.

of product value. Industrial manufacturing principles continued to apply to all of Alessi's traditional product lines.

*Search for opportunities: Entering a new market.* Alessi d'Après was launched to enter the new-to-the-organization market for art. It was based on the theory of art multiples developed by the Hungarian artist Victor Vasarely (ID19) that posited the existence of a mass market for industrial art. The "industrial" aspect appealed to Alberto, who saw an opportunity to take advantage of his organization's technological capabilities and industrial infrastructure to mass produce objects of art designed by renowned sculptors. The search for opportunities in this period focused on the new-to-the-organization art market based on product innovation along aesthetic attributes as prescribed by the logic of art. Figure 1 shows examples of the art multiples designed by sculptors Giò Pomodoro and Pietro Consagra.<sup>3</sup>

[Insert Figure 1 about here]

*Practice change: Radical and delimited.* In implementing the new guiding principles, Alessi adopted practices consistent with norms in the art field (Becker, 1982), inviting renowned sculptors, such as Giò Pomodoro and Salvador Dalì, to design its sculptures and commissioning "the best art critics of the time" to provide "critical commentaries" (ID19). It also convinced a prestigious bookstore in Milan to display its first art multiple in an effort to relate that item to other cultural products. Though typical in the art world, these practices were radically new for Alessi.

*Execution challenges.* The novelty of the practices resulted in significant execution challenges, as Alessi's leaders experienced considerable uncertainty about what practices to adopt and how to implement them. They understood that they needed renowned artists but were unsure about the type of artists. They decided to work with sculptors because of their familiarity with three-dimensional objects. The sculptors, however, proposed designs that were incompatible with

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<sup>3</sup> The Online Appendix (<http://asq.sagepub.com/supplemental>) reproduces in color the first four figures with examples of Alessi's products in different periods. The products are rendered in black and white in the print text for easy reference, but color became a more important element over time, especially in Period 4.

the constraints of large-scale steel manufacturing (CA19, 1998). An informant recalled that the prototyping of art multiples “clogged up our manufacturing facility for two years, so that we could not develop molds for new products—more ‘normal’ and more sellable” (CA32, 2000). The disruption of normal operations had a negative effect on sales and led to internal tensions.

*Legitimacy challenges and outcomes.* The initiative resulted in a commercial failure and was discontinued in 1975. Only one sculpture was actually produced, generating limited sales. Informants attributed the lack of success to the erroneous choice of a distribution channel—upscale household retailers instead of art galleries. The initiative received limited interest in the cultural world: one sculpture was awarded a prize in a design exhibition in Milan, and another was acquired by Museu de Arte in Sao Paolo, Brazil.

### **Enriching Current Guiding Principles to Embellish Industrial Products (1975–1979)**

**Recombinant strategy: Enrichment.** Alberto Alessi discontinued Alessi d’Après in 1975 but did not abandon his efforts to discover a viable strategy for combining the logics of industrial manufacturing and cultural production. Intense conversations with prominent architect and design critic Alessandro Mendini inspired a new recombinant strategy, which enriched Alessi’s existing guiding principles with elements from the logic of cultural production, such as product aesthetics, that were seen as compatible with the existing ones. Table 3 provides details on the organizational guiding principles associated with this strategy. The new strategy prioritized the old logic. Alessi defined product value primarily as functional while acknowledging the possibility of creating additional value through aesthetic design. For example, Ettore Sottsass, a designer for an initiative in this period, said that he was given the task to “update” existing products and “make them closer to the contemporary taste” (quoted in CA30, 1985).

*Search for opportunities: Growing in core markets.* In this period, Alessi searched for opportunities in its core product categories (trays, containers for serving food) and target segments (consumers and catering). It launched products with appealing forms and standard functionality, as

exemplified in the oil cruets, serving tray, and coffee maker illustrated in figure 2. The company pursued innovation in product form, but only to the extent that it preserved, and in some cases enhanced, functionality and allowed efficient, large-scale industrial production.

[Insert Figure 2 about here]

*Practice change: Incremental and delimited.* To implement the new initiatives Alessi made only incremental changes to its product design practices. It began collaborating with external designers renowned for their distinctive design languages but, in contrast to the previous period, selected designers with experience in industrial design and required them to follow technical and commercial requirements. Designers were reminded to respect the “consolidated and almost unquestionable” standards of form (CA19, 1979) to allow Alessi’s primary customers at the time—hotels and restaurants—to combine old and new product sets. Alessi highlighted the value of the designer-created product aesthetics by adding commentaries on the design philosophy in its product catalogues. Yet it continued to distribute the products through household-goods shops. Thus, though it added new practices that followed norms from the art logic, it subordinated them to the industrial logic and limited them to a subset of activities.

*Execution challenges.* Despite the incremental nature and limited scope of practice change, balancing industrial and aesthetic concerns still posed some challenges. Designers’ proposals occasionally conflicted with efficiency concerns. As carriers of their respective logics, technicians and designers gave different priority to functionality and aesthetics, which led to “technical difficulties in the construction of the products” (ID21) and “big, big discussions” (ID21). Alessi’s leaders typically resolved such conflicts by reaffirming the need to prioritize functionality and efficiency.

*Legitimacy challenges and outcomes.* The embellished kitchenware designed in this period enjoyed considerable commercial success, with only few exceptions when designers’ aesthetic

innovations challenged existing conventions for product form.<sup>4</sup> Some new products designed for hotels and bars enjoyed unexpected success in consumer segments. Industry media characterized them as having “refined, tasteful, and elegant” aesthetics (CA52, 1985) and as being both functional and “purely decorative” (CA53, 1985)—a rare combination in the household industry at the time (CA30, 1985). The evaluation by audiences in the cultural production field, albeit limited, was also encouraging, as the 9090 coffee maker designed by Richard Sapper was acquired by the prestigious Museum of Modern Art (MoMA) in New York in the same year it was introduced to the market.

### **Synthesis of New Guiding Principles to Unite Art and Industry (1979–1989)**

**Recombinant strategy: Synthesis.** In the next period Alessi introduced a new recombinant strategy that reinterpreted elements from both logics and synthesized them into new organization-specific guiding principles. This strategy set the goal to engage Alessi directly in cultural production by designing products that were simultaneously tools and artworks.

The new strategy was launched through an initiative—“Tea and Coffee Piazza”—that invited 11 renowned urban architects to design a set of tea and coffee serving implements as if they were buildings located on a city square (in Italian, a “piazza”). All architects were briefed on the technical constraints of steel manufacturing; however, none of them conformed to the briefing requirements. Alessi proceeded with the production nevertheless and, to preserve the integrity of the artistic designs, outsourced their production to artisanal workshops. The tea and coffee sets, produced in silver instead of steel, achieved worldwide critical acclaim and were purchased by museums around the world. Two of the architects, Aldo Rossi and Michael Graves, later designed less radical versions for large-scale production. These products were highly successful and brought Alessi economic fortune (CA11, 1998) and further recognition in the cultural production field in the

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<sup>4</sup> For instance, Program 8, a modular system of square-shaped serving containers, was seen as violating the “rituals and consolidated codes [through which] people tend to recognize elements of their house” (CA30, 1985).

form of design awards (CA60) and acquisitions by museums (CA61). These positive outcomes encouraged the use of this strategy in all subsequent product design initiatives.

In this period, Alessi redefined its organizational goals to include the simultaneous achievement of profit and recognition in the cultural world. Alberto Alessi stated that after 1979 “we re-founded the company on the basis of a cultural project” (ID01), which involved “transgressing the rules of industrial manufacturing” (CA35, 2008) to create “a common field spanning both the cultural and the technological” (CA29, 1989). The transgression of the rules was seen as distinguishing Alessi from other manufacturers that also used design but did so entirely within the norms of the industrial manufacturing logic. Alessi reconceptualized its products as applied art—more precisely, as an “industrial subspecies of ‘objects of art’” (CA25, 1989)—that people use “as a means for satisfying a latent, grand need for Art and Poetry” (CA08, 1992). Guiding principles about product value emphasized both functional (technical quality) and cultural (expressive artistic languages) dimensions, and guiding principles about referent audiences pointed to both consumer markets (affluent consumers and design aficionados) and cultural gatekeepers (museums and critics).

*Search for opportunities: Targeting new market segments at the intersection of two fields.*

The new strategy guided the search for opportunities at the intersection of Alessi’s traditional markets and the field of cultural production through household products imbued with cultural value, intended to serve both functional and expressive consumer needs. By seeking to address simultaneously the prescriptions of the two logics, Alessi designed bold, unconventional products that attracted the attention of cultural institutions and raised excitement among consumers. Informants referred to such products as “super and popular,” highlighting their dual success by the criteria of both sets of audiences. Figure 3 provides examples of some of the iconic products from this period, such as the double-spouted teakettle by Andrea Branzi and the long-legged citrus squeezer by Philippe Starck.

[Insert Figure 3 about here]



*Practice change: Radical and wide-ranging.* To enact the new guiding principles, Alessi created a system of hybrid practices that were radically new to the organization and were applied to all product lines and activities; see table 3 for details. For example, in product design, these practices combined “the process of free artistic creation” with “the steps and requirements of an industrial manufacturer” (CA40, 1998). The new practices were later formalized under the label “design by metaproject” (CA21, 1989) to refer to clusters of product design efforts focused on broad socio-cultural themes, such as exploring affective responses to everyday objects (ID17). In manufacturing, Alessi introduced small-scale production for the products that had limited anticipated commercial success but were considered important for their cultural value, such as Branzi’s Mama O’ teakettle.

*Execution challenges.* Although it was not unprecedented for Italian companies to work with architects, the exploration of new formal languages usually had been reserved for small-scale, artisanal productions.<sup>5</sup> In contrast, Alessi endeavored to find a way to combine the logics of arts and industry into a commercially viable model. Coordinating the work of technicians and external designers, however, posed considerable challenges. At times, designers’ proposals defied technical feasibility, forcing technicians to stretch their competences and technologies. Without prioritizing one logic over the other, Alessi had to innovate its product design process, adding new roles (e.g., a design assistant responsible for preserving artistic integrity) and procedures (e.g., guidelines for the evaluation and selection of designers’ ideas) to ensure a balance between artistic innovation and operational feasibility.

*Legitimacy challenges and outcomes.* The new products enjoyed a positive reception in the cultural world. By the end of the period, prominent international museums had added 20 of Alessi’s products to their collections. Critics saluted its efforts as groundbreaking. One critic stated that the

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<sup>5</sup> Since the 1960s producers of furniture and furnishing complements had collaborated with avant-garde architects and designers to engage in the small-scale production of experimental products, explicitly intended to serve cultural and artistic purposes rather than commercial ones (De Fusco, 2002).

Tea and Coffee Piazza project “established the role of the company as a kind of ideological carrier representing new forms of Postmodernism in the artifact” (CA50, 1998). The *New York Times* suggested that its teakettles had created a new market for “designer kitchenware.” The commercial results were also impressive: Alessi was the only Italian kitchenware manufacturer that sustained revenue growth in a period of economic downturn in the early 1980s (CA55, 1985), while being recognized as the first manufacturer to have transformed “stainless steel . . . home accessories into an art form” (CA60, 1986).

### **Synthesis of New Guiding Principles to Engage in Large-scale Cultural Production (1989–2000)**

**Recombinant strategy: Synthesis.** In Period 4, Alessi used the same recombinant strategy as in Period 3, but it combined elements from the logic of large-scale cultural production rather than of restricted cultural production as in Period 3; table 2 highlights the differences between the two logics. Accordingly, it added playful or humorous features intended to provide emotional and hedonic experiences as new dimensions of product value in its new lines of colorful plastic products. These new types of cultural value were explicitly contra-posed to the “intellectual” approach taken in Period 3 (CA27, 1993).

*Search for opportunities: Continued search for new market segments at the intersection of the two fields.* In 1991, Alessi launched an experimental initiative, “Family Follows Fiction,” with the goal to develop products that engaged users’ emotions and childhood memories. Figure 4 provides examples of the playful products created by Stefano Giovannoni, Biagio Cisotti, and Alessandro Mendini in this period. Through such cartoonlike and humorous products, Alessi searched for opportunities at the intersection of the cultural production and industrial manufacturing fields that targeted younger and less affluent consumers seeking enjoyment rather than cultural reflection (CA09, 1993).

[Insert Figure 4 about here]

*Practice change: Radical and wide-ranging.* Alessi also continued to innovate its practices by creating new integrative structures and organizational roles uniquely fashioned to implement the synthesis of the industrial manufacturing and cultural production logics. For example, a research center in the humanities and social sciences was founded in 1990 with the goal “to integrate different competences (humanistic, anthropological, artistic)” (CA25, 1989) and guide the development of metaprojects. Alessi Museum—“a museum of applied arts” (ID17)—was founded in 1998 as an “integral part of [Alessi’s] cultural project” (ID01) to manage the relationships with museum curators and cultural institutions. Table 3 provides additional examples of practice changes in this period.

*Legitimacy challenges and outcomes.* The new products developed in this period enjoyed considerable commercial success and contributed to more than 20 percent of Alessi’s revenue growth in the decade. Whereas some critics derided the plastic, cartoon-like products, prestigious museums around the world selected them for their permanent collections. By the end of the 2000s, more than 600 Alessi products were included in the permanent collections of modern art and design museums.

Taken together, our observations reveal that between 1970 and 2000, Alessi engaged in four efforts to combine the normative elements of the industrial and cultural production logics and developed three distinct recombinant strategies for doing so. Each strategy guided the organization’s search for new market opportunities in different domains through different approaches to practice change and product innovation associated with different execution and legitimacy challenges and outcomes. Our observations across the four periods enabled us to construct a theoretical model linking recombinant strategies to the transformation of organizational agency to enable the creation and pursuit of new market opportunities.

## **Transforming Organizational Agency to Pursue New Market Opportunities**

Our comparative analysis of Alessi's multiple efforts to combine the two logics revealed three different recombinant strategies, as well as a set of common mechanisms through which purposefully combining different logics led to the creation and pursuit of new opportunities. Though the underlying mechanisms were consistent, each recombinant strategy gave them distinct patterning, enabling the pursuit of different types of opportunities. We theorized these mechanisms building on Emirbayer and Mische's (1998: 970) theory of agency, as this theory specifically accounts "for variability and change in actors' capacities for imaginative and critical intervention in the diverse contexts in which they act." Emirbayer and Mische (1998) conceptualized agency as encompassing three dimensions: an iterational one, which anchors action in the past through the replication of habitual routines; a projective one, which enables the envisioning of future courses of action; and a pragmatic-evaluative one, which modifies action in response to currently evolving situations. Our analysis suggests that strategically combining different institutional logics changes the dynamic interrelations among the three dimensions, thereby changing an organization's capacity to envision and act on new market opportunities. Table 4 shows how each recombinant strategy influences its processes differently.

[Insert Table 4 about here]

### **Mobilizing Projective Agency through Recombinant Strategies**

The projective dimension of agency describes the "imaginative generation by actors of possible future trajectories of action" (Emirbayer and Mische, 1998: 971). Our analysis revealed two processes for mobilizing projective agency and the imaginative capacities associated with it. First, the development of recombinant strategies engages the organization in structured symbolic recomposition (Emirbayer and Mische, 1998) of the normative elements of different logics. The process gives a distinct patterning to all related processes of action and opportunity pursuit. Second, the experimental enactment of the guiding principles generated through the structured symbolic

recomposition transforms the imagined possibilities into specific tests of opportunities in a given market.

**Recombinant strategies and symbolic recomposition of logics.** Symbolic recomposition involves “tak[ing] elements of meanings apart in order to bring them back together again in new unexpected combinations” (Emirbayer and Mische, 1998: 989). In combining logics strategically, Alessi recomposed “categorical elements of an institutional order” and transposed them to a “substantive context where they did not originally exist” (Thornton, Ocasio, and Lounsbury, 2012: 62). It did so by selecting elements from the logic of cultural production and combining them in varying configurations with the logic of industrial manufacturing to reconceptualize what it produced (product categorization), how (value attributes), why (goals), and for whom (referent audiences).

This process differed from the general process of symbolic recomposition described by Emirbayer and Mische (1998: 990) as “free play of scenarios, (relatively) freed of practical constraints,” as recombinant strategies gave it structure through specific, strategically chosen configurations. These strategic choices about how to combine the two logics involved explicit interpretation and judgment about their relative compatibility and scope of applicability (Besharov and Smith, 2014). Interpretation and choice are necessary to preserve some of the well-understood and taken-for-granted relationships between beliefs and valuations that allow logics to provide reliable guiding principles for innovation in different domains.

Varying combinations of these principles give different patterning to the dynamic restructuring of organizational agency and the related processes enabling the pursuit of opportunity. A compartmentalization strategy, for example, brings the elements of two logics together in the same organization but creates separate sets of guiding principles and demarcates the domain of application of each; the new guiding principles direct the search for market opportunities to a market new to the organization. Alessi adopted this strategy seeking to abide by the norms

governing the production and valuation of art in order to enter the art market without disrupting its traditional guiding principles for its core industrial markets.

In contrast, an enrichment strategy incorporates select elements from a new logic into the incumbent one without questioning the priority of the incumbent logic; the resulting principles guide the search for market opportunities within an organization's current markets. In Period 2, for instance, Alessi preserved the principles that defined its products as functional tools produced industrially at an acceptable cost, but it relied on elements from the logic of art to explore whether it could create additional value through aesthetic innovation. As an informant observed, "Alberto remained totally rooted in the productive tradition of the family, but he inserted this new language [of arts]" (ID15).

Finally, in a synthesizing strategy, symbolic recomposition involves reinterpreting the compatibility of the normative elements of different logics. At Alessi, compatibility was reinterpreted by setting dual goals for the pursuit of commercial success *and* cultural recognition, by simultaneously targeting consumers *and* critics, and by creating a new, hybrid product category, such as applied art. The recategorization of Alessi's products as applied art exemplifies how a synthesizing strategy combines elements from the two logics by reinterpreting them to render them more compatible than previously assumed. Whereas the category of applied art already existed in cultural classification schemes to refer primarily to crafts products, Alessi's leaders elaborated their own interpretation of the concept to refer to products that combined functional (applied) and cultural (art) value.

The new synthetic category guided the pursuit of new market opportunities at the intersection of two different fields, namely industry and cultural production, by directing innovation efforts to create functional and cultural value. To do so Alessi relied on renowned artists to design unconventional objects that simultaneously targeted audiences in the cultural world and the kitchenware market. Research on evaluation under uncertainty shows that successfully meeting the criteria of one audience may have a positive effect on the evaluation by another audience (Pollock,

Rindova, and Maggitti, 2008). Consistent with these findings, Alessi's growing recognition in the field of cultural production enhanced the appeal of product lines in its core industry. The praise of critics and the inclusion of these objects in museum collections consecrated their cultural value, stimulating the emergence of new collector and gift market segments and inducing consumers to pay hefty premiums for the cultural standing of these objects. The commercial success of products with high expressive content in turn legitimated the idea of kitchenware as applied art, blurring the boundary between industrial design and artistic expression.

The symbolic recomposition of logics mobilizes projective agency as it supplies new normative content through which an organization can reevaluate some or all of its offerings and referent audiences.<sup>6</sup> It enables the organization to consider new market opportunities in a structured manner, by using the normative guidance of logics to decide how to create value and for whom. Different recombinant strategies structure the process of pursuing opportunity differently, as they differ in the extent to which they use elements from different logics to either modify extant guiding principles or generate new ones and in the scope of application of the resulting guiding principles.

**Experimental enactment of new guiding principles.** The symbolic recomposition of logics enables organizational leaders to broadly envision new market opportunities, such as producing artwork on an industrial scale or serving latent needs for artful everyday objects. But the resulting guiding principles provide only general guidelines for how to enact these opportunities. Experimental enactment is a process that involves variant implementations of the new guiding principles in specific new products or services, allowing the firm to discover specific opportunities within the broad domains specified by the guiding principles of each recombinant strategy. Emirbayer and Mische (1998: 990) similarly viewed experimentation as a process “on the borderline between imagination and action” that tests hypothetical solutions in exploratory social

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<sup>6</sup> Delbridge and Edwards (2008: 313, 2013) similarly described how interior designer Jon Bannenberg built a distinctive position for his company in the superyacht industry by challenging “the understanding of what a yacht was for, and thus what its functional requirements were” that characterized the dominant engineering logic. For instance, contrary to the prevailing views about the clients' use and sailing requirements of these yachts, he emphasized comfortable living conditions over protection from inclement weather.

interactions. Alessi built exploratory social interactions into its design practices by collaborating with different types of designers and tapping into their varying creative capabilities and expressive sensibilities. By doing so, it gained access to a broad set of design capabilities needed to experiment with formal and functional product attributes in different product categories and market segments.<sup>7</sup>

Further, each recombinant strategy guided experimental enactment differently (see table 4 for details), as it called for different types of experimentation. A compartmentalizing strategy led to experimenting with product attributes and resources prescribed by the new logic to match value attributes relevant to referent audiences in the domain new to the organization. To produce “veritable artistic items at low prices” (CA13, 2003), in Period 1, Alessi experimentally commissioned product design to renowned sculptors and product commentaries to renowned critics, thereby ensuring the use of resources appropriate for creating and evaluating art.

An enrichment strategy requires experimenting with product attributes and resources prescribed by a new logic within the strict constraints of the core logic. For Alessi, in Period 2, that meant instructing graphic and industrial designers to explore new product forms without compromising functionality, salability, and conformity to current industry standards. The resulting products were described as “moderately modern” (CA30, 1985), combining “pleasant form, good functional design, and justified price” (CA50, 1998). The commercial success of these products indicates that the experimental enactment found a balance between taken-for-granted valued attributes in the core market and novel elements that enhanced the products’ appeal.

Finally, the experimental enactment of a synthesizing strategy entails experimenting with fundamentally novel product attributes suggested by the novel ways in which elements from both logics were synthesized. The synthetic guiding principles enable flexible experimentation with

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<sup>7</sup> In other organizations, experimental enactment may manifest in new administrative practices or in the offer of new types of products or services resulting from the symbolic recombination of elements from different logics. At the Cambridge Energy Alliance, for instance, the experimental enactment of a synthesis between the logics of the state, market, and civil society manifested in the redesign of its environmental activities (e.g., free energy audits, fee-based efficiency retrofit, applications for research grants) to test the receptivity of its audiences and the economic viability of the new offer (Jay, 2013).



product attributes inspired by a radical reconceptualization of products and goals. For Alessi, in Periods 3 and 4, it meant relaxing industrial and commercial constraints on product design and remaining open to unconventional product languages imported from post-modernist architecture and popular culture. As Philippe Starck's highly popular aluminum lemon squeezer (initially commissioned as a steel tray) and the Tea and Coffee Piazza project exemplified (see figure 3 for illustrations of both), this openness resulted in unconventional products that enjoyed significant cultural and commercial success. Alessandro Mendini described the experimentation of this period as "eclectic," because it "afford[ed] us to search in many directions" (ID23). It spanned a broad range of expressive languages, introducing different formal innovations and value attributes. For example, acclaimed architect Aldo Rossi designed products as miniature "monuments" that exhibited on a smaller scale the expressive power of his architecture (Polinoro, 1989). Other designers, like Andrea Branzi, evoked archetypal symbols to stimulate reflection and intellectual engagement (e.g., Branzi's Mama O' teakettle depicted in figure 3). Younger designers, such as Stefano Giovannoni, explored how anthropomorphic shapes evoke affective responses (illustrated in figure 4).

**Legitimacy challenges and audience responses.** The innovative offerings resulting from the experimental enactment of the guiding principles derived from each strategy challenge and test—in different ways—the categories that audiences use to understand and evaluate the organization and its products (Zuckerman, 1999). The experimentation guided by a compartmentalizing strategy seeks to meet the expectations of audiences in a market new to the organization. Compared with the other two strategies, it has more to do with a search for legitimacy than for distinctiveness, as actors adopting this strategy seek to conform to categorical requirements that they may not fully understand. As the failure of Alessi d'Après suggests, audiences' responses depend partly on the flexibility of categorical requirements to accommodate the new offerings and partly on the organization's capacity to identify and address these requirements. An enrichment strategy instead innovates within the constraints of the incumbent logic and therefore is unlikely to violate core

categorical requirements. It leads to new offerings that generally fit in a category but may invite audiences to stretch their understandings and expectations (Rindova and Petkova, 2007; Wry, Lounsbury, and Jennings, 2014). For instance, most new trays, oil cruets, and table accessories introduced by Alessi under this strategy were well received in both hotel and consumer markets because their enhanced decorative properties encouraged consumers to imagine new uses for these objects (e.g., aesthetic enjoyment, public display, gift giving) without violating formal and functional conventions.

Finally, a synthesizing strategy encourages experimentation that departs from categorical conventions associated with the original logics. Inasmuch as this strategy reinterprets previously unrelated or supposedly incompatible concepts into new combinations, it enables a firm to envision entirely new types of products, services, and markets. Experimental enactment guided by a synthesizing strategy invites audiences to consider new categories altogether—e.g., “designer kitchenware,” “micro finance” (Kent and Dacin, 2013), or “social enterprise” (Tracey, Phillips, and Jarvis, 2011)—and/or to accept new categorical claims about the organization (e.g., a “design factory”) associated with the new segments at the intersection of different fields, within which new opportunities are pursued. New categorical claims encourage audiences to subject novel offerings to different evaluation criteria, often reducing the pressure of categorical constraints. Audiences’ responses to experimentation based on this strategy may reveal the relative rigidity or fluidity of existing categories and the classification system as a whole (Ruef and Patterson, 2009; Hsu, Negro, and Perretti, 2012), leading to the emergence of new market segments and profitable opportunities.

Experimental enactment enables the organization to test and challenge taken-for-granted conventions about what can or cannot be done within a market in terms of product innovation. Alberto Alessi was quite aware of how years of experimentation had allowed his organization to systematically test the relative openness of its audiences to products that combined industrial and artistic features in different ways. He summarized this idea in his “theory of the borderline” according to which the success or failure of bold, experimental products gradually revealed the

“borderline” between “the ‘area of possibility’ . . . represented by products that the public is ready to love and desire” and “the ‘area of impossibility’ . . . represented by products that, for whatever reasons, the public is not ready to accept” (CA24, 1994).

### **Reconstituting Iterational Agency through Structured Practice Change**

The iterational dimension of agency refers to the “selective reactivation by actors of past patterns of thought and action, as routinely incorporated in practical activity” (Emirbayer and Mische, 1998: 971). This dimension has received the most research attention, as it is manifested in habitual and routinized activity. What is less understood is how actors proactively disrupt habitual and routinized action to pursue new opportunities. We find that mobilizing the projective dimension through structured symbolic recomposition and experimental enactment simultaneously disrupts the habitual and directs its reorganization by structuring the organizational approach to practice change. Table 4 summarizes the differences across the three strategies in how they disrupt and reorganize the iterational dimension.

**Systematic disruption of routinized action.** The symbolic recomposition of logics breaks down the processes that make up the internal structure of the habitual by changing how actors interpret what they do and to what ends, shifting their attention, and altering their priorities. It redirects their attention to different “features of the organizations and their environment,” reshaping the decision premises and beliefs they draw on to make sense of the problems they face (Thornton, Ocasio, and Lounsbury, 2012: 81). For example, to properly operate in a new market, a compartmentalizing strategy requires actors to set aside their current beliefs—based on the old logic—about appropriate practices and ways to serve a market. It redirects their attention to different audiences and legitimation criteria, and it points to different patterns of behavior that are appropriate and desirable in the new field. An enrichment strategy instead reveals opportunities for differentiation by redirecting actors’ attention to new value attributes (e.g., the decorative properties of kitchen tools), but it does not fundamentally alter how actors categorize products and target

audiences, thereby encouraging only incremental modifications in existing practices. Conversely, a synthesizing strategy guides actors to challenge their categorical understanding of products, markets, and relevant audiences and to break current conventions inherent in extant logics (e.g., what constitutes kitchenware vs. art). By doing so, it leads them to question the suitability of existing practices from either field and open up to radically new ways of designing, assessing, communicating, and selling products reflecting the synthesized guiding principles.

**Reorganizing action patterns through new practices.** Each recombinant strategy not only leads to the disruption of habitual patterns of action but also directs their systematic reorganization by pointing to legitimate practices according to the norms of the new logic. A compartmentalizing strategy directs efforts toward imitating legitimate practices in a new field to enable experimentation with product attributes valued by audiences in that field. Although new to the organization, these practices are well established in the field they come from. Such practices present significant execution challenges to actors unfamiliar with them, as these people have not been socialized into the relevant meaning system (Scott, 2001) and norms of the new field (Greenwood et al., 2011). At Alessi, such challenges included identifying the right type of artists to commission, converting their artistic sketches into manufacturable designs, and avoiding interferences between the new practices and the existing ones.

An enrichment strategy, in contrast, guides the reorganization of existing practices on a limited scope. Practice change still requires adaptation, as elements of practices from a different field are contextualized in one's own, but the adaptation is incremental and restricted to select activities. Even limited change, however, has the potential to create conflicts between the actions suggested by prescriptions from the new logic and those reflecting the old one. Implementing this strategy, Alessi experienced occasional struggles between cost-conscious technicians and visionary designers over proposed cost-saving modifications. In these circumstances, prioritizing the incumbent logic, which is integral to this strategy, provided a mechanism for resolving the conflicts. Notably, such conflicts did not occur when implementing a compartmentalizing strategy, which

clearly demarcates the application of the different logics to different domains. The same technicians who engaged in heated debates with industrial designers had previously worked in “reverential awe” (ID35, 1985) with the renowned sculptors for the production of art multiples, to which industrial considerations did not apply.

Finally, a synthesizing strategy generates new guiding principles involving the reinterpretation of multiple elements from both logics. As a result, it may require fundamentally new practices to instantiate these principles by rethinking roles, tasks, responsibilities, and activities. At Alessi the new role of design assistant combined responsibility for the efficient completion of projects with preserving the integrity of designers’ ideas. The practice of designing by “metaproject” replaced traditional market research with social science workshops on broad socio-cultural themes to inspire designers’ experimentation. The novelty of these practices generated considerable uncertainty, arising partly from the absence of templates to imitate (as in compartmentalization) or adapt (as in enrichment) and partly from their unproven viability.

Recombinant strategies simultaneously disrupt and reorganize iterational agency by guiding the selection of logic-appropriate practices and their instantiation in a strategy-consistent manner. This process enhances an organization’s capacity to pursue opportunities by leveraging legitimate action templates (when available) prescribed by the new logic and instantiating them in accordance with the specific recombinant strategy.

### **Responding to Execution Challenges through Practical-evaluative Agency**

The primary locus of agency in its practical-evaluative dimension is “in the contextualization of social experience” (Emirbayer and Mische, 1998: 994), as it involves “the capacity of actors to make practical and normative judgments . . . in the face of emerging demands, dilemmas, and ambiguities from presently evolving situations” (Emirbayer and Mische, 1998: 971). At Alessi the disruption and reorganization of the iterational dimension of agency presented actors with many new demands, dilemmas, and ambiguities as they attempted to recontextualize the new

practices associated with each recombinant strategy. We observed two processes through which Alessi addressed execution challenges and exercised practical-evaluative agency: the pragmatic resolution of occasional conflicts by actors “on the ground” (Zilber, 2013) and the ongoing theorization of new practices by organizational leaders (Greenwood, Hinings, and Suddaby, 2002).

**Pragmatic resolution.** In the short term, execution challenges arising from the conflicting prescriptions of multiple logics can be resolved pragmatically, “on the ground” (Zilber, 2013), as actors test out their interpretations of the new principles in action. At Alessi, organizational members used situated judgments to contextualize their decisions and modified their actions in response to situational contingencies. Technicians and designers, for instance, often worked out agreements about the extent to which designers’ ideas could be modified to reduce costs either to prioritize the incumbent logic (Period 2) or balance the two logics (Period 3). An informant recalled how the design of the award-winning La Conica coffee maker (illustrated in figure 3) involved multiple iterations between Aldo Rossi’s original watercolor sketches and the production manager’s technical specifications to strike a balance between the architect’s vision of a monument object and the demands of industrial production. To the degree that pragmatic resolution involves micro-momentary interactions, our data offered us somewhat limited observations of this process. But the informants’ accounts we obtained were highly consistent with Emirbayer and Mische’s (1998: 997) arguments that the pragmatic resolution of conflict takes place through the contextualization of projects and practices “within the concrete circumstances of the moment.” They were also consistent with prior accounts of how individuals use logics on the ground to navigate different situational demands (McPherson and Sauder, 2013).

**Ongoing theorization.** Organizational leaders further facilitate the exercise of practical-evaluative agency by theorizing new practices that generate desired outcomes (Greenwood, Hinings, and Suddaby, 2002; Smets, Morris, and Greenwood, 2012). At Alessi this theorization manifested in the ongoing production of texts, including 33 books about various initiatives and designers, and of what informants referred to as “grey literature” composed of transcribed yearly

speeches to distributors and other audiences. Through these texts, organizational leaders disseminated their changing views about the organization, its goals, products, and markets, and they provided rationales for the new initiatives and practices. Comparing the content of these texts with the language used by our informants indicated how, through these texts, organizational leaders introduced and diffused a new “vocabulary of organizing” (Ocasio and Joseph, 2005: 163). An informant’s account confirmed that new words were deliberately coined to give meanings to the changes occurring at Alessi. For example, the notion of “amphibious objects” was introduced to refer to novel products that served both instrumental and symbolic functions and could “inhabit” different areas of the domestic landscape. As an informant explained:

The word “amphibious” is another one of those words . . . one of the terms that help us to tell so much about Alessi. . . . Coffee-makers by Aldo Rossi or the one designed by Sapper are amphibious in the sense that they can come out of the kitchen [and into the dining room] and become serving coffee-makers. (ID15)

Terms used in various organizational texts, including “metaproject,” “transgression,” “design factory,” or “borderline,” became key words for communicating the distinctiveness of Alessi’s design philosophy and practices and for setting it apart from “mass production factories.” The concept of “metaproject,” for instance, was introduced to “make explicit and formalize” the approach to product design that Alessi had already been implementing for some years (ID17), initially described as “not to aim directly at the design of new objects, but design instead indirect ‘thematic areas,’ nebulae of vast cultural breadth” (CA21, 1989). The concept of the “borderline” was also central to explaining Alessi’s engagement in daring projects of uncertain commercial potential. This theory justified Alessi’s experimentation to continuously test the boundaries of product market categories. Unless you “transgress” the boundary and risk overstepping the borderline, the reasoning went, you will never know where the boundaries lie. As Alberto Alessi wrote:

[The borderline is an] invisible boundary, in what ought to be a constant industrial exploration of the Immensity of the Creative Possibility (the widely known zone in which the public’s desires are generated), which separates those results that can become real (i.e. things really

loved and possessed by people) from those which never become real (i.e. products too far away from what people are prepared to love and possess). (CA 24, 1994)

As illustrated by these examples, the ongoing theorization of new practices makes the unfamiliar less problematic (Howard-Grenville et al., 2011) and helps members make sense of new patterns of action. By doing so, it brings the novel and disruptive into the fold of the habitual. To the extent that theorization consolidates experiences from the pragmatic resolution of implementation challenges into a new set of habitual practices, it links the evaluative dimension of agency to the iterational one.

### **Remobilizing Projective Agency through Strategic Reflection**

Although Alessi's experimental enactment challenged audiences' expectations and posed legitimacy challenges, it also revealed the malleability of some categories for some audiences. Unexpected challenges, such as those posed by Alessi d'Après, as well as the surprising success of bold experiments, such as the Tea and Coffee Piazza, led Alessi to revisit its recombinant strategies through a process we term "strategic reflection." This process involves remobilizing projective agency through both the anticipatory identification of new recombinant patterns and the narrative reconstruction of the organization's past and present to establish a sense of continuity with future actions. Emirbayer and Mische (1998) identified anticipatory identification and narrative reconstruction as subprocesses of the projective dimension of agency. In theory, these subprocesses are conceptually distinct, but we observed that narrative reconstruction helped both create and give sense to anticipated trajectories of action.

**Anticipatory identification.** Anticipatory identification draws "upon past experience in order to clarify motives, goals, and intentions, to locate possible future constraints, and to identify morally and practically appropriate courses of action" (Emirbayer and Mische, 1998: 989). At Alessi, this process began by commissioning Alessandro Mendini in the early 1970s to conduct extensive socio-cultural analysis of Alessi's production to enable "self-historicization and self-



reflection on its past” (CA30, 1985). His work resulted in the book *Domestic Landscape*, published in 1979, which not only reflected on the past but also identified “new roads for the future” (ID15). “What emerged from this book was a vision” (ID14) of Alessi becoming a “design factory.” For example, the book suggested the possibility for creating new markets “at the intersection between industry and the cultural world,” based on “sophisticated experimentation in international design and architecture” (CA19, 1979). This vision marked the transition between Periods 2 and 3 at Alessi. Similarly, the book *Alessi Workshop*, published in 1989, anticipated the incorporation of elements from the logic of large-scale cultural production, which marked the transition from Period 3 to Period 4. According to Alberto Alessi, this “anthropological and semiological” account of Alessi’s production during the 1980s offered “guidelines for the next ten years” (CA07, 1989). It did so mainly by shifting attention from the aesthetics of form to a cultural analysis of objects aimed at reaching a broader target audience by enhancing the cultural resonance of Alessi’s products. Thus the process of anticipatory identification facilitated the transition from one strategy to the next through a systematic reassessment of past trajectories of action to lay out plans for the future. The process combined an evaluative, retrospective component with future-oriented, prospective sensemaking (Gioia and Mehra, 1996), inextricably linking retrospection and prospection.

**Narrative reconstruction of past and present.** Analyzing the internal structure of the projective dimension, Emirbayer and Mische (1998: 989) noted that the “identification of typical trajectories is closely tied to the construction of narratives that locate future possibilities in relation to more or less coherent causal and temporal sequences.” At Alessi, we observed that the reassessment of past trajectories of action to envision new ones was accompanied by crafting narratives that stressed the historical continuity of an emerging course of action. These narratives selectively highlighted past events and presented them as precursors of the present strategy—a “fil rouge” or guiding thread (ID15) connecting the past, present, and future. For example, *Domestic Landscape* described the Bombè coffee set, designed by the founder’s son Carlo Alessi in 1945, as

the forerunner of efforts to combine the logics of art and industry. Just as some events were emphasized, others were de-emphasized if they were considered inconsistent with the new trajectories of action. The narratives, disseminated through texts distributed to employees, retailers, and outside audiences, promoted an understanding of Alessi's history as an evolving yet internally consistent set of ideas. An informant explained:

There is quite a consistent thread that starts with the very first project. It is his [Alberto's] effort to produce objects that, by not exhausting their "being" in simple functionality, find a way to engage in a dialogue with people on various levels. Now it is more playful [Period 4], now it is more aesthetic [Period 3]. . . . (ID15)

These observations point to strategic reflection as temporal work to bring together the past, present, and future, enabling an organization "to move forward in the face of uncertainty" (Kaplan and Orlikowski, 2013: 965) and to preserve continuity in the face of the ongoing change.

## **Discussion**

The case of Alessi gave us a unique opportunity to observe multiple efforts to combine the same logics in different patterns, enabling us to systematically examine the effects of different recombinant strategies. As predicted by prior research, Alessi encountered numerous challenges, yet we also found that, by developing different recombinant strategies, it transformed its agentic capacity for creating and pursuing new market opportunities. By mobilizing the imaginative, reconstituting the habitual, and honing the practical-evaluative dimension of its agency, Alessi developed new design, manufacturing, and marketing practices through which it imbued its products with new cultural meanings. It leveraged these cultural meanings to create opportunities that arose from breaking away from industry conventions and stretching audiences' expectations. Through these efforts Alessi became a "design factory," designing and producing artful everyday objects valued not only for the practical functions they perform but also for the experiences they make possible.

The study of how organizations combine multiple institutional logics to create and pursue market opportunities is intensifying (Battilana and Dorado, 2010; Tracey, Phillips, and Jarvis, 2011; Jay, 2013; Kent and Dacin, 2013). Research has shown that organizations develop new hybrid arrangements—understood as bundles of structures, strategies, and practices that simultaneously instantiate prescriptions from different logics—by “transposing” elements from one institutional logic into an organizational field dominated by another and by combining elements of the two logics to innovate their cultures, practices, and structures (Thornton, Ocasio, and Lounsbury, 2012: 62). Studies of the process through which such combinations lead to novel actions and opportunities, however, remain rare.

To unpack the mechanisms through which combining multiple logics strategically enables organizations to create and pursue new opportunities, we conducted an in-depth study of the multiple efforts of Alessi to combine the logics of industrial manufacturing and cultural production. We identified three different strategies for recombining elements of different logics, and building on Emirbayer and Mische’s (1998) theory of agency, we developed a novel framework theorizing how these strategies transform organizational agency to enable the pursuit of new market opportunities.

Our findings show that developing a recombinant strategy mobilizes projective agency through a symbolic recomposition process that generates new normative structures (organizational guiding principles). Such structures vary depending on assumptions about the relative compatibility and combinability of the elements of the two logics reflected in each recombinant strategy. Different guiding principles direct experimentation along different dimensions of product value (in the case of Alessi, through new product design initiatives), generating novel interactions and exchanges between the organization and its audiences. They also disrupt and reorganize the iterational dimension of agency by guiding practice change in a strategy-consistent manner to support the pursuit of opportunity associated with each strategy. Practical-evaluative agency reconciles conflicts and preempts dissonance associated with implementing new guiding principles through the ongoing adaptation and theorization of emerging practices. These processes feed back

into iterational agency by facilitating the settlement of new practices into habitual ones. Finally, episodes of strategic reflection link the practical-evaluative dimension to the projective one by using past and present experiences and outcomes to work out new imaginative possibilities, leading to the development of new recombinant strategies. Figure 5 illustrates the theoretical model.

[Insert figure 5 about here]

This model extends Emirbayer and Mische's (1998) theory of agency by showing how strategic engagement with institutional complexity changes the dynamic interrelations among the dimensions of agency and how these changes enable the discovery and creation of new market opportunities. Our model of the dynamic restructuring of organizational agency departs from current applications of the theory that emphasize the contingent relationships between the different dimensions of agency and different environmental (Zietsma and Lawrence, 2010) or organizational conditions (Howard-Grenville, 2005). In contrast to this contingent view of agency, we argue that strategically combining multiple logics alters the balance between intentional (habitual) and projective (imaginative) agency, thereby changing the organization's capacity for reproductive versus transformative actions (Hays, 1994).

Our findings suggest that recombinant strategies mobilize the projective, imaginative, future-oriented agency by breaking down the boundaries that previously existed between different fields and logics and deliberately subjecting the organization and its members to contradictory prescriptions. They also disrupt and reorganize iterational agency by exposing the organization to intense execution and legitimation challenges and by stimulating experimental and novel actions to overcome these challenges and to unsettle settled expectations. These ideas respond to recent calls for developing better understanding of the processes that enable organizations to "think innovatively" (Thornton, Ocasio, and Lounsbury, 2012: 118), as they advance current theory and research on the relationship between institutional complexity and market opportunities, institutional logics as resources for embedded agency, and the design of new hybrid arrangements.

## **Institutional Complexity as a Source of Market Opportunities**

A central finding that emerged from our study is that strategic engagement with institutional complexity enables organizations to challenge established assumptions about audiences' needs and conventions about the products and services they offer. By selectively using normative elements from different logics to reconceptualize goals, products, and audiences, recombinant strategies change the assumptions that shape how actors make sense of new opportunities and enable them to move away from industry conventions about competition and demand.

The experimental enactment of the new principles guides exploratory product innovation to be tested against market feedback. Prior research has noted the importance of experimentation for creating opportunities (Alvarez, Barney, and Anderson, 2013). Specifically, scholars suggest that entrepreneurs create opportunities by testing “their beliefs about an opportunity against the market . . . and based on feedback, they refine those beliefs until they either give up or form an opportunity” (Alvarez, Barney, and Anderson, 2013: 308). Our findings extend this trial-and-error view by revealing how combining logics strategically enables entrepreneurs to create opportunities by following the valuation criteria and action templates prescribed by a different logic.

Our observations resonate with research on the use of generative cognition, such as analogical reasoning and conceptual combination, to leverage knowledge from one domain into another and systematically re-envision business models (Martins, Rindova, and Greenbaum, 2015) and product offerings (Cornelissen and Clarke, 2010). But our theoretical insights offer further understanding of the mechanisms that may structure opportunity creation by showing how recombinant strategies (a) direct the search for opportunities toward different domains and (b) structure experimentation within these domains by simultaneously suggesting product categories and attributes to be explored based on the new logic and constraining the exploration based on relevant norms from the old logic.

Alessi's sustained, relentless experimentation contrasts with a potential explanation of its success as fortuitous coincidence between its interest in product design and consumers' changing

preferences. Such an explanation would miss the fact that only by experimenting through a large number of initiatives that systematically enacted new conceptualizations of value based on different recombinant strategies did Alessi discover how receptive the market was to different value attributes.

Alessi's success also contrasts with the argument that innovations that do not conform to audiences' expectations are likely to face market sanctions (Zuckerman et al., 2003; Hsu, 2006). Instead, it suggests that organizations can combine logics strategically to shift the boundaries of conventional understandings about what audiences consider appropriate or not. New opportunities may lie in the settled expectations that no one dares to challenge, and recombinant strategies may enable organizations to systematically test what audiences would accept as appropriate and valuable by evoking different valuation criteria, and possibly changing what audiences expect in the process.

Finally, in a departure from prior analyses of entrepreneurship from an institutional perspective that focused either on the normative and regulatory contexts within which opportunities are recognized and pursued (Jennings et al., 2013) or on the use of institutional resources to legitimate new products and organizations (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001; Navis and Glynn, 2010), we theorize how entrepreneurs use institutional resources to generate new ideas. We specify how different recombinant strategies affect the scope of opportunity pursuit, as well as the intensity of the related execution and legitimacy challenges. Our analyses therefore suggest that understanding how entrepreneurs leverage institutions to change markets and market boundaries is an important direction for future research on opportunity creation.

### **Institutional Logics as Resources for Embedded Agency**

Current theories of institutional change suggest that exposure to contradictions triggers reflection (Seo and Creed, 2002) about the appropriateness of current social arrangements. As a result, actors come to question current arrangements (Seo and Creed, 2002) and gain confidence in their malleability (Voronov and Yorks, 2015). These analyses are less clear about how individuals

envision novel directions for acting outside the boundaries of what is prescribed by existing logics. Seo and Creed (2002: 237) theorized that individuals tap into available “alternative logics” produced by historical contradictions to mobilize and legitimize their change efforts. Their theory, however, attends to the multiplicity of logics available to individuals without addressing how individuals engage strategically with such multiplicity. By theorizing how actors combine elements from multiple logics into new guiding principles and how these recombinant strategies affect all dimensions of organizational agency, our model articulates important but undertheorized processes through which actors use logics to envision new arrangements and develop new patterns of thought (symbolic recomposition and strategic reflection) and action (experimental enactment and practice change).

Though earlier formulations of institutional logics (Friedland and Alford, 1991) reminded us of the importance of accounting for the nested interrelations among the individual, organizational, and field levels of analysis, past research on institutional sources of change focused on the macro (field) and/or meso (organizational) levels. Early research traced macro-level patterns of diffusion of new practices within a field (e.g., Greenwood, Hinings, and Suddaby, 2002; Lounsbury, 2002, 2007). Later studies began to examine the connections between the meso-level processes giving birth to a new practice and the macro-level ones associated with its institutionalization (e.g., Greenwood and Suddaby, 2006; Lounsbury and Crumley, 2007; Delbridge and Edwards, 2008; Smets, Morris, and Greenwood, 2012). Only a few studies have attempted to bridge the micro and macro levels of analysis (Tracey, Phillips, and Jarvis, 2011; Lepoutre and Valente, 2014). We contribute to this line of inquiry by theorizing multi-level connections among the macro-level resources (logics), the micro-level socio-cognitive mechanisms through which they are engaged and recombined (e.g., symbolic recomposition), and the meso-level organizational changes in practices (e.g., experimental enactment and structured practice change).

These ideas extend current understanding of how actors escape the “paradox of embedded agency” (Holm, 1995; Seo and Creed, 2002)—that is, the capacity of some actors to introduce

meso-level structural changes and practices that diverge from the macro-level institutions that shape and condition how these actors think and act. Past research initially explained embedded agency by suggesting that misaligned interests may induce actors to address potential contradictions in social arrangements by using “available logics” to construct alternative ones (Seo and Creed, 2002: 238). Later work stressed the importance of actors’ structural positions for their exposure to alternative logics (Greenwood and Suddaby, 2006) and suggested that “colliding” practices stimulate the creation of hybrid arrangements (Smets, Morris, and Greenwood, 2012).

Our findings draw attention to how actors may deliberately expose themselves to contradictions that are neither exogenously imposed nor structurally determined. At Alessi, we observed a strong intention to use institutions as resources, manifested in the development of multiple recombinant strategies for breaking apart sets of prescriptions and putting them together in new combinations. These findings are not inconsistent with the view that disruptive behavior may be generated by exposure to contradictions—in Alessi’s case, perhaps the contradiction between isomorphic pressures to produce relatively standardized products with a mature technology and the diverging interests of an organization seeking differentiation. But our findings also foreground the agency that actors manifest, as they deliberately subject themselves to contradictory demands to be creatively solved through practice change. Alternative logics, in our analysis, are not only available but may also be deliberately chosen by actors for their generative potential. Our account therefore is neither purely deterministic, as it highlights intentionality and deliberation in the use of logics as generative resources to disrupt the status quo, nor is it purely voluntaristic, as it shows that actors think and act within the framework of current institutions—in the case of Alessi, the recognition of constraints from the logic of industrial manufacturing and the pursuit of normative guidance from the logic of cultural production.

More importantly, and in contrast with past research, our observations shift attention from the field-level or organization-level conditions that enable actors to introduce divergent change (Battilana and D’Aunno, 2009) to the processes through which they do so. They portray the escape



from institutional embeddedness as a proactive engagement in novel practices, guided by recombinant strategies. Our findings draw attention to the experimental nature of the process, as new practices test the malleability of field-level conventions and constituents' expectations, and the potential tensions from the simultaneous instantiation of elements from different logics in new hybrid arrangements that are pragmatically resolved. These ideas are consistent with the emphasis on process and the “unfolding dynamics of situations” that characterizes our perspective on agency (Emirbayer, 1997: 294).

Some contextual conditions may have facilitated the degree of strategic choice and agency that we observed and may have contributed to the discovery of viable hybrid arrangements at Alessi. First, Alessi is a family-owned firm, and influential family members were highly supportive of Alberto Alessi's leadership. Second, thanks to the commercial success of the previous decades, Alberto enjoyed the financial resources needed to buffer the organization from initial setbacks, enabling him to persist in experimenting. Third, although Alessi had to conform to industry standards and customers' expectations, it did not face strong institutional gatekeepers enforcing rigid classification schemes (Zuckerman, 1999), thereby enjoying more latitude to challenge and remake industry conventions. Despite these facilitating contextual conditions—ample discretion, slack resources, and absence of rigid categorical prescriptions—its exercise of agency was far from straightforward, as it required years of experimentation, reflection, and fine-tuning to overcome the internal and external challenges associated with breaking away from conventions.

### **The Design of Hybrid Organizations**

Our observations enrich research on hybrid organizations—those that simultaneously combine elements from different logics (Pache and Santos, 2013)—by highlighting challenges and opportunities associated with different types of hybrid arrangements, as well as the effect of different interpretations about the relative compatibility of logics on how these arrangements are devised, implemented, dropped, or modified over time. The comparative analysis of Alessi's

multiple efforts enabled us to specify how different recombinant strategies produced different hybrid arrangements and raised different internal and external challenges. These findings are important because they offer a broad theoretical framework for comparative analysis of proactive efforts to design new hybrid arrangements that past research has examined in isolation (e.g. Tracey, Phillips, and Jarvis, 2011; Jay, 2013; Pache and Santos, 2013). Prior studies have offered mixed observations about the strategies and challenges associated with different hybrid arrangements (Binder, 2007; Battilana and Dorado, 2010; Dunn and Jones, 2010; Tracey, Phillips, and Jarvis, 2011). Our findings extend work in the area by showing that the hybrid arrangements resulting from different recombinant strategies are associated with different outcomes, both in terms of opportunities and in terms of execution and legitimation challenges.

A recent systematic review of research on hybrid organizations observed that most studies have focused either on the strategies that organizations adopt to cope with multiple logics or on the structures and practices that they implement to do so (Greenwood et al., 2011). It distinguished between “blended” and “structurally differentiated” hybrids, created by an organization’s choice about the partitioning and coordination between practices reflecting different logics (Greenwood et al., 2011). The framework emerging from our comparative analysis extends this analysis by articulating how strategic choices may shape structural responses, as well as how different structural approaches support the implementation of different strategies.

The strategies we identify, though consistent with the distinction between structurally differentiated and blended hybrids, offer novel insights about the difference between these arrangements and their consequences. A compartmentalization strategy results in “structural differentiation” (Greenwood et al., 2011), giving organizations the ability to conform to multiple institutionalized prescriptions. Smets and colleagues (2015) observed a similar strategy at Lloyd’s of London, where underwriters enact a market logic when engaged in commercial transactions in the privacy of their offices but switch to a community logic when lunching and displaying humor and familiarity with competitors. Whereas prior research has presented this arrangement as a

defensive response to conflicting normative prescriptions (e.g., Reay and Hinings, 2009; Dunn and Jones, 2010; Battilana et al., 2014), we observed its proactive use to guide the pursuit of opportunities in a domain new to the organization governed by a different institutional logic, without interfering with traditional activities.

A synthesizing strategy is associated instead with what Greenwood and colleagues (2011: 352) referred to as “blended” hybrid arrangements, resulting from “attempts to combine and layer ‘practices’ taken from different logics into a single organization.” Kent and Dacin (2013) showed that micro-finance emerged at the intersection of banking and social care as organizations provided the poor with small loans, simultaneously seeking poverty alleviation and economic profitability. Tracey and colleagues (2011) described how the synthesis of the logics of market and community helped Aspire create a new organizational form that employed the homeless to deliver retail services. Our observations advance current understanding of blended hybrids by showing that rather than simply layering practices based on different logics (Jay, 2013; Pache and Santos, 2013), this strategy involves reinterpreting elements of both logics to inspire the development of new practices that enable the firm to pursue opportunities at the intersection of the fields from which these logics are drawn.

Finally, the enrichment strategy we observed can be considered a limited form of “blending” (Greenwood et al., 2011), in that elements from different logics are combined and applied to the same set of activities, but the prioritization of the traditional logic is not questioned. Delbridge and Edwards (2008, 2013), for instance, showed that Jon Bannenberg used a design logic—emphasizing aesthetics and comfortable living—to increase the appeal of superyachts. His novel approach enriched current design conventions rooted in an engineering logic historically focused on safety and seaworthiness. Overall, we extend current theories of hybrid arrangements by showing that organizational hybrids vary not only in the way they balance the differentiation and integration of different logics—structural differentiation versus blending—but also in the way they manage

integration by altering the relative prioritization and scope of application of the blended principles and practices.

By specifying the effects of different recombinant strategies, we bring into focus the processes through which new arrangements are envisioned and implemented. Past research has theorized the development of hybrid arrangements using broad analytical terms, such as “decomposability” (e.g., Thornton, Ocasio, and Lounsbury, 2012) or “transposition” (e.g., Djelic and Ainamo, 2005). In contrast, we articulate the processes through which institutional complexity is designed into specific strategic choices about guiding principles and practices. We show how new hybrid arrangements vary in patterns and consequences and how logics guide thinking about organizational goals, products, and audiences, leading actors to reconceptualize what they do, why they do it, and for whom.

These observations extend the analysis of the genesis of novel practices. Current theories of changes in practice emphasize either “naturally occurring variation” (Lounsbury and Crumley, 2007: 997) or improvisation (Smets, Morris, and Greenwood, 2012) in day-to-day activity. In contrast, we observed that changes in practice followed the particular recombinant strategies. As a result, they differed from the tentative “muddling through” different structural arrangements loosely inspired by different logics (Jay, 2013) and from the day-to-day improvisation (Smets, Morris, and Greenwood, 2012) described by previous studies. Although Alessi also experienced some degree of “muddling through” when adapting novel and unfamiliar practices to its context, it relied on its recombinant strategies to guide the selection and integration of new practices. Furthermore, whereas new organizational hybrids are believed to be “prone to goal displacement and ‘drift’ toward better-established forms” (Battilana and Lee, 2014: 412; see also Kent and Dacin, 2013), Alessi gradually moved toward an increasingly sophisticated, stable, and profitable hybrid arrangement. A comparison of our observations with other available accounts of the design of new hybrid arrangements (e.g., Tracey, Phillips, and Jarvis, 2011; Jay, 2013) points to the unusual awareness of Alessi’s leaders of the strong normative principles—the logics—that legitimated and valorized

observable practices in the fields of industry and the arts. This awareness may have contributed to Alessi's strategic engagement with the two logics and sustained its efforts to discover a recombinant strategy that enabled it to combine the logics of industrial manufacturing and cultural production to create new opportunities and forms of value.

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**Table 1. Details on Data Collection**

Data source	Use in the analysis
<b>Corporate archive</b>	
Books published by Alessi between 1979 and 2006: official corporate biographies (Mendini, 1979; Scarzella, 1985; Polinoro, 1989; Alessi, 1998) and other books on specific product development projects, design collaborations, and theoretical workshops organized by Alessi.	Identify Alessi's organizational guiding principles; track changes in practices; establish a timeline of the events.
Books on Alessi published by art critics (Gabra-Liddell, 1998) and business historians (Casciani, 1996; Sweet, 1998). Press articles from Italian and American household magazines (e.g., <i>Bazaar</i> ), specialized magazines (e.g., <i>Altro Consumo</i> ), and newspapers (e.g., <i>New York Times</i> ) between 1983 and 1999.	Triangulate observations about the use of norms from the logic of cultural production and external evaluations of their use; field-level data on commercial and cultural outcomes.
Awards and announcements about inclusion in museum collections.	Additional evidence of the cultural outcomes.
Commercial catalogues from Alessi (1960–2007), containing commentaries by critics and Alberto Alessi; commercial catalogues of competitors (several years).	Track Alessi's changing understanding and definition of product conceptualization, categories, and value; assess differences between Alessi and competitors.
Videotaped archival interviews recorded by the Alessi Museum in 1999 and 2001 with protagonists of the history of the organization: Carlo Alessi (Alberto's father and former CEO); Ettore Alessi (Alberto's uncle and former technical manager); architect Franco Sargiani.	Triangulate facts and observations; obtain data on organizational guiding principles prior to 1970 and in the early 1970s.
<b>Other archival sources</b>	
Scholarly publications on design history (Branzi, 2004; De Fusco, 2002) and Alessi (Verganti, 2006; Salvato, 2006, 2009). Specialized media: architecture and design magazines ( <i>Domus</i> , 1965–; <i>Ottagono</i> , 1965–; <i>Casabella</i> , 1970–; <i>Modo</i> , 1984–; <i>Abitare</i> , 1970–1979).	Triangulate observations about the use of norms from the logic of cultural production and external evaluations (field-level data on commercial and cultural outcomes) to assess the relative success of Alessi's strategies (challenges of legitimation).
Industry reports and theses on the Italian metal household industry (e.g., Databank reports for 1985, 2007).	Use field-level data on economic and commercial performance to assess the relative success of Alessi's strategies (challenges of legitimation).
<b>Interviews</b>	
First round (2006–2007), 12 interviews with 11 informants: CEO: Alberto Alessi. His closest collaborators: museum curator; assistant design manager. Commercial manager, who joined Alessi in 1970. Junior and senior managers across functions: marketing, communication, product development, sales, and operations.	Interviews were conducted by one or more researchers. They lasted between one and four hours; all were recorded and transcribed verbatim for a total of 309 double-spaced pages. Questions in the first round inquired about Alessi's history, its goals, structures, and practices. Informants discussed the changes in practices and structures for developing, manufacturing, and commercializing new products and identified key initiatives, their goals, and outcomes.
Second round (2008), 13 interviews with 10 informants: Assistant design manager, communication manager, assistant communication manager, museum curator. Two retired managers (foreign sales and operations) who had worked at Alessi since before the 1970s. Two external collaborators: A. Mendini (cultural consultant since the mid-1970s) and S. Giovannoni (more than 250 products designed for Alessi since 1989). Two experts of design: a design historian, curator of the design museum in Milan, and founder of the industrial design school in Milan; an architect, journalist, and design consultant who published on Alessi.	Questions in the second round inquired about the timing of specific changes and the organizational guiding principles associated with them. Interviews with design experts inquired about the Italian and European product design context, the Italian art-driven design experiences in the 1960s and 1970s, and their understanding and evaluation of the changes at Alessi.

**Table 2. Ideal-typical Logics Recombined by Alessi**

<b>Dimensions</b>	<b>Logic of industrial manufacturing*</b>	<b>Logic of restricted cultural production†</b>	<b>Logic of large-scale cultural production†</b>
<b>Mission</b> Instantiated in guiding principles about organizational goals	Achieve and increase economic profitability and market leadership.	Gain recognition as a member of the cultural field (Bourdieu, 1993).	Convert artistic recognition into economic profitability (Bourdieu, 1993).
<b>Basis of legitimacy</b> Instantiated in guiding principles about product conceptualization and dimensions of product value	Produce quality utensils for households, catering, and hotels.	Produce “cultural goods” such as artworks.  Cultural goods lack a practical function and are instruments of distinction (Bourdieu, 1993: 120).  Cultural value includes aesthetic enjoyment, reflection, display (Becker, 1978; Gaut, 2007).	Production of mass-market cultural goods, providing simple hedonic value (Bourdieu, 1993).  Cultural value based primarily on entertainment and hedonic pleasure.
<b>Sources of legitimation</b> Instantiated in guiding principles about referent audience	Market acceptance.  Positive evaluation by industry media.	Recognition by other producers of cultural goods (artists), gatekeepers (critics, cultural institutions), and a restricted audience of intellectuals able to appreciate the value of cultural goods.	Recognition and legitimation by mass-market audience and gatekeepers.

\* Based on data on the industry of metal household manufacturing in Italy, triangulated with descriptions of business logic contained in Thornton (2004), Friedland and Alford (1991), and Porter (1980).

† Based on data on the field of design in Italy, on the cultural production logic (Hirsch, 1972, 2000; Becker, 1982; Bourdieu, 1993; Gaut, 2007), and on the differences between business logic and cultural logic in Glynn’s (2000) and others’ studies (e.g., Oakes, Townley, and Cooper, 1998; Lampel, Lant, and Shamsie, 2000; Glynn and Lounsbury, 2005).



**Table 3. Summary of Empirical Observations about Guiding Principles, Search for Opportunity, Practices, Challenges, and Outcomes at Alessi (1970–2000)\***

	Period 1 (1970–1975)	Period 2 (1975–1979)	Period 3 (1979–1989)	Period 4 (1989–2000)
<b>Organizational guiding principles</b>				
Goals	Retain technological and market leadership in kitchenware (IM). Enter art market (CP-R).	Restyle products in traditional categories to increase sales (IM).	Achieve simultaneously economic success and recognition in the art world (IM+CP-R).	As in Period 3.
Product conceptualization	Traditional products defined as tools (IM). New line of small sculptures defined as art (CP-R).	Traditional products defined as tools (IM).	All product lines defined as “applied art” (IM+CP-R).	As in Period 3.
Dimensions of product value	Quality and functionality for the traditional lines (IM). Art utilities for the new line (CP-R).	Functionality (IM) enhanced by aesthetic features (CP-R).	Technical quality <i>and</i> formal innovation based on expressive artistic languages (IM+CP-R).	As in Period 3, but formal innovation focused on playful, humorous, pleasurable features (CP-LS).
Referent audiences	Core customers in hotel and catering industries (IM). Art collectors and consumers in the art market for the new line (CP-R).	Hotels, restaurants, and individual customers (IM).	Affluent consumers and design aficionados, as well as gatekeepers in the field of cultural production (e.g., critics, museums) (IM+CP-R).	As in Period 3, with added focus on younger and less affluent individual consumer segments (CP-LS).
<b>Search for opportunities</b>				
Product market categories	Small sculptures.	Kitchenware (trays, cutlery, serving tools).	Kitchenware (coffee and tea kettles, pots, serving tools).	Kitchenware (same as Period 3).
Domain of search	New-to-the-organization market for fine arts.	Core market segments.	Market segments at the intersection of art and industry.	Same as Period 3, with expansion from niche to mass market segments.
Product innovation	Experimentation with aesthetic attributes to deliver art utilities, such as reflection and display (see figure 1).	Experimentation with innovation in product form to improve appearance within strong industrial logic constraints (production costs and saleability) (see figure 2).	Extensive experimentation with a wide range of formal aesthetic languages by diverse artists with significant artistic freedom, within weak industrial logic constraints (functionality) (see figure 3).	Same as Period 3, with growing emphasis on affective, fun, and playful aspects of product form (see figure 4).
<b>Organizational practices</b>				

Product development	An internal technical office designs traditional products (IM). Sculptors of international renown commissioned to design the new line of sculptures (CP-R). Technicians convert their designs for manufacturing (IM).	External graphic designers, industrial designers, and architects commissioned to redesign traditional products (CP-R). Designers briefed on commercial and technical requirements (IM).	Prominent critic becomes “cultural consultant” on product development initiatives (CP-R). Prominent architects and other types of artists design experimental products (CP-R). Technicians convert external designs for manufacturing (IM). “Meta-project” approach to give designers cultural direction (IM+CP-R).	Same as in Period 3, but also: Corporate museum (CP-R) and research center for anthropological and semiological research (IM+CP-R). New formal product development roles to protect the integrity of designers’ ideas (IM+CP-R).
Sales and marketing	Traditional lines presented in trade fairs and sold through household goods retailers (IM). Art critics commissioned to review the new line of sculptures (CP-R). Sculptures distributed through upscale household goods retailers (IM).	Distribution through household goods retailers (IM). Commentaries on designers’ philosophy in commercial catalogues (CP-R).	Organization of exhibitions about Alessi and publication of books about specific designers and projects (CP-R). Re-edition of iconic objects from historical artistic movements (CP-R). Distribution through household goods retailers (IM).	As in Period 3. Creation of exclusive flagship stores (“Wonder shops”) (IM+CP-LS).
Manufacturing	Large-scale industrial production of steel kitchenware (IM). Numbered-edition sculptures (CP-R).	Large-scale industrial production in steel (IM).	Large-scale industrial production (IM) and small-scale handcraft (CP-R). New production materials (ceramics and wood).	Large-scale industrial production (IM). New production in plastic (outsourced) (IM).

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**Organizational outcomes**

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Commercial results	Only one sculpture produced, with limited commercial success. Declining sales of traditional products due to the interference of the new initiative with other product lines.	Significant commercial success of aesthetically enhanced products, especially in consumer segment.	Creation of new market segment for “designer’s kitchenware.” Growth in core markets.	Commercial success of new products among young and less affluent customers. Expansion from niche markets to mass market.
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Cultural recognition	Limited: one sculpture awarded a prize in a design exhibition in Milan; another acquired by Museu de Arte in Sao Paulo.	Surprising acquisition of 9090 coffee maker by Richard Sapper by MoMA in New York.	Critical acclaim and awards by design bodies; acquisition of about 20 products by museum collections around the world.	Acquisition of about 600 products in numerous museum collections around the world.
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**Execution challenges**

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Reconciling prescriptions from different logics	Strain on technical office shared by traditional lines and experimental project. Difficulties converting artists' sketches into designs for manufacturing.	Occasional tensions between artistic freedom and industrial or commercial concerns (e.g., designers' proposals may increase production costs excessively or do not fit with hotel standards).	Recurrent tensions between artistic freedom and production or commercial constraints (e.g., designers' proposals have unclear saleability or lack industrial production feasibility).	Same as in Period 3.
Implementing new guiding principles	Uncertainty about how to implement practices prescribed by the cultural production logic (e.g., uncertainty about the selection of type of artists).	Subordination of designers' proposals to constraints of the old logic (efficiency and industry standards).	Absence of available templates to manage activities in which old and new logic are simultaneously enacted (e.g., design management).	Same as Period 3 (e.g., cultural research).

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**Legitimation challenges**

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Legitimacy of producer	Lack of legitimacy as a cultural producer compensated by borrowing legitimacy from renowned artists and critics.	Limited changes to organizational practices did not raise legitimacy issues.	Commitment to old and new audiences (e.g., preservation of core industrial practices coupled with experimental small-scale productions); claiming a hybrid identity (e.g., a "design factory").	Same as Period 3. Developing playful, funny products in plastic for younger audiences leads to some questioning of commitment to the cultural production.
Legitimacy of product	Legitimation pursued by conformity to prescriptions for works of art (e.g., created by artists, reviewed by critics).	Most innovative products received well, with the exception of products that violate fundamental expectations for product category (e.g., square shapes of Program 8 serving tools).	Establishment of meaningful linkages between categories of industry and art (e.g., products as "applied art"). Commercial failure of products that violate fundamental expectations for core product category (e.g., lack of functionality in Philippe Starck's Hot Bertaa kettle).	Same as Period 3.

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\* IM = Instantiation of industrial manufacturing logic; CP-R = Instantiation of restricted cultural production logic; CP-LS = Instantiation of large-scale cultural production logic.

**Table 4. Recombinant Strategies and the Dynamic Restructuring of Organizational Agency**

Sub-processes	Recombinant strategies		
	Compartmentalization	Enrichment	Synthesis
<b>Mobilizing projective agency through recombinant strategies</b>			
<b>Symbolic recomposition</b>	Adoption of two separate sets of guiding principles with demarcated application to new and core domains; search for opportunities in a new-to-the-organization market.	Incorporation of select elements from a new logic into specific guiding principles, without questioning the priority of the old logic; search for opportunities within the organization’s current market.	Reinterpretation of elements of different logics as more compatible than previously assumed to create new guiding principles; search for opportunities in new market segments at the intersection of different fields.
<b>Experimental enactment</b>	Experimentation with product attributes and categories suggested by the new logic, without constraints from the incumbent logic, with the aim of matching value attributes relevant to audiences in the new domain.	Experimentation with product attributes suggested by the new logic, within tight constraints from the incumbent logic, with the aim of proposing new value attributes to current audiences.	Experimentation with product attributes suggested by the new logic, within weak constraints from the incumbent logic, with the aim of addressing value attributes relevant to audiences in both fields simultaneously.
<i>Legitimacy challenges</i>	Meeting expectations of audiences in a new-to-the-organization market, which organizational leaders may not fully understand.	Meeting core categorical requirements while inviting current audiences to stretch their understandings and expectations.	Persuading new and old audiences to consider new hybrid categories and/or to accept new categorical claims about the organization.
<b>Reconstituting iterational agency through structured practice change</b>			
<b>Disrupting the habitual</b>	Recognition of new categorical requirements, audiences, and legitimation criteria redirect attention to different patterns of action.	Limited change in members’ beliefs about valued product attributes and target audiences redirects attention to modify existing action without altering current priorities.	Challenge to categorical understandings of products, markets, and audiences breaks down conventional typification of practices from either field and questions their suitability, opening up the possibility for radical change in action.

<b>Reorganizing</b>	Adoption of practices suggested as legitimate by the new logic; co-existence of new and old practices with limited interaction.	Incremental changes to current practices, circumscribed to selected activities and/or product lines.	Innovation in organizational practices, resulting in fundamentally new hybrid practices.
<i>Execution challenges</i>	Lack of familiarity with practices prescribed by the new logic; potential strain on common structures and resources.	Tensions due to conflicting implications for practice from the old and the new logic.	Absence of template for new hybrid practices, as well as unproven viability.

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**Responding to challenges through practical-evaluative agency**

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<b>Pragmatic resolution</b>	Solving execution challenges pragmatically as organizational actors test out their interpretations of the new guiding principles and practices.
<b>Ongoing theorization</b>	Articulating the content of and rationale for new practices that generated desired outcomes, sometimes through the creation of new vocabulary to label such practices.

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**Re-mobilizing projective agency through strategic reflection**

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<b>Anticipatory identification</b>	Identifying different recombinant strategies for the future by reflecting on experience of legitimation and execution challenges associated with the enactment of past recombinant strategies.
<b>Narrative reconstruction</b>	Crafting narratives to claim historical continuity of new recombinant strategies.

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**Figure 1. Examples of product innovation in Period 1: Alessi's “art multiples.”**



Guscio N. 1  
by Giò Pomodoro



Rotating  
by Pietro Consagra

**Figure 2. Examples of product innovation in Period 2: Updating traditional products.**



5070 oil cruets  
by Ettore Sottsass (Program 5)

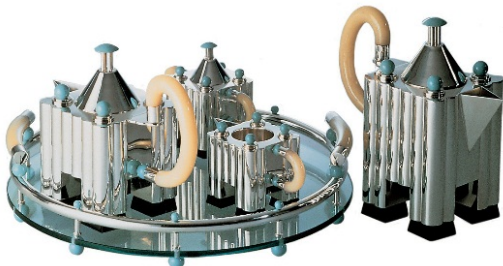


Tiffany tray  
by Silvio Coppola (Program 7)



9090 coffee maker  
by Richard Sapper (Program 9)

**Figure 3. Examples of product innovation in Period 3: Creating “applied art.”**



Tea and Coffee Piazza  
by Michael Graves



Mama O' teakettle  
by Andrea Branzi



La Conica coffee makers  
by Aldo Rossi



Juicy Salif lemon squeezer  
by Philippe Starck



**Figure 4. Examples of product innovation in Period 4: Making applied art popular.**



Merdolino toilet brush  
by Stefano Giovannoni

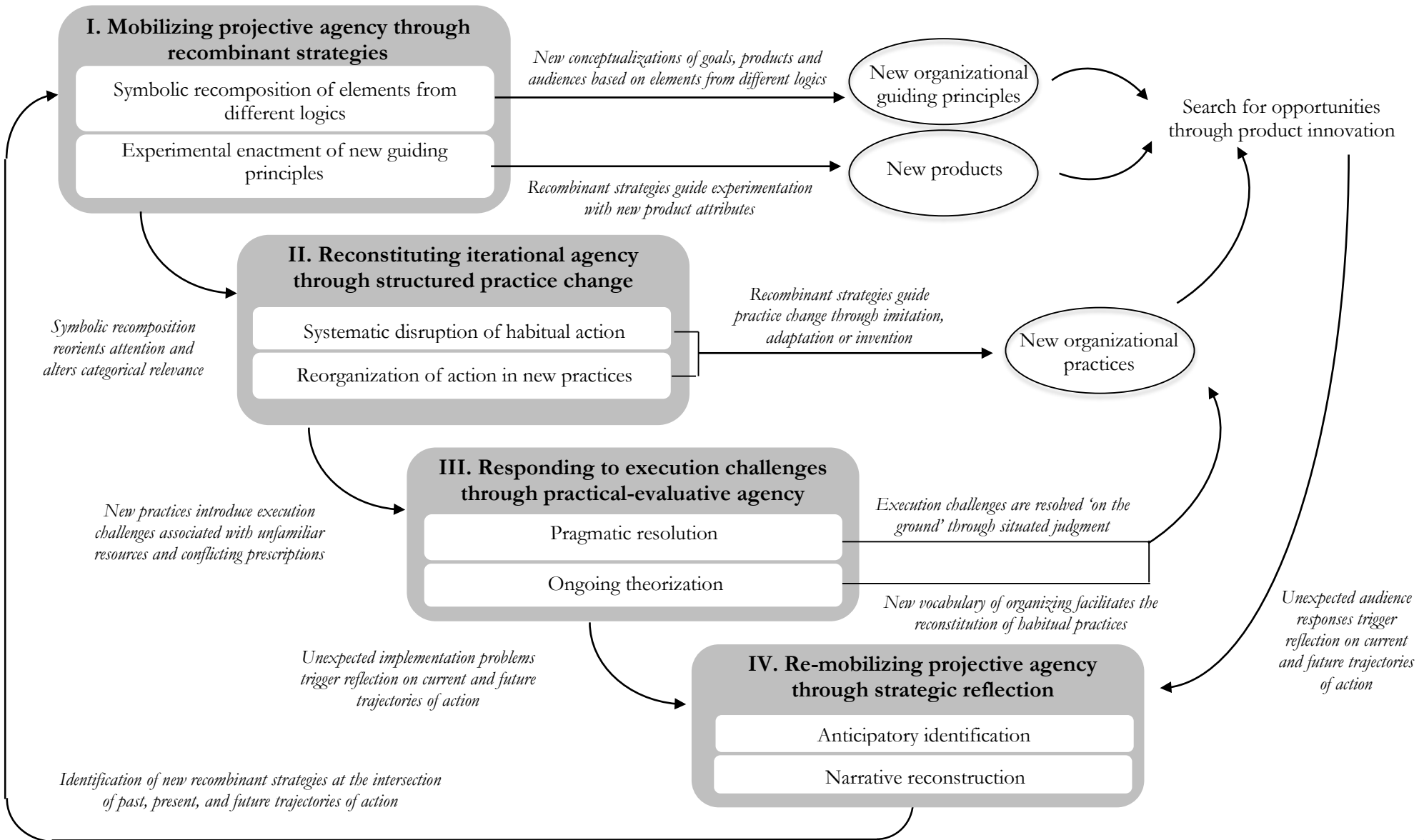


Diabolix bottle opener  
by Biagio Cisotti



Anna G. corkscrew  
by Alessandro Mendini

**Figure 5. A Theoretical Model of How Combining Logics Strategically Enables the Pursuit of New Market Opportunities through the Dynamic Restructuring of Organizational Agency**



## Authors' Biographies

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