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**AN ENGAGED SCHOLARSHIP APPROACH TO POSITIVE DEVIANCE: TOWARD PURPOSEFUL
MANAGEMENT OF ENDOGENOUS INNOVATION**

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MBA, BBus(Man) 1ST Class Honours, BA(Psy)

Submitted in fulfilment of the requirement for the degree of Doctor of Philosophy

School of Management, QUT Business School

2018

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STATEMENT OF ORIGINAL AUTHORSHIP

The work contained in this thesis has not been previously submitted to meet requirements for an award at this or any other higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made.

QUT Verified Signature

2 March 2018

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DEDICATION

I dedicate my thesis to my parents, Noel and Sandra Guy, who value education above all else. For them, I have pursued the pinnacle of a tertiary education: a doctoral degree. I love you, Dad. Rest in peace, Mum.

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I would like to acknowledge the guidance, mentorship and support provided to me throughout my candidature by my supervisory team: Jan Recker, Willem Mertens and Michael Rosemann. I further wish to acknowledge my case organisation and its employees, who remain anonymous. Similar acknowledgements are extended to my loving family and friends who have unreservedly supported me throughout my candidature.

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AN ENGAGED SCHOLARSHIP APPROACH TO POSITIVE DEVIANCE: TOWARD PURPOSEFUL MANAGEMENT OF ENDOGENOUS INNOVATION

Positive deviance is a form of endogenous innovation. Positive deviance as a concept heralds from sociology and humanitarian applications; interweaving application and academic domains whilst borrowing and extending concepts. These cross-domain influences mean that what constitutes positive deviance in organisational science varies; from exceptional behaviours to exceptional outcomes to exceptional outcomes underpinned by exceptional behaviours. Irrespective of definition, scholars and practitioners agree that positive deviance yields endogenous innovation through non-normative behaviours. Mechanisms which empower positive deviance have not been elucidated; but can be traced to three central propositions: willingness to adopt change, ability to adopt change and ability to yield outcomes. This thesis unpacks these mechanisms using an engaged scholarship approach. Namely, it explores two underdeveloped concepts – norms (the behavioural standard from which deviance is judged) and positive (the reason deviance is considered positive) – to identify which norms matter. It first considers which norms yield exceptional outcomes. It secondly considers management acceptance of deviance from different types of norms in the pursuit of endogenous innovation. That is, it examines positive deviance as a management method for endogenous innovation as opposed to a concept for endogenous innovation. These are important questions from an engaged scholarship perspective; given that deviance carries inherent risk to organisations adopting positive deviance. These questions are viewed through the theoretical lens of micro-level Institutional Theory; due to the natural marriage between the concepts of compliance/deviance in positive deviance and institutional stability/recursive renewal in Institutional Theory. Both questions are investigated in the context of franchises; similarly due to the natural marriage of deviance/compliance in positive deviance and adaptation/replication in franchise literature. Case research is used

to meet the dual purpose of exploring concepts about which little is known; and the pursuit of engaged scholarship through close collaboration with practice. In doing so, the study achieves academic and practical validity, verisimilitude, relevance and impact. The research finds discernible patterns in the types of norms that are likely to lead to exceptional outcomes; as well as the types of norms that management are more (or less) likely to accept. These can largely be traced back to risk and resources associated with different forms of positive deviance, and are presented back to the reader in the form of management recommendations. The thesis contributes to both practice and academia by extending current understanding of how norms influence both the outcome and acceptance of positive deviance as a means for endogenous innovation. In doing so, the thesis translates positive deviance as a concept to utility as a method; helping bridge the practitioner/academic chiasm.

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CHAPTER 1: INTRODUCTION

1.1 Research Motivation

Individuals recursively shape the institutional norms that guide their behaviour; such that institutions comprise a dynamic interplay between normative adherence (compliance with institutional norms designed to control and guide behaviour) and deviance (departure from institutional norms designed to control and guide behaviour) (Green & Li, 2011; Kondra & Hurst, 2009; Pursey & Lander, 2009). The dynamic balance between adherence and deviance contributes to organisational survival and renewal; offering a form of endogenous innovation (Davies, Lassar, Manolis, Prince, & Winsor, 2011). As a practitioner, I noticed that most organisations I have worked in are reticent to embrace this very necessary deviance; arguably for pluripotent reasons. Deviance involves departure from established norms and behaviour and therefore carries with it a destabilising risk (Cameron, 2008). This inherent aversion is exacerbated by the human condition which disproportionately directs cognitive attention to the negative (Cameron, 2008, 2017). These tendencies are evolutionary remnants designed to efficiently identify and eliminate survival threats; enabling conscious ignorance of the majority of sensory information (Cameron, 2008). Hence, I have repeatedly observed organisations devote a multitude of resources to constrain behaviour and ensure adherence with norms; but very little to encourage and capitalise on deviance that pays off. When change is required, innovation efforts are closely controlled and employ exogenous measures such as benchmarking, best practices, six sigma, lean, and business process re-engineering. Despite best efforts, these exogenous innovations have high failure rates; attributed by scholars to a multitude of factors, such as lack of top management support, and investigated by organisations in post-implementation reviews and other backward looking measures (Piderit, 2000).

Moving into the academic domain, I noticed a similar pattern of bias: There is a vast body of research on negative deviance, while much less attention has been given to positive. Indeed, considerable debate took place before organisational scholarship acknowledged that positive deviance was a viable concept; let alone a valid means of endogenous innovation (endogenous innovation being innovation sourced from within an organisation as opposed to sourced externally to the organisation) (Ben-Yehuda, 1990; Goode, 1991; Sagarin, 1985; Scarpitti & McFarlane, 1975; Steffensmeier & Terry, 1975; Terry & Steffensmeier, 1988; West, 2003; Wilkins, 1965). Available literature thereby lags behind the literature devoted to exogenous innovation (innovation sourced from outside the organisation), such as industry best practices, and that devoted to avoiding failure, such as critical success factors, lessons learned and post-implementation reviews (Hervás-Oliver & Peris-Ortiz, 2014).

This bias toward the negative and away from the positive piqued my interest; I wondered what would happen if endogenous innovation, that comes from within, was studied more extensively. My overall aim, then, was to develop a structured, repeatable, evidence-based, low risk endogenous approach to innovation. I chose to pursue this interest using positive deviance. Positive deviance is the study of exceptional performance outcomes underpinned by normatively deviant behaviour (Pascale, Sternin, & Sternin, 2010). Its underlying philosophy is that exogenous change, reflected in the traditional model for social and organisational change, does not work (Carter, Sullivan, Goldsmith, Ulrich, & Smallwood, 2013; Dorsey, 2000). It transforms the role of management from a top-down approach of restraining deviance within the workforce to a bottom-up approach of fostering and filtering workforce deviance to extract practices that work (Pascale & Sternin, 2005).

Positive deviance has been recognised as a source of endogenous innovation since the late 1990s and early 2000s; after a much longer and illustrious history in humanitarian and sociological domains. Namely, it is recognised as a form of innovation that seeks inspiration for new and improved ways of working that enhance performance from internal sources (by looking at what people already do within the source organisation) rather than external sources (by looking at what people and institutions outside the source organisation do). When reviewing the available literature, I noticed some challenges which would face an organisation wishing to exploit positive deviance as a means of endogenous innovation. For example, what is meant by norms and positive; and how can deviant behaviours be implemented and normalised throughout the organisation? Although basic questions, they are fundamentally important. For example, is it beneficial to break some types of norms but not others? How should organisations implement deviant behaviours, once discovered? Can organisations influence which types of norms are broken? And would organisations accept all forms of positive deviance equally, if at all? I also noticed that positive deviance evolved through various domains, but its lineage has not been systematically reviewed to document its evolutions and ramifications thereof. Therefore, I wanted to elucidate the concept of positive deviance in organisational science by examining its history and the ideas of “norms” and “positive” in a way that was meaningful for both theory and practice. To do so, I chose to do a variety of field-based research; uniting positive deviance with the robust theoretical framework of micro-level Institutional Theory. Institutional Theory is inherently concerned with norms and therefore seemed naturally complementary. Specifically, institutionalist ideas of agency and norm formality appealed to me as constructs which could add specificity to the deviance constructs of positive and norms, respectively. Furthermore, I reasoned that positive deviance could assist Institutional Theory to understand how people and their behaviours can change

institutional norms. Thus, together, these theories allow me to develop an *integrated* view of how normative deviance can create endogenous innovation.

I complemented this integrated view of positive deviance with the history of positive deviance by tracing its evolution through a comprehensive literature review; drawing cross-domain evolutionary implications for organisational science at the academic and practical level. I chose to complete my research in franchises; due to the poignancy of normative compliance versus deviance, as reflected in adaptation versus replication debates, and the ability to study multiple instances of normative behaviour within the stable institutional context characteristic of franchise chains.

1.2 Objectives and Research Questions

My guiding research interest is to explore the emergence of endogenous innovations that result as individuals alter and shape their institutional norms through non-compliance – what is called positive deviance. More specifically, I set out to answer the broad research question of how norms influence our understanding of positive deviance. I examine this question from two perspectives. First, I look at the influence norms may have on the outcomes of positive deviance. This forms the focus of my first study. Second, I look at how norms may influence organisational acceptance of positive deviance. This forms the focus of my second study.

Question 1 aims to produce an integrated view of positive deviance couched in micro-level Institutional Theory that explicates the concept of norms (through cognitive schema) and positive (through institutional agency). Namely, it searches for identifiable differences in norm breaking patterns and the impact these patterns may have on the outcome of deviance. At a higher level of abstraction, question 1 investigates to what extent actors play a proactive role in the creation, evolution and continuation of institutional norms through their choice to adhere to or deviate from institutional norms (agency); and what the likely performance outcomes are for the organisation in which they operate.

Question 2 explores the practical potential of positive deviance to be used as a means of endogenous innovation by examining management acceptance of positive deviance. To do so, it repositions positive deviance as a management method and investigates the reasons why management may accept or reject different forms of positive deviance. At a higher level of abstraction, question 2 creates a marriage between the ability of positive deviance to produce exceptional outcomes and the willingness of management to use positive deviance for this purpose.

1.3 Thesis Organisation

My thesis is structured as follows. First, I present my research motivation and overarching research questions in Chapter 1, which guide the reader as to the ambition and scope of my thesis. I also orient the reader by providing definitions for important constructs used throughout my thesis. Next, I present the background to my research in Chapter 2. I begin with a literature review which familiarises the reader with the concept of positive deviance. I also trace the lineage of positive deviance from its inception to organisational science; highlighting changes that have occurred throughout this journey and setting up a later discussion concerning the methodological implications of said changes. I conclude my literature review by highlighting research gaps and outlining how I intend to contribute to each gap. Next, I provide an overview of my chosen theoretical framework, Institutional Theory, which again orientates the reader to key concepts as well as justifies my choice of framework. I then go on to provide a description of my chosen research context; again highlighting the reasons for which it was chosen as well as the advantages of said research setting. Chapter 3 presents the reader with my research design; explicating and explaining my approach to achieving engaged scholarship. Further examples of engaged scholarship are signposted throughout the thesis as and when they occur.

After providing these introductory sections, I proceed with the main body of my thesis in Chapters 4 and 5. First, I thoroughly discuss my first research study in Chapter 4, in which I

investigate my first research question; whether different types of norms exist and/or agency exist and their respective relationships to performance outcomes. I do this through a case study in a franchise organisation and draw several conclusions from this study. I then go on to present my second research study and research question in Chapter 5, building on my previous chapter. This study investigates how organisations view the different forms of deviance and agency identified in the first study; and translates them into practicable management strategies. Each Chapter is written in a standalone manner; spanning background, method, findings and interpretation, discussion, limitations and conclusions.

After presenting and discussing each study individually, I proceed to discuss my results in Chapter 6 under the headings of an integrated discussion of my findings, the implications for research and the implications for franchises. During this Chapter, I draw wider links with other research domains such as adaptation/replication theory and institutional context. This leads to my final formative chapter, Chapter 7, which details a summary of contributions, future research agendas and a retrospective. I conclude with a list of references and appendices cited throughout my thesis in Chapter 8 and Chapter 9, respectively.

1.4 Definitions

The table below provides definitions for important concepts used throughout this thesis.

Construct	Definition
Agency	Ability of actors to alter institutional norms (van Dijk, Berends, Jelinek, Romme, & Weggeman, 2011).
Cognitive schema	An underlying isomorphic cognitive predisposition for action (Lawrence & Suddaby, 2006; Li, Moy, Lam, & Chu, 2008).

Construct	Definition
Constructive deviance	An alternative term for positive deviance used by organisational science scholars within the behavioural stream of positive deviance research (Mertens, Recker, Kohlborn, & Kummer, 2016). See Positive deviance: behavioural stream.
Deviance disposition	Organisational tolerance for deviance, both across and within industries. I coin this term myself and therefore do not cite a reference.
Deviance predilection	Varying combination of cognitive schema and institutional agency; possessed by a deviant. I coin this term myself and therefore do not cite a reference.
Dialectic social control	A term put forward within Institutional Theory by DiMaggio (1991) based on Giddens (1984) which claims that the process of institutionalism is both top-down and bottom up. That is, powerful actors exert influence over the process of institutionalism; actors are not passive.
Embedded agency (paradox of)	A term used by Institutionalists to explain the paradox of institutions constraining actor behaviour while actors simultaneously alter institutions through the exercise of agency (Battilana, 2009).
Endogenous innovation	A form of innovation in which the innovations are sourced internally from the environment in which the innovations are to be implemented. Eg, positive deviance.

Construct	Definition
Exogenous innovation	A form of innovation in which the innovations are sourced externally from a different environment to which the innovations are to be implemented. Eg, benchmarking.
Formal norm	Norms which are explicit and externally imposed on individuals, the organisation, or both (Wang, Tseng, & Yu-Fang, 2014).
Franchise	A form of organisation which licenses the rights and obligations to copy a unique retail positioning, through provision of a packaged, repeatable and enforced set of institutional norms, that profitably services a need for a viable customer segment (Kaufmann & Eroglu, 1999).
Franchisee	Organisation within a franchise that purchases a franchise license (J. Combs, Michael, & Castrogiovanni, 2004).
Franchisor	Organisation within a franchise that provides the franchise license (J. Combs et al., 2004).
Informal norm	Norms which are implicit and self-imposed on individuals (Hou & Smith, 2010; Scott, 2007, 2014).
Institutional agency	Agency that helps the institution to achieve its goals. I coin this term myself and therefore do not cite a reference.
Institutional Theory	A theoretical framework for analysing social (particularly organizational) phenomena, which views the social world as significantly comprised of enduring rules, practices, and structures that set conditions on action (Lawrence & Shadnam, 2008).

Construct	Definition
Institutional theory: Cultural-cognitive pillar	One of three pillars in Institutional Theory; a unique cognitive lens, or schema, with which individuals interpret the external world and assign meaning (Iederan, Curseu, Vermeulen, & Geurts, 2011).
Institutional theory: Normative pillar	One of three pillars in Institutional Theory; conscious efforts by institutions to constrain and regularise behaviour through prescriptive, evaluative and obligatory norms and values such that it is consistent with regulatory norms (Scott, 2007, 2014).
Institutional theory: Regulative pillar	One of three pillars in Institutional Theory; conscious efforts to constrain and regularise behaviour through rule setting, monitoring and sanctioning (Peton & Pezé, 2014).
Norm	Rules of conduct which specify what should and should not be done by various kinds of social actors in various kinds of situation (Gibbs, 1965).
Organisation	System of norms that exert sufficient institutional force to regulate the behaviour of individuals thereby providing stability and meaning to organisational life (Scott, 2007, 2014).
Positive deviance	Exceptional outcomes underpinned by normatively deviant behaviour (Pascale et al., 2010).
Positive deviance: behavioural stream	An organisational science conceptualisation of positive deviance in which positive deviance is non-normative behaviour intended to yield positive outcome. The behavioural stream adopts antecedent research based on self-reported measures of positive intent (Mertens, Recker, Kohlborn, et al., 2016).

Construct	Definition
Positive deviance: corporate stream	A humanitarian conceptualisation of positive deviance in which positive deviance is exceptional performance underpinned by normatively deviant behaviours. The corporate stream adopts a participative method incorporating several contextual adaptations to the 5Ds used by the traditional stream. These adaptations occur in an organisational setting; usually involving an appointed change leader or team either within or outside the target organisation. See Chapter 6, Table 27, for a full list of methodological changes to the traditional 5D approach.
Positive deviance: normative stream	A sociological conceptualisation of positive deviance in which positive deviance is inherently positive, non-normative, behaviour. The normative stream is a conceptualisation and does not have an associated methodology (Goode, 1991).
Positive deviance: outcome stream (also known as performance stream)	An organisational science conceptualisation of positive deviance in which positive deviance is an exceptional outcome underpinned by non-normative behaviour. The outcome stream adopts researcher-led mixed method empirical adaptation of the 5Ds: 1) jointly defining the problem, its causes and desired outcomes, 2) statistically identifying the presence of positive deviants based on data and problem definition, and 3) discovering deviant behaviours through inquiry, interview and observation (Mertens, Recker, Kohlborn, et al., 2016).
Positive deviance: reactive stream	A sociological conceptualisation of positive deviance in which positive deviance is non-normative behaviour which is

Construct	Definition
	<p>perceived by others as positive. The normative stream is a conceptualisation and does not have an associated methodology (Goode, 1991).</p>
<p>Positive deviance: traditional stream</p>	<p>A humanitarian conceptualisation of positive deviance in which positive deviance is exceptional performance underpinned by normatively deviant behaviours. The traditional stream adopts a participative 5Ds methodology whereby those who need to change their behaviour are the ones to discover the solution by:</p> <ol style="list-style-type: none"> 1) jointly defining the problem, its causes and desired outcomes, 2) identifying the presence of positive deviants based on data and problem definition, 3) discovering deviant behaviours through inquiry, interview and observation, 4) designing ways that other members in the community can practice and master these deviant behaviours and 5) developing ways that the community can monitor and evaluate the project and its effectiveness throughout and after its execution (The Positive Deviance Initiative, 2010).
<p>Social capital</p>	<p>The sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships or mutual acquaintance and recognition (Bourdieu & Wacquant, 1992).</p>

Table 1: Definitions

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CHAPTER 2: RESEARCH BACKGROUND

2.1 Literature Review: Positive Deviance

2.1.1 *The natural history of positive deviance*

Positive deviance (also known as constructive deviance) can broadly be conceptualised as a method for evidence-based endogenous innovation. It dates back almost 70 years; appearing in numerous academic and application domains; making a more precise definition illusive (see Figure 1). Namely, it first appeared academically in sociology in the 1950s with the novel, but now accepted, proposition that deviance is a spectrum that can be construed positively as well as negatively (Warren, 2003). Almost 40 years later, the concept was re-appropriated to academia in the humanitarian domain by Zeitlin, Ghassemi, and Mansour (1990); who argued that positive deviance could be used as a means for improving nutritional outcomes in poor communities. Their ideas were later operationalised within the humanitarian domain by Jerry Sternin (eg. J. Sternin & Choo, 2000; M. Sternin, Sternin, & Marsh, 1999); thrusting the concept out of the academic domain and firmly into application. This work popularised positive deviance as a means for evidence-based, endogenous, innovation culminating in the expanded academic study of positive deviance into areas like healthcare, education and law enforcement (eg. de Macedo et al., 2012; Kim, Heerey, & Kols, 2008; Ladd, 2009; Sparks, 2004). In this context, endogenous innovation is a means of discovering innovation in the environment it is to be implemented. Endogenous innovation thus differs from exogenous forms of innovation in which innovations are discovered in and transported from external environments to the environment in which it is to be implemented. In organisational terms, positive deviance is a form of endogenous innovation because the ideas are found in the organisation in which they are to be implemented. In contrast, benchmarking, defined as the “process of industrial research that enables managers to perform company-to-company comparisons of processes and practices to identify the ‘best of the best’ and attain a level of superiority

or competitive advantage” (Morales & Cheney, 2009, p. 2) is a form of exogenous innovation because the new ways of working are sourced by looking at what others are doing.

By the late 1990s, positive deviance was re-appropriated by organisational science as a means for endogenous innovation; first in application through cross-domain advocacy of humanitarian success (eg. Crom & Bertels, 1999; Pascale & Sternin, 2005; Seidman & McCauley, 2003) and then academia by drawing on earlier sociological and humanitarian work (eg. Galperin & Burke, 2006; Robbins & Galperin, 2010). As the concept moved within and across domains, researchers and practitioners alike have borrowed and extended various conceptual (eg. Vadera, Pratt, & Mishra, 2013), definitional (eg. Spreitzer & Sonenshein, 2004), nomological (eg. Galperin, 2012) and methodological (eg. Mertens, Recker, Kohlborn, et al., 2016) elements. For example, Vadera et al. (2013, p. 1) borrow the concept of hypernorms from sociology to define positive deviance as “behaviors that depart from the norms of the reference group such that they benefit the reference group and conform to hypernorms”. Given the complex history of positive deviance, I unravel its lineage by first discussing its forefathers, humanitarian and sociological domains, before discussing its present manifestation in organisational science. As ideas weave in and out of academia and application, this history includes references to non-academic sources such as popular press and institutions one might not ordinarily expect to see in academic work. I return to the natural history later in this thesis; examining the implications of cross-domain influences with respect to organisational science.

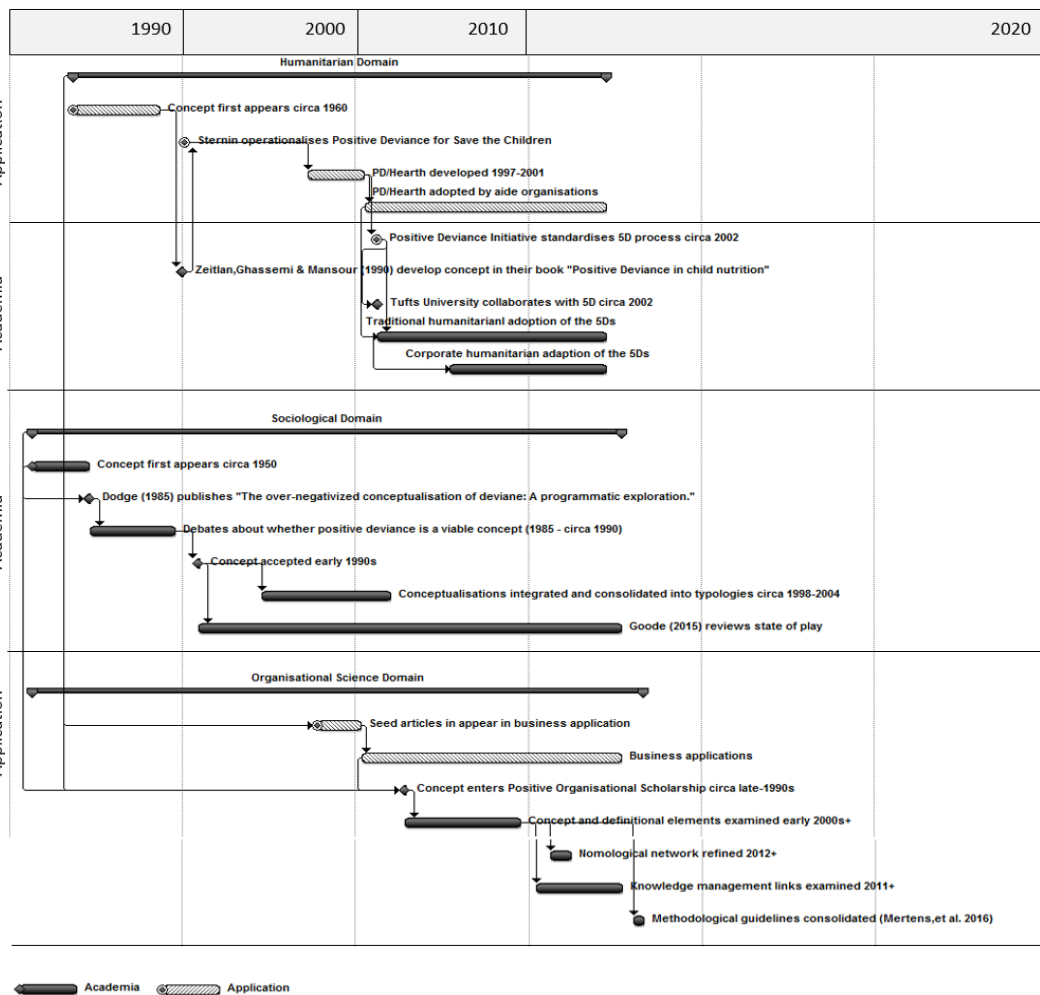


Figure 1: Cross-domain influences on positive deviance

2.1.1.1 Humanitarian lineage

The humanitarian lineage extends to the 1960s with nutrition-based research (Positive Deviance Initiative, 2016); but was not fully developed as a concept until 1990 when Zeitlan, Ghassemi and Mansour published their book called “Positive Deviance in Child Nutrition”. In it, they document childhood malnutrition within poor communities and highlight that some children, given the same resources and risks, were nonetheless adequately nourished (Zeitlin et al., 1990). They called these exceptions “positive deviants” and argued they held the key to alleviating malnutrition at the community level; if only researchers could identify what the positive deviants did differently to their malnourished counterparts, then these behaviours could be spread throughout the community to improve community nourishment (Zeitlin et al., 1990). Hence, positive deviance was

positioned as a form of endogenous innovation. Their book was important for several reasons. First, they seeded the belief that some people will always outperform others given the same resources, goals, risks and constraints. Second, they used empirical examples within the context of childhood nutrition to prove this belief. Third, they advocated the use of a systematic method to identify individual excellence within a defined community. Fourth, they argued that these behaviours should be shared with others in the same community. Fifth, they understood that replicating deviant behaviours would result in better individual and community outcomes. Sixth, they coined the terms “positive deviance” and “positive deviant”. Thus, Zeitlin et al. laid the foundation for what is essentially an evidence-based system for proven endogenous innovation; although their work largely remained a theory.

Zeitlin et al.’s work was progressed by Jerry Sternin; who is today recognised as the “Father of Positive Deviance” (Boston College Centre for Corporate Citizenship, 2008; Cohen, 2005; Dorsey, 2000). A scholar and humanitarian, Sternin first came across Zeitlin et al.’s idea as a visiting scholar to Zeitlin’s institution (Positive Deviance Initiative, 2016). When he was later appointed to a government-sponsored project in Vietnam, called “Save the Children”, he was given six months to produce a measurable outcome (Dorsey, 2000). This short timeframe forced two realisations upon Sternin (Dorsey, 2000). First, he was powerless to address the macro causes of malnutrition, such as poor sanitation, food distribution patterns and poverty. Second, he needed a solution that would outlast the project and provide ongoing benefit. Such was his conviction in these beliefs that he labelled conventional approaches to aide “true but useless” or “TBU” (Dorsey, 2000). In his own words, “It’s all about poor sanitation, ignorance, food-distribution patterns, poverty, and a lack of access to good water. Millions of kids can’t wait for those issues to be addressed. While you are there, things improve, but as soon as you leave, things revert back to the

baseline. Nothing has changed. The solutions are yours. The resources are yours. When you leave, everything else leaves with you” (Dorsey, 2000).

Thus, Sternin turned to Zeitlin et al.’s as yet untested and unconventional approach of positive deviance. Sternin believed Zeitlin et al.’s theory would work for several reasons. First, he believed that sustainable change begins with new behaviour and not new knowledge. In his words, "You cannot think your way into a new way of acting, you have to act your way into a new way of thinking" (Carter et al., 2013; Dorsey, 2000). Second, he believed that traditional approaches failed because solutions are externally imposed and therefore ownership is limited and scepticism is rife (Positive Deviance Initiative, 2016). These ideas underpin the very essence of positive deviance and later carry into other domains, such as the organisational domain, but are not explicitly tested as concepts. I expand on this in Section 6.2.2 when discussing the evolutionary implications of positive deviance within organisational science. Sternin operationalised positive deviance as a participative method whereby “the very people whose behaviour needs to change to solve the problem are the ones who discover the solution” (Dorsey, 2000). Specifically, he operationalised positive deviance as a 1) participatory change method 2) used to identify normative behavioural differences 3) that are responsible for exceptional outcomes 4) so that all members in the community can improve outcomes 5) by adopting the identified normatively different behaviours (Cameron & Spreitzer, 2011). Thus, for Sternin, positive deviance is the act of amplifying outliers in the bell curve; rather than discarding them as noisy anomalies (see Figure 2). His operationalisation is free of value judgements and assessment of intent; it simply requires an exceptional outcome (positive outlier) underpinned by an exceptional behaviour (which deviates from the norm).

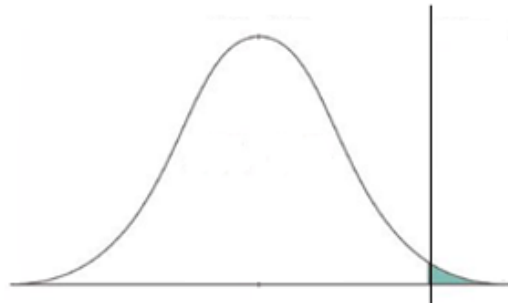


Figure 2: Sternin's view of positive deviance

Sternin's beliefs were borne out at Save the Children; using Zeitlin et al.'s theory to achieve real and sustainable change in the allotted six-month timeframe. His work was so successful that it was packaged into a change programme known as "Positive Deviance/Hearth", or "PD/Hearth" for short (Child Survival Collaborations and Resources Group, 2003). The name reflects the importance of combining positive deviance with the hearth to combat malnutrition (Bisits Bullen, 2011; Child Survival Collaborations and Resources Group, 2003; World Vision, 2012, 2013). PD/Hearth was subsequently adopted by international aid organisations such as UNICEF, USAID, Peace Corps and the World Bank in the fight against childhood malnutrition (Positive Deviance Initiative, 2016). Today, almost 30 years on, PD/Hearth remains the cornerstone of aid organisations such as World Vision (World Vision, 2012, 2013). It continues to achieve impressive and lasting change, credited with reducing childhood malnutrition by 30-50% in over 40 countries worldwide, (Pascale et al., 2010).

Subsequent to his success with Save the Children, Sternin founded the "Positive Deviance Initiative" (PDI) (Positive Deviance Initiative, 2016). PDI is a not-for-profit organisation associated with Tufts University which advocates positive deviance in domains with a humanitarian interest; such as education, child protection and healthcare. The core elements of this methodology remain largely unchanged; focussed on finding statistical outliers within a community and the non-normative behaviours which underpin them. Namely, the positive deviance method (the 5Ds) involves all community stakeholders

impacted by a problem 1) jointly defining the problem, its causes and desired outcomes, 2) identifying the presence of positive deviants based on data and problem definition, 3) discovering deviant behaviours through inquiry, interview and observation, 4) designing ways that other members in the community can practice and master these deviant behaviours and 5) developing ways that the community can monitor and evaluate the project and its effectiveness throughout and after its execution (The Positive Deviance Initiative, 2010). The role of the researcher is to facilitate the community process without imposing themselves onto the problem or the solution (The Positive Deviance Initiative, 2010). For recent examples of this traditional approach see Boyd (2015), Garrett and Barrington (2013), Kraschnewski et al. (2011), Lyttleton (2016), Ma and Magnus (2012), Schooley and Morales (2007), Stuckey et al. (2011), Tucker and Harris (2015) and Vossenaar, Bermúdez, Anderson, and Solomons (2010).

I identify four slight but important diversions from traditional positive deviance methodology in contemporary health research. First, some studies change the research setting from a community setting to an organisational setting; most prominently in hospitals. For examples, see Bren (2015), de Macedo et al. (2012), Ivanovic et al. (2015), Krumholz, Curry, and Bradley (2011), Marra et al. (2011), and Marra et al. (2013). This change is important because community-based research has a clear reference group and intrinsic motivation to identify and implement positively deviant behaviours. Namely, community-based projects saw those who suffered, for example from malnutrition or abusive practices, seeking solutions to their own problems (The Positive Deviance Initiative, 2010). However, hospital-based projects saw a disconnect between those who sought solutions (health care workers) to those who suffered from the problems (patients). Hence, the widely researched concept of reference group, from which exceptional performance and normative deviance is judged, becomes important. Similarly, conflicting interests potentially arise along with multiple levels of analysis; with reference groups

existing at the individual, team, project, department, organisation and governance levels.

These changes mean that the researcher can no longer assume inherent motivation for those involved in a positive deviance initiative to commit to the project; and that participants may have to manage conflicting interests.

Second, some studies introduce further complexity by expanding the research context from a single organisation to multiple organisations. For example, Krumholz et al. (2011) use positive deviance to investigate patient survival rates after acute myocardial infarction across US hospitals; with the top 5% of hospitals considered positively deviant. Each hospital has similar goals, to maximise survival rates, and similarity concerning the conditions in which this must be achieved. However, each presumably has a number of contextual differences in terms of resources, constraints and context in which they must achieve this outcome. Marra et al. (2013) conduct a similar positive deviance study with hand hygiene, investigating hand hygiene compliance amongst healthcare workers across seven public, private and tertiary care facilities. The differences between institutions are likely to be even more marked in Marra et al. (2013) than Krumholz et al. (2011), owing to the mix of ownership and governance structures associated with the chosen care facilities.

I contend that these examples demonstrate why the move to multiple setting studies is important; they breach the assumption that practices must be found within the community one wishes to change. Instead, they expand the reference group to include like institutions which possess similar goals. Moreover, they introduce an element of the external whereby 1) solutions may not be found within the exact institution in which change is to be implemented, 2) are thus less likely to be identified by members of the target institution, and 3) may not account for contextual differences between the source and target institution. The importance of these changes and their ramifications for organisational science has not been tested. I examine this point further in Chapter 6.2.2 to highlight the

potential impacts of these changes for positive deviance as a means of endogenous innovation in an organisational context.

Third, we see the advocacy of positive deviants as change leaders. Specifically, many health-based studies identify and charge positive deviants with actively leading their peers in the pursuit of excellence. For example, Marra et al. (2011) use positive deviance to increase hand hygiene compliance amongst hospital workers. They chose healthcare workers who demonstrated excellent compliance and set up a series of meetings and forums in which these positive deviants attempted to increase compliance amongst their peers. Bren (2015) and de Macedo et al. (2012) use similar methodologies, appointing positive deviants as change leaders, to increase health outcomes in hospital settings. I contend that while this approach is consistent with the participative nature of Sternin's original work, it also represents a fundamental divergence. In traditional methodology, members of the community identify positive deviants and then uncover their secrets by interviewing and observing the positive deviants. In doing so, scholars argue they take ownership of the behaviours and the solutions they have proactively identified (Georgalis, Samarantunge, Kimberley, & Lu, 2015; Pascale & Sternin, 2005). Shifting identification of deviant behaviours to the positive deviants themselves, along with the responsibility for encouraging mimicry amongst others, may shift the concept of buy-in away from non-deviants and the onus to positive deviants. Thus, while positively deviant behaviours may be identified, others may be less willing to adopt them given the reduced participative nature.

Fourth, we see some work within health literature on how to normalise positively deviant behaviours in the context of institutions; shifting positive deviance from an approach for achieving targeted, but isolated, sustainable change to an approach for initiating and sustaining initial and continuous improvement. For example, Ivanovic et al. (2015) use positive deviance as a tool for surgeons to self-assess and continuously improve surgical

outcomes. Specifically, they identify positive deviants and create a peer forum for positively deviant behaviours to be continuously identified and incorporated into working practices. This conceptualisation is an important development in positive deviance because it implies the existence of an ever-shifting bell curve as positively deviant behaviours are adopted by the majority and normalise; with new positively deviant behaviours emerging as performance shifts rightward (see Figure 3).

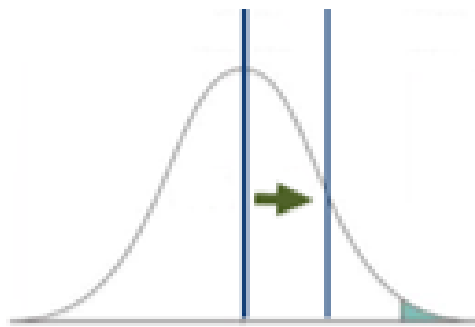


Figure 3: Shifting bell curve: Normalisation of positively deviant behaviours

While this and the other changes outlined above do alter traditional positive deviance methodology quite substantially, these changes have not been formally acknowledged or examined for their impact on positive deviance as a form of endogenous innovation within organisational science. To explicitly capture these differences, and draw on them later in this thesis in Section 6.2.2, I create the streams of traditional and corporate (see Table 2). Traditional refers to application and academic research based on the method put forward, and popularised by, Sternin as a means of intractable problem resolution within community settings (Cohen, 2005; Dorsey, 2000). Corporate refers to later humanitarian research and application which adapted this original methodology for organisational settings. Positive deviance has demonstrated an ability to achieve impressive results in both traditional and corporate streams; despite subtle differences in conceptualisation and methodology.

Stream	Conceptualisation	Method
Traditional	Exceptional outcome underpinned by non-normative behaviour	Participative using the 5Ds whereby those who need to change their behaviour are the ones to discover the solution by: 1) jointly defining the problem, its causes and desired outcomes, 2) identifying the presence of positive deviants based on data and problem definition, 3) discovering deviant behaviours through inquiry, interview and observation, 4) designing ways that other members in the community can practice and master these deviant behaviours and 5) developing ways that the community can monitor and evaluate the project and its effectiveness throughout and after its execution (The Positive Deviance Initiative, 2010).
Corporate	Exceptional outcome underpinned by non-normative behaviour	Participative using contextual adaptations to the 5Ds in an organisational setting; usually led by an appointed change leader or team either within or outside the target organisation. These changes are expanded upon in Chapter 6, Table 18.

Table 2: Humanitarian conceptualisations and methodologies

2.1.1.2 Sociological lineage

Largely separate to the humanitarian wave, sociologists had long been interested in the concept of positive deviance. While publications appear as early as the 1950s (eg. Wilkins, 1965), debate explicitly entered the sociological spotlight when Dodge (1985) published his seminal work “The over-negativized conceptualization of deviance: A programmatic exploration”. In it, he argues that sociologists have unnecessarily restricted the definition of deviance to negative behaviours; and that in fact it should be extended to a continuum ranging from the negative to the positive. His arguments drew heavily from the sociological literature without reference to Sternin or his humanitarian applications. Dodge’s (1985) paper spurred a series of debates and rebuttals as to the feasibility of

positive deviance as a concept (Ben-Yehuda, 1990; Goode, 1991; Sagarin, 1985; Scarpitti & McFarlane, 1975; Steffensmeier & Terry, 1975; Terry & Steffensmeier, 1988; West, 2003; Wilkins, 1965). Foremost amongst its rebutters was Sagarin (1985), who argued “The concept of “positive deviance” is and should remain an oxymoron or self-contradicting phrase, because it would obfuscate rather than clarify, would collapse into one group two ends of continua that have nothing in common except that they do not meet in the middle, and would deprive social analysts of the opportunity to determine why and with what consequences people depart from the normative in a manner that elicits dire consequences” (Sagarin, 1985, p. 169).

A decade after its proposal, positive deviance gained acceptance amongst most sociologists (Goode, 2015). With its acceptance, we see sociological debate changing from whether positive deviance is a plausible concept to how positive deviance should be conceptualised (Goode, 2015). Conceptualisation is mixed, varied, debated and contended; such that the sociological conceptualisation of positive deviance is “theoretical chaos” (Hughes & Coakley, 1991, p. 315). Chaos is largely attributable to two major sociological views of deviance; the normative view whereby deviance is departure from a normative standard (deviance is absolute) and the reactive view whereby deviance is determined by perception and reaction (deviance is relative), as shown in Table 3 (Goode, 2015; Heckert & Heckert, 2002).

Stream	Conceptualisation	Method
Normative	Inherently positive non-normative behaviour.	N/A
Reactive	Non-normative behaviour perceived as others as positive.	N/A

Table 3: Sociological conceptualisation and methodologies

The normative view is consistent with the humanitarian conceptualisation of positive deviance; defining deviance as a behaviour (Goode, 1991). However, it has one very important difference. Namely, it decouples behaviour and outcome such that a positively

deviant behaviour can, but need not be, linked to a positively deviant outcome. For example, sociologists consider altruism a positively deviant behaviour because it is different to the behavioural norm of the majority (Heckert, 1998; Scarpitti & McFarlane, 1975). The classification of altruism as positive deviance is based purely on behaviour without reference to an outcome. Other sociologists go further to state that positively deviant behaviours may have negative repercussions such as criminality and/or neglect of important social obligations. For examples see Hughes and Coakley (1991), Brezina and Piquero (2007) and Ewald and Jobu (1985). This decoupling later carries into organisational science and its conceptualisation of positive deviance (Mertens, Recker, Kohlborn, et al., 2016).

The reactive view of positive deviance introduces still more divergences from the humanitarian conceptualisation. Specifically, the reactive view labels behaviour as positively deviant when it is judged positively by others (Goode, 1991). Thus, it requires that deviance is observable, relative, contextualised and consensual. Specifically, deviance must be observable such that it may be judged as deviant by others (Goode, 2015).

Deviance which is obscured and unknown to others is not considered deviant; even if it diverges from normative standards and/or achieves exceptional outcomes. Similarly, deviance is inherently relative; with the perception of what is deviant shifting across era, society, culture and subculture (Goode, 2015). The implication of relativity is threefold. First, one must know the reference group from whom the behaviour is judged. Second, deviance normalises over time as others adopt the behaviour and/or the behaviour ceases to be perceived as deviant. Third, deviance is a value judgement. Sociologists also contend that deviance must be contextualised to ascertain its nature as positive; owing to the fact that some may perceive a deviant behaviour positively while others may perceive the same behaviour negatively (Goode, 2015). High performing students (Shoenberger, Heckert, & Heckert, 2012), college non-drinkers (Herman-Kinney & Kinney, 2013) and tattoo collectors

(Irwin, 2003) represent good examples of this concept. For instance, faculty would likely view high performing students as positive deviants whereas peers may view high performing students as over-achievers. Lastly, relativity can be expanded to differing degrees of consensus as to whether a behaviour is positively deviant (Coser, 1967; Goode, 1991; Thio, 1983). For example, altruism is likely to be widely accepted as a positive behaviour and is therefore a high consensus form of deviance (Goode, 2015). Innovation may threaten power structures and status quo, thereby meeting resistance, making innovation an inherently lesser consensus form of deviance (Goode, 2015). This is important for the study of positive deviance because low consensus may mean that managers are unwilling to accept some positively deviant behaviours as valid or desirable forms of innovation. This is expanded upon in Study 2 which looks at management acceptance of positive deviance. Both contextualisation and consensus later become important for the study of positive deviance in organisational science.

Sociologists have not tried to privilege one view of positive deviance over another (Goode, 1991). Instead, researchers have put forward a number of typologies which attempt to integrate the disparate examples of positive deviance. Amongst these is Heckert and Heckert (2002) which posits deviance as negative, positive, rate busting or admired depending on whether the evaluation is negative or positive and the extent to which norms are under or overconformed. In doing so, they introduce the concept that positively deviant behaviours are interpreted differently by different people; and thus managers may or may not accept all forms of deviant behaviours equally. This forms the basis of Study 2; which investigates management acceptance of positively deviant behaviours.

Irrespective of the typology adopted, we see a disconnect between sociological conceptualisations and humanitarian conceptualisations. Namely, sociological understandings untie deviant behaviour and deviant outcomes as well as the need for positive deviance to inspire change amongst a community. Positive deviance thus shifts

from a targeted method to achieve better outcomes – at the population level – to a disparate umbrella phrase for a wide range of behaviours which may or may not invoke individual or population level change. See Goode (2015, p. 82) for a comprehensive list of deviant sociological examples.

2.1.2 Positive deviance and organisational science

Positive deviance next entered organisational science (see Table 4); taking lineage from both anthropological and sociological forefathers. Its overall progression is similar to that in the sociological domain; beginning with the proposition of positive deviance as a concept of benefit. Here we see a direct link to Sternin, who extended his humanitarian ideas into the realm of business as a means to effect organisational change: “The traditional model for social and organizational change doesn't work. It never has. You can't bring permanent solutions in from outside. Maybe the problem is with the whole model for how change can actually happen. Maybe the problem is that you can't import change from the outside in. Instead, you have to find small, successful but "deviant" practices that are already working in the organization and amplify them. Maybe, just maybe, the answer is already alive in the organization — and change comes when you find it” (Dorsey, 2000). Hence, positive deviance is a form of endogenous innovation (innovation sourced from the environment in which it is to be implemented) rather than exogenous innovation (innovation sourced externally from the environment in which it is to be implemented).

Stream	Conceptualisation	Method
Behaviour	Non-normative behaviour intended to yield positive outcome.	Antecedent research based on self-reported measures of positive intent.

Outcome	Exceptional outcome underpinned by non-normative behaviour.	Researcher-led mixed method empirical adaptation of the 5Ds: 1) jointly defining the problem, its causes and desired outcomes, 2) statistically identifying the presence of positive deviants based on data and problem definition, and 3) discovering deviant behaviours through inquiry, interview and observation.
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Table 4: Positive deviance conceptualisations and associated methodologies

The first papers of positive deviance in organisational science thus saw the spread of positive deviance as a concept; with seed articles aimed at exciting the management community into a new way of thinking about organisational change. For examples see Crom and Bertels (1999), J. Sternin and Choo (2000), Seidman and McCauley (2003) and Sparks (2004). These papers took inspiration primarily from anthropological lineage; where positive deviance is a practical methodology aimed at identifying and exploiting exceptional outcomes. As the idea of positive deviance started to take hold, it gained popularity within the wider research area of positive organisational scholarship (POS); a branch of organisational science aimed at emphasising the often neglected positive (Spreitzer & Sonenshein, 2003). Considerable academic attention was given to clearly differentiate positive deviance from negative deviance and decouple the inherent connotation between “deviance” and “negative”. For example, Spreitzer and Sonenshein (2004) point out that organisational science had traditionally viewed deviance as “intentional behaviors that depart from organizational norms that threaten the well-being of an organization, its members, or both” (Robinson & Bennett, 1995; Spreitzer & Sonenshein, 2004) and that this conceptualisation of deviance was unnecessarily restrictive. Hence, they echoed the sociological argument put forward by Dodge (1985) that deviance, as it is understood in

organisational science, should be expanded to include both positive and negative deviance. They argued that “the development of a positive deviance construct will provide a conceptual framework for understanding these kinds of [positively deviant] behaviors, which will facilitate future scholarship by providing a language for identifying and explaining positive, norm-departing behavior” (Spreitzer & Sonenshein, 2004, p. 829). This thesis contributes to providing a common language for identifying and explaining positive, norm-departing, behaviour by elucidating the concepts of both positive (through institutional agency) and norms (through norm formality).

Next, the early changes that appeared in health, as a consequence of its extension to an organisational setting, blossomed and grew. Specifically, we saw practical debate about the necessary and sufficient conditions for positive deviance within a now academic domain; and with it we start to see the influence of sociological lineage as organisational scholars began to draw on this literature. For examples see Galperin (2012), Galperin and Burke (2006), Heckert (1998), Heckert and Heckert (2002), Mertens, Recker, Kohlborn, et al. (2016), Vadera et al. (2013) and Warren (2003). Specifically, we start to see a departure from the anthropological lineage and its purely method-based approach. The clear-cut conception of positively deviant outcomes underpinned by positively deviant behaviours becomes unclear; with arguments emerging around intent, reference group, outcomes and positive itself (Mertens, Recker, Kohlborn, et al., 2016). Similarly, the considerations around level of analysis, reference group, multiple organisational settings, normalisation and continuous improvement (Mertens, Recker, Kohlborn, et al., 2016) which first appeared in health research re-emerge as highly pertinent concepts. Lastly, organisational science scholars like Lambe (2011) further widen the research domain, making links between other research domains such as organisational learning and knowledge management.

As a result of these developments, positive deviance literature in organisational science echoes the “theoretical chaos” seen in sociology. Mertens, Recker, Kohlborn, et al. (2016) show this chaos can be quieted by organising organisational positive deviance research into two divergent views; in the same way that sociological research can be condensed into normative and reactive approaches. The first view, an outcome-based approach, fits with positive deviance’s humanitarian lineage. These researchers differentiate positive deviance from negative deviance by virtue that positive deviance achieves an exceptional outcome. Hence, these studies define “positive” as exceptional performance; often applying a POS lens. For example, Spreitzer and Cameron (2012, p. 85) define positive deviance at the organisational level as “successful performance that dramatically exceeds the norm in a positive direction”. Consistent with Sternin, they refer to excellence being achieved in seemingly intractable conditions; using the Rocky Flats nuclear disaster as an example (Lavine & Cameron, 2012; Spreitzer & Cameron, 2012). Similarly, Cameron (2008) defines positive in the context of positive change; citing Baker and Gunderson (2005), Lavine and Cameron (2012), Gittell, Cameron, Lim, and Rivas (2006) and Hess and Cameron (2006) as examples where positive is synonymous with exceptional performance.

Outcome-based researchers retain the tight coupling between outcome and behaviour; insisting that the exceptional outcome is attributable to behavioural differences between those who achieve this exceptional outcome and those who do not (Mertens, Recker, Kohlborn, et al., 2016) (see Figure 4). For example, Spreitzer and Cameron (2012) comment on positive deviance methodology, arguing that researchers must investigate outcomes that dramatically exceed common or expected performance in order to understand why this exceptional outcome was achieved. Similarly, Cameron, Mora, Leutscher, and Calarco (2011) argue positive deviance research must empirically link positive behaviours to exceptional performance; while Haigh and Hoffman (2012) seek behaviours that differentiate positively deviant hybrid organisations from traditional organisations. Others

go further and directly state that organisational researchers wishing to study positive deviance should adopt the first three steps of Sternin’s positive deviance methodology (Allio, 2011; Crom & Bertels, 1999; Leavy, 2011; Pascale & Sternin, 2005; Pascale et al., 2010). Thus, they take a statistical understanding of deviance to identify outliers, or positive deviants, who excel at the task at hand. Next, they apply a normative lens to identify, through inquiry, observation and/or interview, what behaviours differ from the rest of the population. This process is judgement free; meaning that behaviours simply have to underpin excellent performance to be considered positive. Any value judgements which are made therefore rest with the case organisation when it determines whether identified behaviours are acceptable within their organisation (and should be encouraged and diffused) or are unacceptable (and should therefore be discarded and discouraged). Management acceptance of positive deviance is yet to be explicitly studied and is the focus of Study 2.

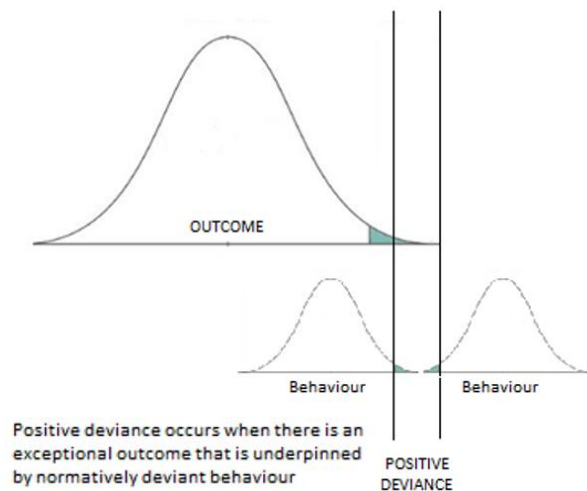


Figure 4: Outcome-based approach to positive deviance

The purpose of outcome-based research echoes those of humanitarian origin; advocating positive deviance as a methodology to effect change and improve performance. However, organisational science studies tend to drop the last two steps of positive deviance methodology and therefore stop short of implementing the positively deviant behaviours

they identify. Hence, there is a general uncoupling between positively deviant behaviours and their diffusion throughout the organisation; which is not seen in humanitarian research. While diffusion therefore largely remains an opportunity for future research efforts, some researchers, such as Lambe (2011), Pinho, Rego, and Cunha (2012), Tsisis, Evans, Rush, and Diamond (2013), suggest that knowledge management may be an effective means by which positively deviant behaviours can be diffused. In fact, Lambe (2011) goes as far as to say that positive deviance is the unacknowledged parent of knowledge management. This research stream has not yet been taken up by organisational science scholars.

The second main approach to positive deviance is behaviour-based and takes its roots from sociological lineage (Mertens, Recker, Kohlborn, et al., 2016). Scholars adopting the behaviour-based approach offer varying definitions of positive deviance, usually relabelled constructive deviance, which are centred around behaviour instead of outcome (see Figure 5). For example, Spreitzer and Sonenshein (2004, p. 828) offer a normative definition of positive (constructive) deviance, being “intentional behaviors that depart from the norms of a referent group in honorable ways”. Outcomes of said behaviour are irrelevant; drawing upon the contextual nature of positive deviance put forward in sociology (Spreitzer & Sonenshein, 2004). Specifically, Spreitzer and Sonenshein (2004) justify this exclusion on the basis that outcomes may be variably viewed as positive or negative depending on the timeframe for evaluation. Other definitions include “voluntary behavior that violates significant norms with the intent of improving the well-being of an organization, its members or both” (Galperin, 2012, p. 2990), “employees who break the rules and norms but intend to benefit the organization” (Robbins & Galperin, 2010, p. 1), “behaviors that depart from the norms of the reference group such that they benefit the reference group and conform to hypernorms” (Vadera et al., 2013, p. 1) and “behaviors that honorably violate organizational norms, policies or internal rules” (Appelbaum, Iaconi, & Matousek,

2007, p. 586). Common to these definitions is that behaviour must be voluntary, positive is defined by intent and intent alone, and norms form the standard from which behavioural deviance is defined. Thus, positive deviance is the coupling of intent (positive) and voluntary behaviour (deviance); uncoupling outcome altogether.

The behavioural view is in contrast to the outcome-based approach where behaviour need not be voluntary or even purposeful, positive is defined by outcome and outcome alone, with norms remaining the standard from which behavioural deviance is defined. The organisational implications of the conceptual difference between the behavioural and outcome-based approaches cannot be understated. Namely, the very essence of what constitutes positive deviance and positively deviant behaviours differs markedly between the two schools of thought. This is best illustrated using an example. Take the example of a company which sells online party goods in which goods are not to be shipped to customers until payment has been cleared and verified. One employee chooses to ship orders before payment has cleared when customers mark shipments as urgent. The employee knows this is against the rules but believes it is vital that goods arrive before the party because the goods are otherwise useless to the customer. Recall that the behavioural-based view defines positive deviance by intent and intent alone where norms form the standard from which behavioural deviance is defined. Under this definition, the employee's behaviour is considered positively deviant because it is intentional (the employee deliberately sends the goods before payment is received), is motivated by good intent (to ensure customer satisfaction) and breaks a normative standard (that goods may not be shipped until payment clears). Now consider the outcome-based view of positive deviance, in which behaviour need not be voluntary or even purposeful, positive is defined by outcome and outcome alone, with norms remaining the standard from which behavioural deviance is defined. The determination of whether this employee is engaging in positively deviant behaviour depends entirely on whether or not a positive outcome for

the organisation accrues. If the customer payment clears and the organisation receives payment for the shipped goods as well as customer satisfaction, the behaviour would be considered positive deviance by the outcome-based school. However, if the customer reneges on payment and the organisation accrues bad debt, the behaviour would not be considered positive. That is, while the intent was undoubtedly positive, the outcome was not and therefore the behaviour does not qualify as positively deviant behaviour.

The organisational implications between the two schools of thought can also be demonstrated by taking an example of intentionality. Imagine a school canteen where the volunteer who works Tuesday mornings creates 20% more earnings than all other days; because she pairs all lunches with a flavoured milk at a discounted rate whereas other volunteers market milk and lunches as separate products at full cost. The paired approach results in considerably more overall sales and brings more revenue to the school. The canteen volunteer is unaware that the other workers do not pair milk and lunches; and has implemented this process in error. The behaviour-based view would not see her behaviour as positive deviance as it lacks both voluntary nature (deciding to break the norm) as well as positive intent (she is not pairing the food with the intent of boosting performance). It would therefore not be put forward as an example of positive deviance that other canteen volunteers could also implement to boost overall performance. In contrast, the outcome-based view would recognise this behaviour as performance enhancing and would therefore consider it as an example of positive deviance to be replicated throughout the canteen volunteers.

These examples highlight that how one defines positive deviance, and the school of thought to which they subscribe, directly relates to the discriminant validity of positive deviance as a construct and must be explicated in the research itself. Mertens, Recker, Kohlborn, et al. (2016) recognise this requirement in their methodological guidelines paper in which they prescribe appropriate positive deviance methodologies for practitioners

subscribing to various conceptualisations of positive deviance. In it, they state that researchers adopting the behaviour-based view of positive deviance cannot validly identify positively deviant behaviours by first identifying positively deviant outcomes. Thus, they cannot adopt the methodology put forward by Sternin and later adapted to organisational science by outcome-based researchers. Instead, behaviour-based researchers search for positive attitudes, and organisational conditions, that encourage and empower people to deviate from organisational norms; in the interests of their organisation and/or its members (Mertens, Recker, Kohlborn, et al., 2016). Rather than employing observation and interview techniques used by outcome-based researchers, behaviour-based researchers tend to adopt self-report measures of deviant behaviour which is motivated by positive intent. For examples of self-report papers, see Galperin (2002), Robbins and Galperin (2010), Chung and Koo Moon (2011), Galperin (2012), Alias, Roziah Mohd, Ismail, and Bahaman Abu (2013), and Leo and Russell-Bennett (2014). For an example of a self-report measure, see Galperin (2002).

Based on a thorough examination of extant literature and an in-depth understanding of positive deviance as it has evolved since its original conception, I contend that behaviour-based positive deviance researchers make two key assumptions when conceptualising constructive (positive) deviance. These assumptions are further examined for organisational implications in Section 6.2.2. The assumptions are as follows. First, they assume that positive outcomes are likely to accrue if one can encourage employees to constructively deviate. That is, they focus on encouraging deviant behaviours that are designed to improve performance with the explicit understanding that these behaviours need not actually improve performance to be deemed constructive. Hence, there is an implicit assumption that encouraging behaviours that have the intent to increase performance, but need not improve performance, will nonetheless accrue an overall benefit to the organisation and realise net positive effect. Second, behaviour-based

researchers assume that individuals can be encouraged to engage in constructively deviant behaviours by bolstering positive intent. That is, they assume that encouraging one's *intention* to deviate positively translates to *executing* these positive intentions. Positive deviance researchers do not put forward evidence for the translation of intent into actual behaviour and hence this remains an assumption within the behavioural-based view. I put forward the Theory of Planned Behaviour as potential support for this assumption; which shows that behavioural intentions explain up to 27% of actual behaviour (Armitage & Conner, 2001; Panas & Ninni, 2011). Aligning with psychological research, and often published accordingly, behaviour-based research therefore looks at the antecedents of positive deviance. For example, Chung and Koo Moon (2011) demonstrate that psychological ownership can increase an individual's sense of responsibility toward their organisation and thereby assist them to prioritise organisational interests. Typical of such studies, Chung and Koo Moon (2011) correlate psychological ownership with self-reported measures of constructive deviance; not actual deviance. This is important because behavioural intent does not fully account for actual behaviour (Armitage & Conner, 2001). Furthermore, antecedent research does not investigate whether those who engage in higher levels of self-reported constructive deviance actually achieve better performance outcomes; and therefore does not assess efficacy of positively deviant behaviour. This is important because recent evidence would suggest that intent alone may be insufficient to produce positive outcomes. For example, Mertens, Recker, Kummer, Kohlborn, and Viaene (2016) find that constructively deviant behaviours amongst bakers only result in positive outcomes when the deviant possesses a sufficient level of skill.

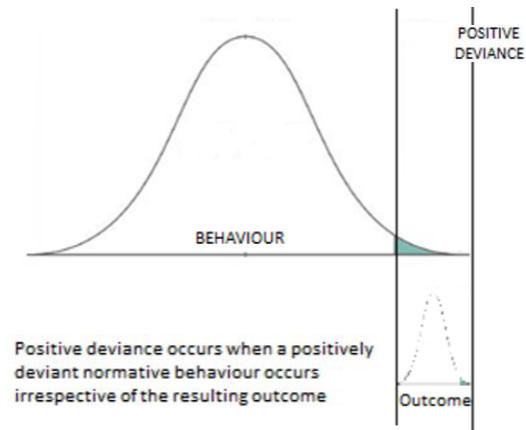


Figure 5: Behaviour-based approach to positive deviance

The discriminant validity of positive deviance depends on the approach adopted (behaviour-based or outcome-based) as highlighted in the preceding discussion. Apart from the aforementioned methodological differences, differences in concept breadth arise. Namely, the behaviour-based approach to positive deviance is both broader and more narrow than the original outcome-based conception (Mertens, Recker, Kohlborn, et al., 2016). It is broader in that similar behaviours, such as whistleblowing, voice, taking charge, creative performance, extra-role behaviours, prosocial behaviour and issue selling, may constitute positively deviant behaviour if they are 1) honourable, 2) voluntary and 3) depart from norms. However, not all instances of related behaviours, such as whistleblowing, voice, taking charge, creative performance, extra-role behaviours, prosocial behaviour and issue selling, constitute positive deviance. That is, they will not constitute positive deviance if they are not honourable, they are not voluntary, or do not involve departure from norms. This viewpoint can be summarised in the diagram used by Spreitzer and Sonenshein (2004) to demarcate positive deviance as a construct from other related constructs (see Figure 6).

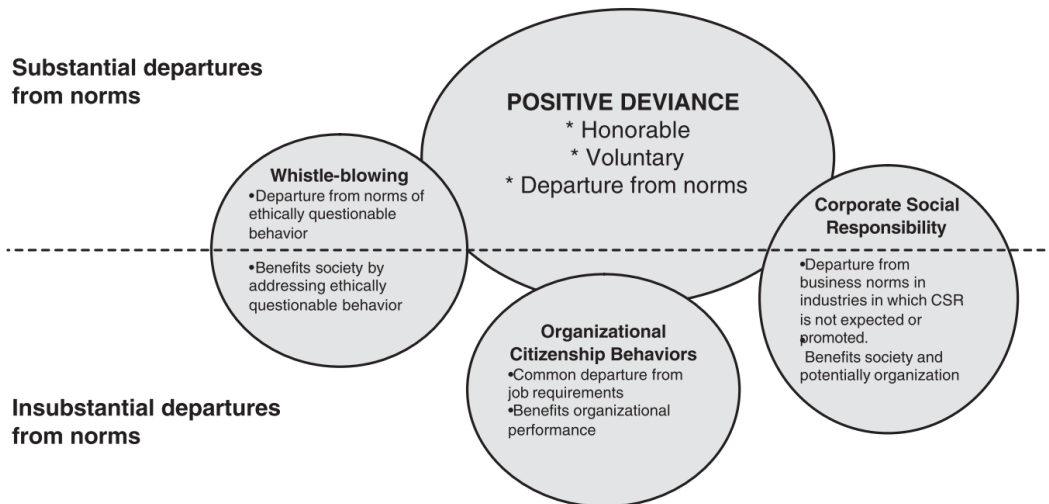


Figure 6: Discriminant validity of positive deviance from related positive constructs.
Source: Spreitzer & Sonenshein (2004, p. 840)

At the same time, the behaviour-based approach is narrower than the outcome-based view in that it excludes involuntary behaviour. Hence, if an individual engages in a deviant behaviour without knowing it is different from the norm, or discovers a deviant behaviour by accident rather than by positive intention, behaviour-based scholars would not consider this behaviour to be constructively deviant. Put differently, the behaviour-based view places a value judgement on the behaviour itself at the beginning of positive deviance methodology; to qualify behaviours which may be considered “constructive”. In contrast, the outcome-based view does not include a value judgement in its methodology; any judgement which is made is done by the organisation itself when it chooses to accept or reject positively deviant behaviours that have been demonstrated to improve outcomes. The differences between an outcome-based and behaviour-based view of positive deviance are vast. Following the advice put forward by Mertens, Recker, Kohlborn, et al. (2016), researchers in the positive deviance space must be clear about which approach they adopt; and the motivation for their research. Specifically, an outcome-based view is appropriate when one wishes to improve organisational outcomes using a low risk, *evidence-based*, approach. For example, to review alternate workflows to identify the most efficient

workflow and implement it across of employees. In contrast, a behaviour-based view is appropriate when one wishes to improve the *chance* of a successful innovation; by virtue of maximising the number of people engaging in behaviour which may result in an exceptional outcome. For example, a communication campaign aimed at increasing commitment levels (a potential antecedent to positive intent). Both approaches are valid and offer organisations distinct advantages. Taking the natural history of positive deviance into account, coupled with the original humanitarian conception whereby deviance is a statistical certainty, this research adopts an outcome-based approach of positive deviance. Thus, positive deviance is defined as “exceptional outcomes underpinned by normatively deviant behaviour”. Study 1 and Study 2 seek to identify the individual types of norms from which deviance positively influences outcomes and management acceptance of said norms, respectively. The studies are conducted in intimate collaboration with the case organisation to maximise the principles of engaged scholarship.

2.2 Research Gap

Positive deviance literature is plagued by surprisingly superficial treatment of three key concepts: norms, positive (and ergo the reference group) and implementation. I discuss each of these in turn.

2.2.1 Norms

Norms are the standard from which deviance is judged; and yet norms are rarely explicated in positive deviance studies. Indeed, the typical positive deviance paper talks extensively about, and defines, deviance from a normative standard but does not define what a norm actually is. For the purposes of this research, a norm is defined as “rules of conduct which specify what should and should not be done by various kinds of social actors in various kinds of situation” (Gibbs, 1965). Furthermore, deviance researchers do not classify norms in such a manner that enables wider theoretical observations to be drawn between the nature of norms and the propensity to produce positively deviant performance; nor the

meaningful comparison of different studies. This is notable because the call for deviance to be extended to include the positive, and not just the negative, was based on a push to provide a common language for discussing positive behaviours (Spreitzer & Sonenshein, 2004). The failure to provide a robust classification of norms means that positive deviance literature is unable to answer questions about whether different types of norms have better or different outcomes, are more or less desirable, and are better or less able to yield a performance result. I address this gap through the merging of micro-level Institutional Theory and positive deviance. Specifically, I contend that the concept of norm formality, as espoused by Institutional Theory, introduces a consistent and structured approach to the analysis of norms when studied under a positive deviance approach. Furthermore, it provides a common language and enables researchers to add to the growing body of positive deviance theory; thus answering the call from Spreitzer and Sonenshein (2004) for such a common language. I am not the first researcher to note the delineation between formal and informal norms from a positive deviance perspective (egs. Mertens, Recker, Kohlborn, et al., 2016; Vadera et al., 2013); however I am the first to explicitly investigate this difference. I use the concept of cognitive schema, borrowed from Institutional Theory, to explain whether individual's have a tendency to comply with, or breach, norms of varying formality. The parallel between cognitive schema, as it is used in my thesis, and cognitive schema, as used by psychologists and behavioural-decision making scholars, is discussed in Section 2.3.2

2.2.2 Positive and reference group

The concept of positive and the reference group are inextricably linked within positive deviance literature; as both determine whether deviant behaviour is ultimately judged as positive. Namely, in order for an act of deviance to be considered positive, it is judged relative to whether or not it yields (or is intended to yield) benefit to a given reference group. Thus, discussion of positive inherently requires discussion of the reference group.

Positive deviance literature is divided on these concepts, as discussed in Section 2.1.2. Furthermore, definitions are yet to offer an unambiguous definition which can be easily operationalised and standardised across research. I bridge this gap by integrating the concepts of reference group and positive through the merging of micro-level Institutional Theory and positive deviance. Namely, Institutional Theory's concept of agency, which involves an individual's capacity to alter norms designed to constrain behaviour, provides an operational definition for positive in the context of deviance. Thus, it considers an individual's tendency to shape institutional norms designed to constrain behaviour. The parallel between institutional agency, as used in this thesis, and agency, as originally put forward in Giddens (1984) structuration theory, is discussed in detail in Section 2.3.3.

2.2.3 Implementation

Implementation of positively deviant behaviours and their subsequent normalisation is largely missing from organisational science research. Thus, it is unable to answer questions about whether diffusion of positively deviant behaviours yields positive group effect, what happens when behaviours normalise and new positively deviant behaviours emerge, how positively deviant behaviours are best implemented within and across organisations, and more fundamentally, whether organisations are willing to allow deviant acts within their organisation and/or adopt these behaviours once identified. This immense topic far exceeds the scope of my research. However, I address a small, yet important, component of implementation. Namely, Study 2 addresses how willing organisations are to accept different types of deviance. I do this by building on the aforementioned concepts, taken from Institutional Theory, of norm formality and agency.

2.3 Theoretical Framework

2.3.1 Institutional Theory

I chose Institutional Theory as my theoretical framework, due to its close relationship with norms, non-compliance and behaviour, and therefore, with positive deviance. Specifically,

Institutional Theory posits society is institutionalised such that it comprises “multifaceted, durable social structures, made up of symbolic elements, social activities and material resources that enable or impose limitations on the scope for human agency by creating legal, moral and cultural boundaries” (Scott, 2001, p. 49). Organisations, operating within institutional environments, thus become systems of norms that exert sufficient institutional force to regulate the behaviour of individuals; thereby providing stability and meaning to organisational life (Scott, 2007, 2014). Franchises, viewed under a lens of Institutional Theory, are packaged, repeatable and enforced sets of institutional norms. I draw on two aspects of Institutional Theory which I feel are relevant to the study of positive deviance: norm formality and agency. I introduce Institutional Theory itself before presenting each concept in turn.

Institutional Theory is a large and influential management theory which scholars have continued to apply, refine and expand to better understand organisations (Lawrence & Shadnam, 2008). Such is its prevalence that Greenwood, Oliver, Sahlin, and Suddaby (2008) in the SAGE Handbook of Organizational Institutionalism claim that Institutional Theory is the predominant theory used to understand organisations. Pursey and Lander (2009) in their meta-analysis make similar claims regarding the prevalence and influence of Institutional Theory on management theory. Institutional Theory was put forward to understand forces for organisational stability; and the tendency toward organisational isomorphism (Suddaby, 2013). These phenomenon are, at their most simplest, explained by examining social pressures of conformity and legitimacy rather than more traditional economic pressures of rational choice (Suddaby, 2013). Suddaby (2013) condenses this pursuit of legitimacy into a suite of six key concepts; as shown in Table 5.

Concept	Description
Infusion of value	Organisations acquire meaning and value beyond functional utility; giving rise to unintended consequences of purposive action (Selznick, 1949). Hence, organisations can be separated into 1) technical purposive action and 2) symbolic institutional meanings and values (Selznick, 1949).
Diffusion	Organisations adopt new practices and innovations based on subjective conformity perceptions (drawing on values and meanings) taken from the institutional environment to which they belong; rather than technical merit and technical outcomes (Rogers, 1995).
Relational myths	Appropriateness of behaviour is defined by taken-for-granted assumptions about success rather than rational economic success (J. Meyer & Rowan, 1977). Hence, organisational activity is centred around prevailing myths (J. Meyer & Rowan, 1977).
Loose coupling	Organisations often pay lip-service to implementation of rational myths (in order to appear legitimate); such that actual and espoused practice may be loosely coupled reflecting the division between technical and symbolic aspects of organisation (Suddaby, 2013).
Legitimacy	Organisations obtain legitimacy by adopting explicit and implicit norms associated with the environment in which they operate (Suddaby, 2013).
Isomorphism	Organisational fields (populated by similar organisations) grow increasingly isomorphic as they adopt explicit and implicit norms to gain legitimacy in their operating environment (DiMaggio & Powell, 1983). Isomorphism can be coercive (explicit laws and regulations), normative (implicit norms of conformity) or mimetic (mimicry in the face of uncertainty) (DiMaggio & Powell, 1983).

Table 5: Six key concepts of Institutional Theory. Source: Suddaby (2013)

Institutional Theory has evolved significantly since it was first proposed (R. E. Meyer & Höllerer, 2014). Scholars tend to demarcate its history into two main streams: old institutionalism and new (neo) institutionalism (Powell & DiMaggio, 1991). Old institutionalism is associated with Selznick (1949) and his propositions that organisations can be separated into the domains of technical purposive action and symbolic institutional meanings and values; at the organisational level. Old institutionalism is separated from neo-institutionalism by two seminal publications: “Institutionalized Organizations: Formal Structure as Myth and Ceremony” by J. Meyer and Rowan (1977) and “The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields” by DiMaggio and Powell (1983). These publications take a more macro view of institutionalism motivated by the recognition that institutions are in fact a process of social reproduction (Jepperson, 1991). Neo-institutionalists consider similarities across what they term organisational fields, being “organizations, that in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products” (DiMaggio & Powell, 1983, p. 148). Cognition is important in neo-institutionalism; in so far as shared cognitions give rise to institutionalised beliefs about appropriate action which render other actions unthinkable (Scott, 2008). Hence, it is these shared cognitions which impose structural forces to social reproduction at the level of institutional fields (Lawrence & Shadnam, 2008; Scott, 2008; Zucker, 1977). Organisations, which exist within institutional fields, and individuals, who exist within organisations, are subject to conformist pressure of the prevailing institutional field (Lawrence & Shadnam, 2008). Cognition, in the form of cognitive schema, becomes a key concept in my thesis to explain an individual’s tendency to comply with, or breach, formal and/or informal norms. Cognitive schema, and its parallel to use by psychologists and behavioural decision-making scholars, is discussed in Section 2.3.2.

A key debate in neo-institutional theory relates to the opposing forces of structure versus agency; where structure effectively constrains and determines behaviour while agency shapes and influences institutional structures. Early work focussed very much on structure; with a limited role for agency (Pursey & Lander, 2009). By the 1990s, several authors argued that neo-institutionalism had become bereft of agency; such that it lacked a theory of action (Powell & DiMaggio, 1991; Suddaby, 2013). Specifically, the concept of agency that had initially been present in old institutionalism had been increasingly dropped by neo-institutionalists such that actors were commonly portrayed as passive captives of their environment (DiMaggio, 1988; Lawrence, Suddaby, & Leca, 2009; Powell & DiMaggio, 1991; Suddaby, 2013). The fallacy of this portrayal was made topical in three well known studies (Lawrence & Suddaby, 2006). First, DiMaggio (1991) used Giddens's (1984) idea of dialectic social control to show that the process of institutionalisation is both top-down and bottom-up; such that powerful actors exert influence over the process of institutionalism. This work not only brought relevance to the concept of agency in Institutional Theory; but showed that agency cannot meaningfully be separated from Institutional Theory because institutions are created, maintained and modified through the exercise of agency (DiMaggio, 1991; Scott, 2008). Oliver (1991) and Oliver (1992) strengthened these contentions, showing that conformity to institutional pressures represents but one reaction to institutional forces; and that organisations could choose to employ other responses such as compromise, avoidance, defiance and manipulation. In doing so, she helped institutional theorists reframe agency as a shaping, and not purely a shaped, force. Put differently, institutional scholars began to focus less on structure and stabilising forces and more on agency and change forces (van Dijk et al., 2011). Like cognitive schema, agency becomes an important concept in this thesis in the form of institutional agency. Institutional agency, and its parallel to the original use by Giddens's (1984) structuration theory, is discussed in detail in Section 2.3.3.

Research into institutional change and institutional agency can be broadly separated into two major research areas 1) institutional entrepreneurship and 2) institutional work.

Institutional entrepreneurship was first put forward by DiMaggio (1988) and considers how organisational fields transform through the action of entrepreneurs (Battilana, 2009).

Institutional entrepreneurs are differentiated from traditional entrepreneurs in that they may be an agent for change but not all agents for change are institutional entrepreneurs; and thus the two concepts may inherently overlap (Battilana, 2009). Institutional entrepreneurs must satisfy two further key conditions to be agents of institutional change: they must be actively involved in implementing the change and must, at some point, develop the intention to induce change through non-reflexive action; although this intention need not be apparent in the initial impetus for change (Battilana, 2009). The lack of intent to be an a priori requirement for change (albeit an unintended consequence of action) resonates with the outcome school of positive deviance (but not the behavioural school which requires a priori intent) and traditional humanitarian conceptualisations of positive deviance as well as Giddens (1984) original ideas regarding agency.

Institutional work was put forward by Lawrence and Suddaby (2006) in their now seminal work: "Institutions and Institutional Work". Institutional work is "the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence & Suddaby, 2006, p. 215). It attempts to explain actions which create, maintain and disrupt (alter) institutions through formal and informal action (Lawrence & Suddaby, 2006). Inherent in the idea of institutional work is the idea of institution logic. Institutional logics are shared common cognitive schema by players in an institutional field which define the prevailing logic of an institutional field (R. E. Meyer & Höllerer, 2014); where cognitive schema are an underlying isomorphic cognitive predisposition for action (Lawrence & Suddaby, 2006; Li et al., 2008). As already signposted, cognitive schema, becomes a key concept in my thesis to explain an individual's tendency to comply with, or breach, formal

and/or informal norms. Cognitive schema, and its parallel to cognitive schema as used by psychologists and behavioural decision-making scholars, is discussed in Section 2.3.2.

Both institutional work and institutional agency raise the question of embedded agency; being the natural paradox of “how novel strategic action within institutions is possible when actors are constrained by those institutions” (van Dijk et al., 2011). That is, it concerns dialectic social control whereby actors exercise agency such that institutional change is both top-down and bottom-up. Examination of embedded agency has largely been limited to macro consideration at the level of organisational fields (van Dijk et al., 2011). Recently, there has been a call and a trend toward more micro-level consideration of embedded agency. Examples of studies conducted under a micro-level institutional lens include van Dijk et al. (2011), Elsbach (1994), Jarzabkowski, Matthieson, and Van de Ven (2009), Schwarz, Wong, and Kwong (2014), Wicks (2001), and Zietsma and Lawrence (2010). These studies counter recent criticism regarding insufficient attention to power and manifestation of agency in the everyday life of individuals within organisations (egs. Munir, 2015; Schwarz et al., 2014). In addition, they recognise Institutional Theory is a multi-level theory that can be applied at various levels (Battilana, 2009; Scott, 2008); with consideration at each level being important to a proper understanding of the duality between stability and change (embedded agency) (Battilana, 2009). As already signposted, I follow these papers by applying agency at a micro-level; with agency becoming a key concept in my thesis. In particular, I follow the established approach of using Scott’s three pillars (regulative, normative and cultural-cognitive) as a micro-level institutional framework to understand how institutional norms influence their members and how members influence their institutional norms (egs. van Dijk et al., 2011; Wicks, 2001). Put differently, I follow their academic precedence to adopt Scott’s three pillars to apply micro-level Institutional Theory to positive deviance within a franchise chain. In particular, I borrow from two aspects of Institutional Theory, norm formality (cognitive schema) and

agency (institutional agency), and relate them to the study of positive deviance. I discuss in each in turn in Section 2.3.2 and Section 2.3.3, respectively.

2.3.2 *The concept of norms and cognitive schema*

Norms are rules of conduct which specify what should and should not be done by various kinds of social actors in various kinds of situation (Gibbs, 1965). Under Institutional Theory, organisations are systems of norms that exert sufficient institutional force to regulate the behaviour of individuals; thereby providing stability and meaning to organisational life (Scott, 2007, 2014). Similarly, franchises are a packaged, repeatable and enforced set of institutional norms. Institutional norms arise from a variety of sources; ranging from internalised shared understandings of the way things are done to externally imposed regulations and governance structures (Dacin, Goodstein, & Scott, 2002). One approach to understanding the multitude of institutional norms which influence organisations is to separate norms into regulative, normative and cultural-cognitive pillars; which collectively comprise the entire set of institutional norms (see Table 6) (L. Trevino, D. Thomas, & J. Cullen, 2008). Institutional norms, in turn, can be divided into those norms which can be formalised and those that cannot. I contend that this concept of norm formality is able to introduce a consistent and structured approach to the analysis of norms when studied under a positive deviance approach. This is important because norms are the standard from which deviance is judged; and yet norms are rarely explicated in positive deviance studies. Furthermore, deviance researchers do not classify norms in such a manner that enables wider theoretical observations to be drawn between the nature of norms and the propensity to produce positively deviant performance; nor the meaningful comparison of different studies. The call to provide a common language for the study of positive deviance dates back to Spreitzer and Sonenshein's (2004) paper "Toward the Construct Definition of Positive Deviance" but is yet to be met with respect to norms.

Pillar	Description
Regulative pillar	Conscious efforts to constrain and regularise behaviour through rule setting, monitoring and sanctioning (Peton & Pez�, 2014).
Normative pillar	Conscious efforts by institutions to constrain and regularise behaviour through prescriptive, evaluative and obligatory norms and values such that it is consistent with regulatory norms (Scott, 2007, 2014).
Cultural-cognitive pillar	A unique cognitive lens, or cognitive schema, with which individuals interpret the external world and assign meaning (Iederan et al., 2011). The cultural cognitive pillar creates an underlying cognitive isomorphic predisposition for action (Lawrence & Suddaby, 2006).

Table 6: Three Pillars of Institutional Theory.

Adopting norm formality, then, provides a common language and enables researchers to add to the growing body of positive deviance theory. I am not the first researcher to call for a common language to discuss positive deviance within organisational science; the call for which dates back over a decade to Spreitzer and Sonenshein (2004). Nor am I the first researcher to suggest there may be an important difference between formal and informal norms. I am, however, the first researcher to explicitly study norm formality as a means to introduce a common language to the study of positive deviance. For example, Vadera et al. (2013) and Mertens, Recker, Kohlborn, et al. (2016) both note that positive deviance may include deviance from formal and informal organisational norms. However, I am the first author to specifically investigate the relationship of norm formality to positive deviance; and the first author to offer a theoretical framework to understand this relationship. I expand upon these below.

Norms may be formalised or informal (Hou & Smith, 2010). Formalised norms are explicit and externally imposed on individuals, the organisation, or both (Wang et al., 2014). With

respect to Institutional Theory, formalised norms take their origin from the regulative and normative institutional pillars. The regulative institutional pillar refers to conscious efforts to constrain and regularise behaviour through rule setting, monitoring and sanctioning (Peton & Pez , 2014). These norms are externally imposed on the organisation and the actors within it; drawing their legitimacy from laws (Scott, 2007, 2014). Forming the basis for all other institutional norms, regulative norms are enacted by formal governance, power and compliance systems and carry formal sanctions for non-compliance (Scott, 2007, 2014). In franchises, regulative norms include the broader legal framework in which the franchisor operates, as well as contractual obligations forced on franchisees by the franchisor itself such as accounting procedures, franchisee territories, advertising covenants and minimum performance KPIs. The normative institutional pillar operationalises the regulative pillar; referring to conscious efforts by institutions to constrain and regularise behaviour through prescriptive, evaluative and obligatory norms and values such that it is consistent with regulatory norms (Scott, 2007, 2014). Desirable outcomes to which an organisation aspires are captured in organisational values; while legitimate means to pursue valued ends are captured in organisational norms (DiMaggio & Powell, 1983; Scott, 2007, 2014). Their influence is seen in artefacts such as job descriptions, routines, habits, processes and procedures. In franchises, normative pillar norms are set by franchisee owners; such as store-level KPIs, store-level margin tracking and store-level product line choices. Normative pillar norms can also concern franchisor expectations of franchisee behaviour which are not contractually enforced; such as expectations concerning conference attendance. Formalised norms, stemming from the regulative and/or normative pillars, are packaged into the franchise business model and are materially constant across all franchisees within the franchise. They therefore form a baseline standard from which deviant behaviour can be judged. Norms are related to, but are distinct from, organisational culture. This is discussed further in Section 2.3.4.

Judging deviant behaviour, however, also requires consideration of informal norms.

Informal norms, as the name suggests, are implicit and are self-imposed on individuals (Hou & Smith, 2010; Scott, 2007, 2014). The mechanisms by which individuals create these norms have been widely studied by institutionalists under the cultural-cognitive pillar (Scott, 2007, 2014). Individuals are said to possess a unique cognitive lens, or schema, with which they interpret the external world and assign meaning (Iederan et al., 2011); which is defined as an underlying isomorphic cognitive predisposition for action (Lawrence & Suddaby, 2006; Li et al., 2008).

Cognitive schema was first proposed as a concept by Beck (1967) in the psychological literature to understand depressive disorders (Ingram, 2009; Riso, du Toit, Stein, & Young, 2007). Namely, he defined cognitive schema as “a cognitive structure for screening, coding, and evaluating the stimuli that impinge on the organism” (Beck, 1967, p. 283). Beck’s (1967) ideas were adopted amongst scholars operating in cognitive psychology, cognitive development, self-psychology and attachment theory and as such gained a number of similar, but slightly different, meanings based on the extent schemas are consciously accessible to those they guide (Beck, 1967). Common to definitions is that cognitive schema are 1) generalised superordinate-level cognitions, 2) resistant to change, 3) exert a powerful influence over cognition, thought, affect and behaviour and 4) exert this influence through unconscious information processing (Beck, 1967). Hence, cognitive schema are *cognitive* phenomena which unconsciously affect *behaviour*.

In Institutional Theory, cognitive schema also relates to cognitive phenomena which unconsciously affect behaviour (van Dijk et al., 2011). Namely, the cultural cognitive pillar consists of conceptions that constitute social reality, shape meanings and give rise to an isomorphic predisposition for action. Put differently, they represent models of behaviour based on subjectively constructed rules and meanings that limit appropriate beliefs and actions (Bruton, Ahlstrom, & Li, 2010). The behavioural influence of cognitive schema

means that the cultural cognitive pillar is increasingly recognised as an important construct to explain acts of agency and entrepreneurship within Institutional Theory (Bruton et al., 2010). For examples, see Arzensek (2011), Iederan et al. (2011) and Moussavi and Evans (1993). Similar concepts to cognitive schema arise in other domains, such as heuristics which guide decisions under uncertainty in the behavioural decision-making literature (eg. D. Douglas, 2009; Kahneman, Slovic, & Tversky, 1982; Kahneman & Tversky, 1973; Schwenk, 1988, 1995; Tversky & Kahneman, 1973; Vermeulen & Curşeu, 2010). Within this thesis, cognitive schema refers more specifically to that used by other Institutionalists (eg. Arzensek, 2011; Iederan et al., 2011; Moussavi & Evans, 1993), being an underlying cognitive isomorphic predisposition for action arising from the cultural-cognitive pillar. Cognitive schema give rise to the phenomenon that different persons may interpret and enact formal norms quite differently. Put differently, their underlying isomorphic cognitive predisposition for action may result in different interpretation and enactment of common formal norms (Lawrence & Suddaby, 2006; Li et al., 2008). In more standard terms, actors exercise agency in accordance with their cognitive schema (which reflects institutionalism) rather than exercising their agency in accordance with rational choice (which reflects economics) (Battilana, 2009). Moreover, cognitive schema guides the creation of informal norms; which themselves guide behaviour in the absence of pre-existing formalised norms. In franchises, informal norms may manifest as different interpretations of formal norms. For example, franchisees might interpret store territory covenants differently and therefore enact different store-level strategies. Other examples of informal norms, where they are used to fill voids between formalised norms, include attitudes toward teamwork, tendency to network with other stores, propensity to share information, and franchisee preferences for staff characteristics such as age, education and experience. These norms are an incredibly powerful modulator of behaviour and are central to understanding how individuals are both guided by, and guide, institutional norms (Lawrence & Suddaby, 2006).

Therefore, one must consider both formal and informal norms when judging and analysing deviant behaviours. As signposted above, norms (and cognitive schema) are related to, but are distinct from, organisational culture. This is discussed further in Section 2.3.4.

2.3.3 *The concept of agency and institutional agency*

Inherent in the concept of deviance from norms, be they formal or informal, is agency. The concept of agency can be traced back to Giddens (1984) in his works “The Constitution of Society” in which he puts forward structuration theory. In it, he explicates agency as the capability (power) individuals have to act (Giddens, 1984). He differentiates agency from intentions to act as well as intentions to create consequences; such that agency refers to, and only to, the way an individual acts when they may have acted differently. The intentionality of this behaviour as well as the intentionality of any consequences of this behaviour are irrelevant in determining whether agency occurred (Giddens, 1984).

Giddens (1984) also drew on Mertens to show that agency is also exercised in situations where individuals seemingly have no choice in their actions; such as procedural conduct in employment. Put differently, he highlighted that complying with procedures is a demonstration of agency because the actor could have equally chosen to enact procedures variably or not at all. In this way, (through Mertens), Giddens (1984) argued that agency leads to reproduction of institutionalised practices (a theme later taken up by DiMaggio (1988, 1991). However, he points out that this reproduction occurs through unintended consequences of action; through non-reflexive feedback cycles. That is, compliance does not intend to reproduce institutionalised practices; but nonetheless institutional norms are reproduced through agency. The concept of agency inherently involves the concept of power; such that all individuals have some power to influence their environment. This power extends to subordinate/superior relationships, such as those found in organisations, such that subordinates can always influence, to some degree, their superiors and the social systems designed to control their behaviour. He refers to this phenomenon as dialectic

control in social systems; which DiMaggio (1991) later uses to popularise the importance of agency (discussed in Section 2.3.1). Dialectic control helps to explain the concept of embedded agency (van Dijk et al., 2011).

Agency, and the associated paradox of embedded agency, is heavily researched in Institutional Theory; where agency is defined as the ability of actors to alter institutional norms (van Dijk et al., 2011). Much of this research falls under multi-level consideration of institutional entrepreneurship. Embedded agency refers to the paradox that agents are simultaneously able to influence the very structures designed to control them (van Dijk et al., 2011). Namely, the organisation shapes institutional norms and thus individual behaviour *and* individual behaviour shapes institutional norms and thus the organisation (Green & Li, 2011; Pursey & Lander, 2009). Similar to the ideas of Giddens (1984), all actors possess agency; as they choose to comply with, modify and/or replace institutional norms (Green & Li, 2011). However, the extent to which agency is exerted varies across individuals (Green & Li, 2011). Moreover, agency may or may not be aligned with institutional interests and therefore may yield both advantageous and deleterious organisational outcomes (Green & Li, 2011).

Institutional entrepreneurship has been criticised for its tendency to take a “hero” view of entrepreneurs at the expense of an everyday view of agency (Battilana, 2009). That is, entrepreneurs are characterised as engaging in exceptional acts of defiance without regard to the potentially destabilising effect everyday employees have as they execute institutional norms (Battilana, 2009). Positive deviance can address this criticism and help illuminate the impact everyday deviance has on institutional norms because it focuses on any agent who engages in deviant acts rather than focusing exclusively on hero acts of deviance. Moreover, Institutional Theory’s concept of agency can provide a theoretical link to the somewhat ambiguous concept of “*positive*” in positive deviance. Merging Institutional Theory with positive deviance means that I am not simply concerned with how

actors influence their environment through non-compliance, but how non-compliance results in positive outcomes. The term agency as it is used by institutional theorists allows for positive and deleterious outcomes (Green & Li, 2011) as already discussed. Hence, I limit agency to positive action and coin the term '*institutional agency*' being agency that helps the institution to achieve its goals. I retain the notion that agency need not be intentional; consistent with Giddens (1984), institutional entrepreneurship and the outcome-based view of positive deviance.

2.3.4 Norms, cognitive schema, institutional agency and organisational culture

Confusion can arise between the concepts of norms, cognitive schema, institutional agency and organisational culture. The relationship is thus explicated within this section, as it relates to my thesis and my chosen level of analysis. Culture is an abstraction which refers to a range of organisational characteristics operating at multiple, interconnected, levels both within and outside the organisation (Brown, 1998; Kummerow & Kirby, 2014; Schein, 2010). Thus, researchers must be clear as to the chosen level of analysis when discussing culture, such as occupational, organisational and team levels (Schein, 2010). Organisations attempt to directly manipulate culture with the expectation that the "right" culture will be a competitive advantage over those with a "weaker" or "wrong" culture (Brown, 1998; Kondra & Hurst, 2009; Kummerow & Kirby, 2014; Schein, 2010). Culture implies and imbues a certain amount of structural stability, is embedded at a level which is largely unconscious, and is subject to influence by those individuals which it influences (Brown, 1998; Kummerow & Kirby, 2014; Schein, 2010). Put differently, like institutional norms, culture is subject to dialectic social control. As an abstraction of complex, multi-level phenomenon, culture is related to, and is reflected in, numerous constructs: observed behavioural regularities when people interact, group norms, espoused values, formal philosophy, rules of the game, climate, embedded skills, habits of thinking, mental models and/or linguistic paradigms, shared meanings, root metaphors or integrating

symbols and formal rituals and celebrations as shown in Table 7 (Schein, 2010). These constructs collectively comprise the manifestation of, and influence of, organisational culture, however, none of the constructs individually can rightfully be considered the “culture” of the organisation (Schein, 2010).

Component	Description
Observed behavioural regularities when people interact	Language used, customs and traditions that evolve, and rituals employed in a wide variety of situations (eg. Goffman, 1959; Goffman, 1967; Jones, Moore, & Snyder, 1988; Trice & Beyer, 1993; Van Maanen, 1979).
Group norms	Implicit standards and values that evolve in working groups, such as the particular norm of “a fair day’s work for a fair day’s pay” that evolved among workers in the Bank Wiring Room in the Hawthorne studies (eg. Homans, 1950; Kilman & Saxtonn, 1983).
Espoused values	Articulated publicly announced principles and values that the group claims to be trying to achieve, such as “product quality” or “price leadership” (eg. Deal & Kennedy, 1982, 1999).
Formal philosophy	Broad policies and ideological principles that guide a group’s actions toward stockholders, employees, customers and other stakeholders such as the “HP Way” of the Hewlett-Packard Co (eg. Ouchi, 1981; Packard, 1995; Pascale & Athos, 1981).
Rules of the game	Implicit, unwritten rules for getting along in the organisation, “the ropes” that a newcomer must learn to become an accepted member, “the way we do things around here” (eg. Ritti & Funkhouser, 1987; Schein, 1968, 1978; Van Maanen, 1976, 1979).

Component	Description
Climate	The feeling conveyed in a group by the physical layout and the way in which members of the organisation interact with each other, with customers or with other outsiders (eg. Ashkanasy, Wilderom, & Peterson, 2000; Schneider, 1990; Taguiri & Litwin, 1968).
Embedded skills	The special competencies displayed by group members in accomplishing certain tasks, the ability to make certain things that get passed on from generation to generation without necessarily being articulated in writing (eg. Ang & Van Dyne, 2008; Argyris & Schon, 1978; Cook & Yanow, 1993; Henderson & Clark, 1990; Peters & Waterman, 1982).
Habits of thinking, mental models and/or linguistic paradigms	The shared cognitive frames that guide the perceptions, thoughts and language used by the members of a group and are taught to new members in the early socialisation process (eg. M. Douglas, 1986; Hofstede, 1991, 2001; Senge, Roberts, Ross, Smith, & kleiner, 1994; Van Maanen, 1979).
Shared meanings	The emergent understandings that are created by group members as they interact with each other (eg. Gertz, 1973; Hatch & Schultz, 2004; Smircich, 1983; Van Maanen & Barley, 1984; Weick, 1995; Weick & Sutcliffe, 2001).
Root metaphors or integrating symbols	The ways that groups evolve to characterise themselves, which may or may not be appreciated consciously, but that get embodied in buildings, office layouts and other material artefacts of the group. This level of culture reflects emotional and aesthetic response of members as contrasted with the cognitive or evaluative response

Component	Description
	(eg. Gagliardi, 1990; Hatch, 1990; Pondy, Frost, Morgan, & Dandridge, 1983; Schultz, 1995).
Formal rituals and celebrations	The ways in which a group celebrates key events that reflect important values of important passages by members such as promotion, completion of important projects, and milestones (eg. Deal & Kennedy, 1982, 1999; Trice & Beyer, 1993).

Table 7: Components of organisational culture. Source: Schein (2010, p. 14).

Understanding the complex, multi-level, nature of culture is important because it can be mistaken for norms, cognitive schema and institutional agency. Namely, culture is related to, but is different from, norms, cognitive schema and institutional agency. Bruton et al. (2010) explains the relationship between the concepts of Institutional Theory and culture, stating that culture is an important means by which both normative and cognitive structures are transmitted. Norms, cognitive schema and institutional agency are discussed in turn.

Norms, as used in my thesis, relate to rules of conduct which specify what should and should not be done by various kinds of social actors in various kinds of situations (Gibbs, 1965). Stemming from the regulative, normative and/or cultural cognitive pillars, norms (L. J. Trevino, D. E. Thomas, & J. Cullen, 2008) may be formal (norms which are explicit and externally imposed on individuals, the organisation, or both (Wang et al., 2014)) or informal (norms which are implicit and self-imposed on individuals (Hou & Smith, 2010; Scott, 2007, 2014)). When conceptualised in this way, the overlap with culture becomes obvious.

Namely, using the culture composition dimensions put forward by Schein (2010), formal norms may be reflected in formal philosophy, climate, root metaphors or integrating symbols and formal rituals and celebrations. Similarly, informal norms may be reflected in how individuals interact, group norms, habits of thinking, rules of the game and mental

models and/or linguistic paradigms. However, as Schein (2010) points out, norms in and of themselves are insufficient and deficient to describe what is known as “culture”. Instead, pursuant to Institutional Theory, norms can be better thought of as the institution itself (with a franchise in turn being a packaged, repeatable, collection of institutional norms) (Scott, 2001). Individuals are embedded within, and influence, this set of institutional norms; giving rise to the concepts of dialectic control and embedded agency (Battilana, 2009; van Dijk et al., 2011). The institution is, in turn, associated with a specific organisational culture which, in part, stems from institutional norms.

Cognitive schema has a similar dialectic relationship with culture; resonating with Schein’s (2010) culture elements of habits of thinking and mental models that guide perceptions, thought and language. Namely, cognitive schema refers to an underlying isomorphic predisposition for action stemming from the way individuals interpret the external world and assign meaning (Iederan et al., 2011; Lawrence & Suddaby, 2006; Li et al., 2008).

Thus, it is a cognitive phenomenon stemming from the cultural-cognitive pillar of Institutional Theory (Iederan et al., 2011). It is used throughout this thesis to describe whether the individuals within franchisees have a behavioural tendency (predisposition to action) to comply with or breach norms of varying formality (stemming from cognitive interpretation and meaning assignation) (Iederan et al., 2011). Hence, a particular franchisee may have an informal cognitive schema whereby agents have a predisposition to comply with formal norms and restrict deviance to the informal norm space. Put differently, the franchisee is unlikely to be in breach of formal norms imposed by the franchise; irrespective of whether the franchisee supports those norms. However, the franchisee will deviate within the informal norm space. Using the examples put forward in Section 2.3.2, a franchise may choose to break the informal norm of sharing information with other stores but may comply with formal information reporting norms. In contrast, other franchisees may have a formal cognitive schema whereby agents within that

franchisee have a predisposition to breach both formal and informal norms. Using the aforementioned example, a store with a formal cognitive schema may choose not only to ignore the informal norm of sharing information between stores but may also refuse to comply with formal information reporting norms. Like norms, cognitive schema is, in and of itself, insufficient and deficient to describe what is known as “culture”.

Similar arguments can be applied to institutional agency vis-a-vi culture. Namely, when an individual chooses to comply with, or breach, organisational norms they are exercising their agency (Giddens, 1984). Hence, agency leads to reproduction of institutional norms (DiMaggio, 1988; DiMaggio & Powell, 1983; Giddens, 1984). Agency does not have a fixed relationship with outcome; referring simply to action and action alone (Giddens, 1984).

Thus, agency is a broad term which may be deleterious (negative) or advantageous (positive) to the organisation (Giddens, 1984). Institutional agency is a more specific form of agency that refers to agency that helps the institution to achieve its goals. The relationship between culture and (institutional) agency closely mirrors that of culture and norms. That is, cultural factors may influence the way that franchisees exercise their agency and the extent agency is aligned with institutional interests. Similarly, acts of agency may contribute to organisational culture. However, agency (and institutional agency) are not synonymous with culture in the same way that norms are not synonymous with the organisation’s culture.

In sum, norms, cognitive schema and institutional agency are reflected in, and reflect, organisational culture. However, norms, cognitive schema and institutional agency are not, in themselves or taken collectively, organisational culture.

2.4 Research Context: Franchises

I chose to study positive deviance in the context of franchise organisations. The term franchise can refer to several different forms of organisation such as business format franchising, licensing, distributing and agency arrangements (Downes, 2014). I adopt the

definition put forward by Kaufmann and Eroglu (1999) in which franchisors license the rights and obligations to copy a unique retail positioning that profitably services a need for a viable customer segment to a franchisee. A duality exists in this relationship, whereby franchisors control the overall business model while franchisees own and execute individual franchised outlets pursuant to this business model (Downes, 2014). In essence, the franchisor packages and sells franchisees a proven comprehensive set of institutional norms which allow franchisees to successfully reproduce knowledge underpinning a system of complex, causally ambiguous and imperfectly understood productive processes (Kaufmann & Eroglu, 1999). Simply packaging and enforcing a set of institutional norms is insufficient to create a potentially viable franchise; assuming the package is one of value (Davies et al., 2011). Rather, the franchisor must allow a dynamic balance between business model adherence (normative compliance) and business model adaptation (normative deviance) (Davies et al., 2011; Kaufmann & Eroglu, 1999). Normative compliance is important to strengthen the franchise brand and increase the value of business model proposition (de Chernatony & Segal-Horn, 2003). Specifically, normative compliance protects the integrity of the business model, maximises brand value, ensures consistent brand offerings and allows franchisees to fully leverage management support (Pitt, Napoli, & Van der Merwe, 2003). Failure to achieve normative compliance can weaken the brand and reduce both sales and the ability to recruit new franchisees (Baucus, Baucus, & Human, 1996). Normative deviance is equally important (Boulay & Stan, 2013; Davies et al., 2011; Kaufmann & Eroglu, 1999). Franchisors are distanced from the market and rely on franchisees to innovate the business model through application of their social capital and business-specific knowledge (Davies et al., 2011). Failure to allow sufficient normative deviance risks business model stagnation (as social capital is lost and the franchise model fails to evolve) and franchisee revolt (as entrepreneurial tendencies are hindered and franchisee/franchisor conflict arises) (Davies et al., 2011). Hence, the

success of the franchise form of organisation is contingent on how well the franchisor can manage this balance between institutional norm compliance and deviance (Kaufmann & Eroglu, 1999). Namely, it relies on the ability of the franchisor to design and enforce a packaged set of institutional norms across their franchisees; whilst allowing a certain extent of franchisee agency to alter institutional norms, adapt to local conditions and innovate business offerings (Davies et al., 2011).

Franchise literature has widely researched why and how franchises manage this balance between replication and adaptation; from a variety of perspectives (J. Combs et al., 2004). An unexhaustive list of perspectives includes agency theory (egs. Carney & Gedajlovic, 1991; Hussain, Moritz, & Windsperger, 2012; Perdreau, Le Nadant, & Cliquet, 2015), resource scarcity theory (eg. Carney & Gedajlovic, 1991), critical resource theory (eg. Perdreau et al., 2015), transaction cost theory (eg. Hussain et al., 2012), game theory (eg. French, 2000), institutional theory (egs. Barthélemy, 2011; J. Combs, Michael, & Castrogiovanni, 2009; Doherty, Chen, & Alexander, 2014; Shane & Foo, 1999), organisational economics (eg. Hussain, Perrigot, Mignonac, Akremi, & Herrbach, 2013), real options (eg. Nugroho, 2016), and strategic deviance (eg. Kidwell & Nygaard, 2011). Table 8 consolidates these perspectives into three major lenses put forward by Graciá (2010) based on a review of franchise literature from 1960s to 2009. Notably, franchise literature has yet to apply a positive deviance lens to inform the study of localised franchisee innovations (normative deviance). Kidwell and Nygaard (2011) represent the closest approximation to positive deviance through their concept of strategic deviance, in which negative normative deviance (such as free-riding and shirking) may actually contribute to overall system well-being. Note that deviance is nonetheless viewed negatively and is behaviour which is not designed to maximise franchisor benefit.

Perspective	Description
Agency Theory	<p>Agency Theory is the predominant theoretical lens used to study the franchise form of organisation (Graciá, 2010). Agency relationships exist when a principal (in this case the franchisor) delegates authority to an agent (in this case the franchisee) (Eisenhardt, 1989a). Agency theory positions the franchisor/franchisor relationship as naturally burdened by conflicting interests giving rise to agency costs (Jensen & Meckling, 1976). Franchisors incur agency costs to monitor and control self-interested behaviour by franchisees (Jensen & Meckling, 1976); which are lessened through the instigation of contractual controls built into the franchise agreement (J. G. Combs & Ketchen Jr, 2003; Norton, 1988; Rubin, 1978). Deviance under agency theory, then, is primarily viewed as a negative phenomenon.</p>
Resource Scarcity Theory	<p>Resource scarcity is the second most dominant theoretical lens used to study the franchise form of organisation (Graciá, 2010). Resource Scarcity Theory claims that the franchise form of organisation is attractive because it allows the franchisor to fuel growth by accessing scarce resources through franchisees (Oxenfeldt & Kelly, 1969). These resources can be financial, human and knowledge of the local market (Graciá, 2010). Under this view, deviance can be positive in so far that successful growth relies on franchisees to exercise their human capital and local knowledge to improve the business template (Davies et al., 2011; Ketchen, Combs, & Upson, 2006; Lafontaine & Kaufmann, 1994). This positivity is capped by</p>

Perspective	Description
	resource requirements; with reliance ceasing once sufficient resources are acquired (J. G. Combs & Ketchen Jr, 2003). The implication is that successful franchisors will try to corporatize franchisees and revert to traditional forms of organisation (Oxenfeldt & Kelly, 1969).
Other	Includes other perspectives used to examine the franchise form of organisation, such as transaction cost theory (Graciá, 2010). These perspectives are often complementary rather than antagonistic to other research perspectives. For example, Carney and Gedajlovic (1991), Hussain et al. (2012) and Perdreau et al. (2015) all put forward papers which bring together Agency Theory with other theoretical lenses to better explain various phenomenon in the franchise form of organisation.

Table 8: Research streams in franchise literature

I chose to adopt franchises as my research context because I believe that a positive deviance lens is greatly beneficial to the study of franchises; and that franchises form the ideal research context for the study of positive deviance as means of endogenous innovation. I base this belief on several propositions. First, there is a natural coincidence between the plight of franchises to innovate through endogenous normative deviance and the study of positive deviance which posits normative deviance as a means of endogenous innovation. This coincidence boosts both the theoretical and practical applicability of franchises as a research context. Second, franchises present a highly relevant and practical research arena in that institutional norms are highly formalised and regulated, making norms both observable and measurable. Third, compliance systems make deviance detectable while geographic dispersion and disparate ownership structures allowed me to

observe the ways in which different franchises deviate from the franchise's institutional norms as well as analyse the resultant outcomes of said deviance within one organisational context. Fourth, norm commonality across franchisees provides an embedded design whereby the researcher can observe variations in the same underlying set of institutional norms; holding industry and cultural considerations reasonably constant. Fifth, management commonality across franchisees provides an embedded design whereby the researcher can observe variations in management acceptance of deviance from the same underlying set of institutional norms. Sixth, positive deviance represents a concept by which franchisees can harness deviance to the betterment of both franchisees and franchisors. Taken together, my choice to adopt franchises as my research setting allows me to gain insight into the dynamic processes and outcomes of recursive normative renewal and reinforcement; which is valuable from both an academic and practical perspective. Thus, my research context allows me to meaningfully address my questions regarding the outcomes and acceptance of positive deviance.

In choosing a suitable franchise, I needed to be able to study performance at the institutional level and ultimately ascribe performance to behavioural deviance at the individual franchisee level. The selected case therefore needed to be small enough to approximate individual deviance to franchisee performance; yet large enough to have sufficient opportunity for reliable identification of deviant franchisees (Mertens, Recker, Kummer, et al., 2016). I selected a national Australian franchisor, to meet this requirement, operating in the paint and coatings industry with 105 franchisees. In this franchisor, franchisee size ranges between 2 and 11 employees (mean = 4.6; median = 4.0). 105 franchisees is sufficiently large to enable statistically valid identification of exceptional performance at the store level; while the small staff size in each of the franchises allowed me to collect representative franchise-level data by observing and interviewing relatively few individual staff members and managers. Similarly, the reasonably small number of

franchisees meant that management was familiar with all stores and could meaningfully put forward attitudes based on individual franchisee behaviour. The same franchise organisation was used for all studies. Chapter 3 justifies my choice of franchisee in further detail; as well as my design choices including my choice to conduct a single case study.

CHAPTER 3: RESEARCH DESIGN

3.1 Creating a Design for Engaged Exploratory Research

A research design is the logical sequence that connects the empirical data to a study's initial research questions, and ultimately, to its conclusions (Yin, 2014). Put differently, it is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation (Nachmias & Nachmias, 1996).

Researchers have many options when creating their research design; with no right or wrong designs (Nachmias & Nachmias, 1996). Instead, the research must choose a design they feel is most fitting to their chosen research questions (Yin, 2003). My research questions are exploratory; driven by a need to better understand how norms influence outcome and acceptance of positive deviance. Given the relative lack of knowledge in this space, understanding is best achieved using a rich, contextualised, qualitative approach in preference to more confirmatory and quantitative approaches. My research motivation, of conducting penetrating and insightful research, warranted avoidance of the common tendency for management research to expand rather than minimise the theory-practice gap (Hodginson, 2001). Van de Ven (2007) terms this avoidance *engaged scholarship*; and puts forward a model to assist researchers in this pursuit (see Figure 7). This model engages academics and practitioners in the research process; such that resultant research "meets the dual hurdles of relevance and rigor for theory as well as practice in a given domain" (Van de Ven, 2007, p. 6). Furthermore, Van de Ven (2007, p. 10) claims that the inclusion of practitioner perspectives who engage in the phenomenon under investigation "significantly increases the chance of advancing fundamental knowledge of [this] complex phenomenon". Adopting an engaged scholarship approach increases the relevance of my research and increases my ability to understand my phenomenon of interest. I thus formulated both my research questions as well as my research design using design principles put forward by Van de Ven (2007); choosing to conduct case study research in

which I could deeply explore the role of norms with respect to outcome and acceptance of positive deviance. Although other approaches with which to implement engaged scholarship could be chosen other than case study, such as Eisenhardt (1989b) (building theories from case study research), case study research has precedence as a suitable approach for positive deviance research (eg. Dahling, Chau, Mayer, & Gregory, 2012; Lavine & Cameron, 2012; Mertens, Recker, Kummer, et al., 2016) and offers many advantages to the study of positive deviance; as outlined and argued below.

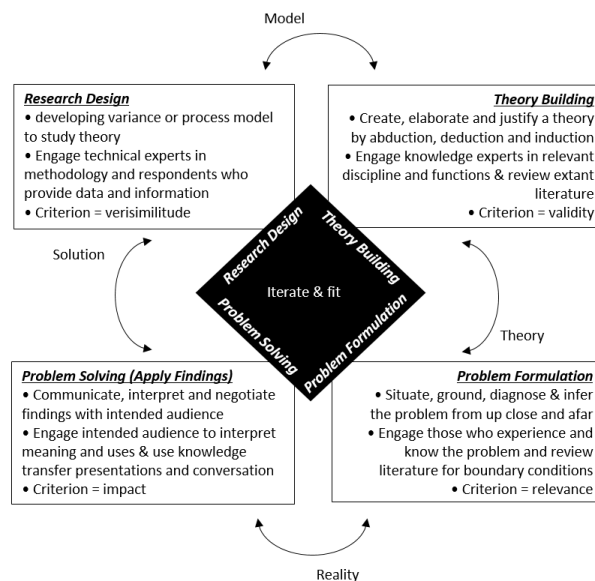


Figure 7: Diamond model of engaged scholarship. Source: Van de Ven (2007, p. 10)

Case study is a qualitative method which allows researchers to develop a rich understanding of the phenomenon of interest within a contextualised environment, or case (Dube & Pare, 2003). Case research can be descriptive, exploratory or explanatory; and has been defined in many different ways (Dube & Pare, 2003). One of the more accepted definitions is that put forward by Yin (1994, p. 14), being “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. Case study has a number of strengths which together form the basis of why I chose to adopt case research. Namely, case study is useful when the boundaries between a phenomenon and its context

are unclear (Yin, 2014). This is necessarily the case for positive deviance in which exceptional outcomes and deviant behaviour are contextualised to the situation under study. Second, case study is useful when not much is known about the phenomena of interest (Yin, 2014). Again, this reflects current knowledge concerning how norms impact both the outcome and management acceptance of positive deviance. Lastly, case study complements my objective of engaged scholarship in that it assesses the research phenomenon as it applies in the real world. Case study is also associated with several limitations and criticisms. Namely, case study has been criticised for its ability to meaningfully contribute to scientific research; primarily for reasons of generalisability, validity and reliability typically associated with quantitative research (Denzin & Lincoln, 2011; Dube & Pare, 2003; Yin, 2014). Denzin and Lincoln (2011) address these criticisms; pointing out that each can be traced to a fundamental fallacy about the objectives and means of case research. I adopt their position; believing, for the aforementioned reasons, that case study research is not only valuable but appropriate for the study of positive deviance. My position is further warranted by extant case study research in the positive deviance domain; such as Mertens, Recker, Kummer, et al. (2016), Dahling et al. (2012) and Lavine and Cameron (2012).

Case research can be executed in many different forms (Dube & Pare, 2003). Having decided to perform case research, one of the primary decisions that I next faced was whether to adopt a single or embedded design. Multiple case design involves the study of a phenomenon across a variety of cases (contexts) and therefore innately advantageous when establishing generalisability and robustness (Yin, 2014). Single cases are limited to one case (context) and therefore do not have this innate advantage (Yin, 2014).

Nonetheless, single cases are valuable and justifiable when it is either impractical and/or undesirable to spread multiple contexts (Yin, 2014). For example, the researcher may desire a rich understanding of a unique or extreme case. I chose a single-case design,

following other positive deviance authors such as Mertens, Recker, Kummer, et al. (2016). However, as I chose a franchise organisation as my case, my design contains multiple models of the same phenomenon under relatively stable contextual conditions. Hence, my research arguably benefits from some of the advantages more typically associated with multiple-case design.

I used the same case for both research questions; primarily for reasons of convenience. This decision arguably reduced generalisability compared to using different cases but increased richness and depth of study. In particular, using the same case for both research questions allowed me to maximise engagement with my case organisation. As my research questions differed in their focus, I chose to execute case study research under a slightly different lens for each question. For research question one, which investigated the relationship between different types of norms and outcome, I adopted a practice-based lens in the field. This involved utilising literature view, observation, interview and artefacts. Research question two examined management acceptance of positive deviance to extend current knowledge about positive deviance as a means for endogenous innovation. Using the same case organisation as my first study allowed me to build on my earlier findings and maximise engagement. The detailed methods for each study are presented in their respective chapters (Chapter 4.3 and Chapter 5.3).

3.2 Establishing Relevance

As outlined above, case study research allowed me to meet my primary objective of exploring and developing a rich understanding of my research area. However, I wanted to ensure that my research was relevant to practitioners as well as academics. This relevance is achieved by involving key stakeholders (in my case franchisees and franchisors) in the research process. Van de Ven (2007) proposes a diamond model (see Figure 7) with which engagement can be achieved. This model states that engagement is achieved by thoughtful involvement of stakeholders in four key research aspects: problem formulation

(situating, grounding, diagnosing and inferring the problem up close and afar), theory building (creating, elaborating, and justifying a theory by abduction, deduction and/or induction), research design (developing variance of process model to study theory), and problem solving (communicating, interpreting and negotiating findings with intended audience). Each of these is concerned with achieving relevance, validity, verisimilitude and impact, respectively. Namely, problem formulation and theory building achieve relevance and validity, respectively, when the researcher engages those who know and experience the problem within the bounds of a thorough literature review which both bounds and informs the research problem. Research design similarly achieves verisimilitude when experts in both the problem itself and the chosen method are engaged. Finally, problem solving achieves impact by presenting and explaining findings to those who experience the problem such that they participate both in interpretation and application. These four components are iterative; such that they balance model/reality and solution/theory. It should be noted that engagement requirements are in addition to normal standards required to achieve academic rigor. For instance, research which involves stakeholders in developing hypotheses (part of problem formulation) but fails to produce a research question which is falsifiable would comprise poor scholarship. Attention to each dimension, from dual perspectives of engagement *and* academic rigor, produces research which is relevant, valid, truthful and impactful from an academic and practical perspective. In other words, scholarship is engaged.

Adopting a case design necessarily bounds my research within a real-world organisation, but does not necessitate nor imply engaged scholarship. Namely, conducting my research within the bounds of a specific organisation does not mean that my organisation adequately participated in each element of the diamond model. Fulfilling these requirements required conscious and specific consideration of my research design from problem formulation through theory building and problem solving. Furthermore, as my

research included two distinct studies aimed at answering two distinct research questions, I contemplated engagement with respect to both studies. In study 1, I aimed to understand how norms affect the outcome of positive deviance. My case organisation brought practical relevance to this quest in several ways. First, the case helped define what the theoretical construct of positive deviance meant in practical terms. Allowing the case organisation to choose measures which they find reflective of excellent performance has precedence in positive deviance research, such as Mertens, Recker, Kummer, et al. (2016). Allowing the case organisational to choose measures of positive deviance is important for two reasons. First, positive deviance as a concept requires that the definition of exceptional performance is context specific to the actors involved (Pascale et al., 2010). That is, it cannot be meaningfully externally imposed by those outside the change context. Second, what the organisation considers markers of excellence may not align with what I, as the researcher, consider markers of excellence. Thus, the research may not have achieved relevance had I imposed my own measures of exceptional performance rather than involving the case in problem formulation and operationalisation. Second, franchisee interaction allowed me to better understand the concepts of norm formality and cognitive schema by examining how these concepts manifested in a real-world environment; contributing to validity and verisimilitude. Lastly, research impact was heightened by presenting my findings regarding deviance and outcomes back to the franchisor to determine what the results meant from a practitioner perspective and not just an academic perspective. Conscious engagement design choices were also made in study 2; which strove to understand management acceptance of positive deviance. In particular, I chose to engage my case by adopting theoretical group interview as my main research method. Theoretical group interview is a grounded theory technique designed to resolve ambiguities about an emerging research model based on the perspective, context and daily life of those being interviewed (Bryant & Charmaz, 2007). Theoretical group interview is

executed by selecting relevant participants, debriefing participants on the research model, and inviting participants to expand upon model constructs (Bryant & Charmaz, 2007). The purpose of theoretical group interview is not to confirm the researcher's analysis; and as such participants are discouraged from working deductively (Bryant & Charmaz, 2007). Put differently, participants are asked to expand upon constructs rather than being asked if the research makes sense to them (Bryant & Charmaz, 2007). Theoretical group interview was both appropriate and relevant to study my second research question, management acceptance of positive deviance, because I needed to develop an understanding of management acceptance of positive deviance as a means for endogenous innovation, without knowing much about how management acceptance may relate to my two constructs of interest (norm formality and institutional agency). I give the example of institutional agency to demonstrate my point. Entering study 2, my understanding of institutional agency was limited to a continuum of agency which helps the organisation achieve its goals; proxied with the extent deviants identify with the organisation as the reference group. Participants expanded my understanding of institutional agency, through theoretical group interview, to include attributes such as entrepreneurial tendency, resource requirements and governance approach. Like study 1, this close research partnership allowed me to develop a rich, rigorous and relevant understanding of my research problem. I present Van de Ven's (2007) engaged scholarship research model in Figure 8; highlighting how I incorporated each component into my research design. Figure 8 also explicates how my research design relates to my monograph structure; allowing the reader to independently trace my model of proof.

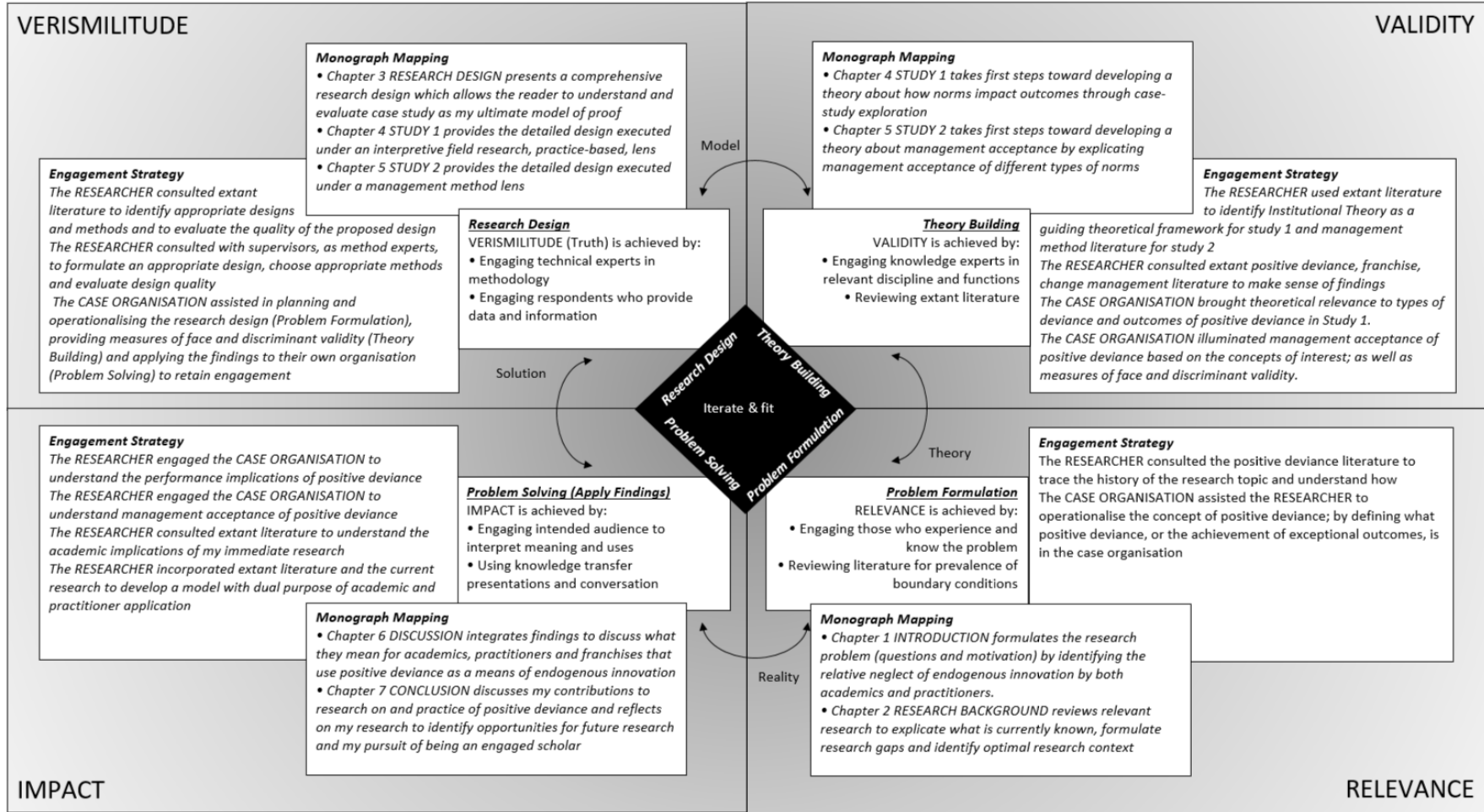


Figure 8: Research model for engaged scholarship: Superimposing engagement strategy and monograph mapping

3.3 Establishing Rigor

Having satisfied myself that my research design was relevant, I was next concerned with ensuring that my research design displayed adequate academic rigor. Put differently, that my research followed proper protocol to ensure academic standards for verisimilitude, validity, impact and relevance were met; and not just engaged scholarship standards. This is an important endeavour for all research; and has particular poignancy for doctoral research in which the candidate must demonstrate adequate research training (Tanggaard & Wegener, 2017). Furthermore, rigor is particularly important to explicitly demonstrate in case study research given its comparative opacity to more quantitative approaches (Denzin & Lincoln, 2011). Put differently, case study research is often criticised for lacking rigor due to its inability to demonstrate generalisability, reliability and validity using traditional means associated with quantitative research (Denzin & Lincoln, 2011; Yin, 2014). In my search for establishing case research rigor, I consulted seminal qualitative research texts by authors such as Bryant and Charmaz (2007), Denzin and Lincoln (2011), Flick (2009) and Yin (2014). I also reviewed papers on case research rigor such as Dube and Pare (2003), Gibbert, Ruigrok, and Wicki (2008) and Lee (1989). Ultimately, I chose to adopt the quality indicators for positivistic case research proposed by Dube and Pare (2003) to guide my own research design. These indicators are organised into three areas (research design, data collection and data analysis) which collectively comprise a checklist against which authors may assess the quality of positivistic case design. As objectives differ between descriptive, exploratory and explanatory case studies, these criteria are further delineated by case study purpose. I show Dube and Pare's (2003) criteria for exploratory case research in Table 9; adding a description of how I addressed each criterion. This exercise allowed me to feel confident that my research design adequately established academic rigor; and assisted me to transparently impart this confidence to my readers.

Attribute	Demonstration of Attribute
Clear research question	Chapter 1.2 provides explicit research questions based on my research motivation and gaps in current knowledge (based on a literature review of current knowledge).
A priori specification of constructs and clean theoretical slate	I identify micro-level application of Institutional Theory as my theoretical framework in Section 2.3 along with possible constructs of cognitive schema and institutional agency. However, I refrain from proposing specific hypotheses to limit bias from pre-ordained theory.
Multiple-case study	I chose not to adopt a multiple case design based on the arguments outlined in Section 3.1. However, I have a pseudo-multiple case design because my research investigates many franchisees within the same franchise organisation.
Nature of single case design	I clearly specify the reason for choosing a single-case design in Section 3.1 as well as the reasons for choosing my particular case organisation in Section 2.4.
Replication logic in multiple case design	See multiple-case study.
Unit of analysis	I clearly specify my unit of analysis as the franchisee in study 1 and the franchisor management team in study 2.

Attribute	Demonstration of Attribute
Pilot case	I conduct a pilot case in study 1 to familiarise myself with institutional norms and test my interview/observation protocol. Study 2 built on the results from study 1, using the same case organisation, and therefore I did not judge it necessary to conduct a separate pilot for study 2.
Context of case study	I provide a detailed context of my case in Section 2.4, as well as the background sections of Chapter 3 (study 1) and Chapter 5 (study 2), which enable the reader to assess the credibility of the research results and determine their generalizability.
Team-based research	Resource constraints prevented me from using a full team-based approach to my research. However, I performed my pilot observation, tested my interview and observation protocol, and performed my first two observations with a fellow researcher. Similarly, organisational representatives were involved in various aspects of study 1 and study 2 from an engaged scholarship perspective.
Different roles for multiple investigators	See team-based research.
Elucidation of the data collection process	Sections 4.3.2 and 5.3.2 provide comprehensive information regarding the data collection method for study 1 and study 2, respectively.

Attribute	Demonstration of Attribute
Multiple data collection methods	I employ numerous data collection methods for study 1 and study 2. Namely, study 1 comprises performance data sourced from financial systems, contextual data sourced from respondent surveys, institutional norm data sourced from institutional artefacts, and interview and observational data sourced from interviews and observations. Study 2 comprises performance data sourced from financial systems and attitudinal data sourced from interviews.
Mix of qualitative and quantitative data	Study 1 and study 2 combine qualitative and quantitative data. Study 1 uses quantitative performance data to assess franchisee outcomes and observational data to create descriptive statistics for deviant behaviour (frequency and type of behaviour). Study 2 also uses quantitative performance data to assess franchisee outcomes. Qualitative data is used to assess cognitive schema and institutional agency in study 1 and 2; along with attitudes in study 2.
Data triangulation	Multiple sources are used to triangulate findings. For example, observation notes, artefacts, interviews, quotes and quantitative data are used to triangulate findings.
Case study protocol	I used a case study protocol for study 1 and study 2; provided in Appendix 9.2 and 9.3 respectively.
Case study database	I used a rudimentary case study database in Microsoft Excel to record data from study 1 and study 2.

Attribute	Demonstration of Attribute
Elucidation of the data analysis process	Sections 4.3.3 and 5.3.3 provide comprehensive information regarding the data collection method for study 1 and study 2, respectively.
Field notes	Field notes were taken in both study 1 and study 2; written up during and/or immediately after observation and interview.
Coding and reliability check	Performance data for study 1 and 2 was verified by the case organisation to exclude stores with historical events (such as ownership changes) which may have distorted data accuracy. Similarly, study 2 involved participants collectively agreeing store classifications through negotiation and discussion. Remaining data was coded by a single researcher due to resource constraints; transparency in the coding process is provided to allow the reader to assess the coding process. Moreover, two researchers performed the pilot observation, validated the interview and observation protocol, and performed the first two observations in study 1. Lastly, I consulted with my supervisory team throughout my research and coding process.
Data displays	Study 1 and study 2 use visual data displays to communicate my research to the reader. For example, Figure 25 plots store classifications and store performance visually for the entire franchisee population.
Flexible and opportunistic process	I maintained a flexible and opportunistic process; being guided by protocols and guidelines yet retaining freedom to follow the data and my participants.

Attribute	Demonstration of Attribute
Logical chain of evidence	I present a detailed research design and research method such that the reader can follow my logical chain of evidence to assess internal validity.
Explanation building (also called pattern matching)	I build a textual explanation of the case in study 1 and study 2; using vignettes, quotes and illustrative examples.
Searching for cross-case patterns	I used line-by-line coding to categorise data initially and then sought patterns across franchisees to identify cross-case patterns in behaviour and performance.
Quotes (evidence)	Extensive use of quotes is made throughout study 1 and study 2.
Project reviews	Both study 1 and study 2 include a project review which assisted in achieving engaged scholarship.
Comparison with extant literature	I used extant literature to formulate my research questions and design as well as reflect on my findings. For example, I turn to change management, franchise, positive deviance and institutional theory to explain my findings in study 2.

Table 9: Evaluating case rigor using Dube & Pare's (2003) criteria for positivistic case research

CHAPTER 4: POSITIVE DEVIANCE AS ENDOGENOUS INNOVATION

4.1 Introduction

Institutional Theory increasingly recognises that individuals recursively shape the very institutional norms that shape their behaviour (Green & Li, 2011; Kondra & Hurst, 2009; Pursey & Lander, 2009). Put differently, individuals are in a uniquely privileged position to change institutional norms which guide their behaviour; and in doing so offer an endogenous form of organisational innovation (Volberda, van den Bosch, & Vermeulen, 2007). (eg. de Macedo et al., 2012; Kim et al., 2008; Ladd, 2009; Sparks, 2004). In this context, endogenous innovation is a means of discovering innovation in the environment it is to be implemented in. Endogenous innovation thus differs from exogenous forms of innovation in which innovations are discovered in, and transported from, external environments to the environment in which it is to be implemented in. In organisational terms, positive deviance is a form of endogenous innovation because the ideas are found in the organisation in which they are to be implemented. In contrast, benchmarking, defined as the “process of industrial research that enables managers to perform company-to-company comparisons of processes and practices to identify the ‘best of the best’ and attain a level of superiority or competitive advantage” (Morales & Cheney, 2009, p. 2), is a form of exogenous innovation because the new ways of working are sourced by looking at what others are doing. Endogenous innovation potential is often untapped; arguably for pluripotent reasons. Innovation inevitably implies departure – deviance – from established norms and behaviours (Cameron, 2008). The human condition perceives deviance as innately negative and disproportionately directs cognitive attention to negative phenomenon (Cameron, 2008, 2017). These tendencies are evolutionary remnants designed to efficiently identify and eliminate survival threats; enabling conscious ignorance of the majority of sensory information (Cameron, 2008).

We see similar patterns of bias in the academic domain: there is a vast body of research on negative deviance, while much less attention has been given to positive deviance; behaviour that deviates from salient norms and that benefits the organisation (Spreitzer & Cameron, 2012). Indeed, considerable debate took place before scholars acknowledged that positive deviance was a viable concept; let alone a valid means of endogenous innovation (Ben-Yehuda, 1990; Goode, 1991; Sagarin, 1985; Scarpitti & McFarlane, 1975; Steffensmeier & Terry, 1975; Terry & Steffensmeier, 1988; West, 2003; Wilkins, 1965). Calls have been made to widen the traditional view of deviance as negative, or “intentional behaviors that depart from organizational norms that threaten the well-being of an organization, its members, or both” (Robinson & Bennett, 1995) to a spectrum of deviance extending to positive forms of deviance (Spreitzer & Sonenshein, 2004); and considerable progress has been made in this endeavour . Nonetheless, available literature on endogenous innovation, including that on positive deviance, lags behind the literature devoted to exogenous innovation, such as industry best practices, and that devoted to avoiding failure, such as critical success factors, lessons learned and post-implementation reviews (Hervás-Oliver & Peris-Ortiz, 2014).

In much the same vein, Institutional Theory has traditionally focussed on compliance and the constraining nature of norms; under-researching how individuals deviate from and thereby change norms (Scott, 2007, 2014). This pattern is again echoed in the practitioner domain; where one can find many consultancy firms specialising in exogenous and failure-avoidance innovation techniques but few that focus on deviance and endogenous innovation. Similarly, organisations devote a multitude of resources to constraining behaviour and ensuring adherence with norms; but very little to encouraging and capitalising on deviance that pays off. My guiding research interest, therefore, is to explore the emergence of endogenous innovations that result as individuals alter and shape their institutional norms through non-compliance – what is called positive deviance. Positive

deviance has a variety of conceptualisations within organisational science; the one adopted in this thesis being exceptional behaviours underpinned by non-normative behaviours (Pascale et al., 2010). Under this definition, positive deviance includes any behaviour that results in an exceptional outcome for the organisation, provided that the underlying behaviour that gives rise to this exceptional outcome differs from the normative standard. Positively deviant behaviours may thus include other related forms of positive deviance, such as voice or organisational citizenship behaviours, provided that they meet the dual requirements of being non-normative for their given context and resulting in an exceptional outcome in said context. Spreitzer and Sonenshein (2004) summarises construct definition in Figure 9. Note that the magnitude of deviance need not be substantial to warrant consideration of positive deviance; the important factor is that the behaviour is non-normative. This difference can be likened to formal and informal deviance, which may alter in the magnitude from which they depart from normative standards, but nonetheless remain possible instances of positive deviance should they yield exceptional outcome.

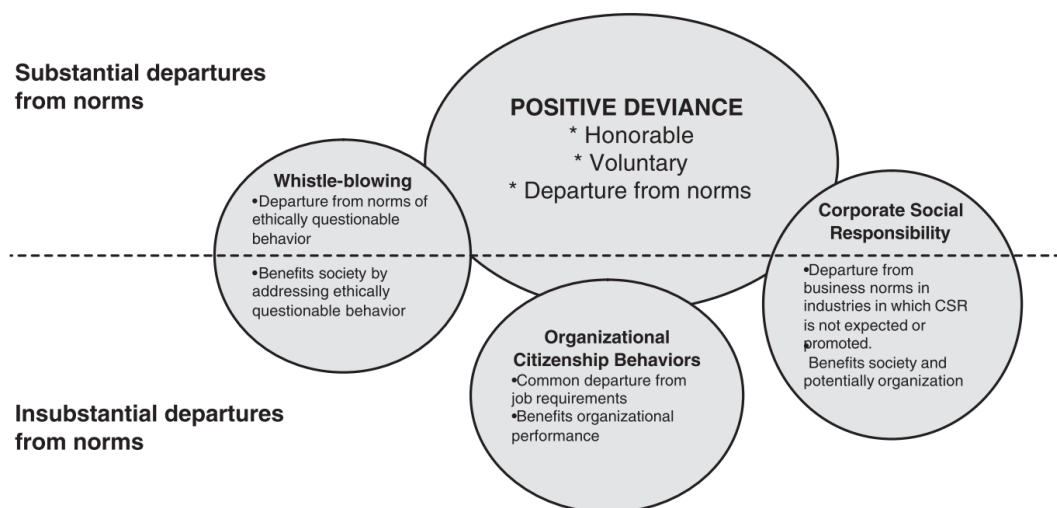


Figure 9: Discriminant validity of positive deviance from related positive constructs. Source: Spreitzer & Sonenshein (2004, p. 840).

I chose to study positive deviance using the theoretical lens of Institutional Theory, at a micro-level, because Institutional Theory can theoretically inform positive deviance by adding specificity to the construct of deviance from norms (through norm formality) and the positive (through agency). This answers the call from Spreitzer and Sonenshein (2004) to introduce a common language for positive deviance by creating a common language for norms; the standard from which researchers judge positive deviance. Conversely, positive deviance can methodologically and theoretically inform Institutional Theory through the rigorous identification at the micro-level of people and behaviours that can change institutional norms to the betterment of the organisation. This builds on the methodology put forward by Mertens, Recker, Kohlborn, et al. (2016) which can accommodate various conceptualisations of positive deviance. Together, these theories allow for an *integrated* view of how normative deviance can create endogenous innovation.

I adopt a practice lens to pursue my research interest in the context of franchises by taking my research into the field. Franchises are an apt application for positive deviance because they are continually required to balance the conflicting requirements of normative adherence and deviance (Kaufmann & Eroglu, 1999; Szulanski & Jensen, 2008). Namely, franchisors must ensure normative adherence to institutional norms in order to produce a highly repeatable business model across geographically dispersed franchisees. Institutional norms are highly formalised and regulated in franchise systems, making norms both observable and measurable. At the same time, franchises are reliant on local adaptation and deviance from institutional norms to meet local needs, avoid stagnation of the overall business model and enable a degree of franchisee independence. Thus, franchises are an environment with measurable and observable norms where deviance is not only likely to occur but is an event which is both desired and encouraged (for franchise renewal) yet closely controlled (for franchise integrity).

I make several contributions. First, I illustrate that normative deviance is widespread in franchises; confirming positive deviance as a plausible means of endogenous innovation. Second, I demonstrate that positive deviance as endogenous innovation is often successful in improving performance outcomes (with the organisation defining success pursuant to proper case engagement). Third, I find that success is not random but is associated with the type of norms franchisees break and the reference group the franchisee identifies with. Specifically, deviance from formal and informal norms can *both* result in exceptional performance when franchisees identify strongly with the franchisor; the effect being more pronounced for informal deviance. Fourth, there is an interaction between the types of norms franchisees break and their identification with the franchisor. The research is conducted in close collaboration with the case organisation and typifies engaged scholarship being both relevant and impactful to the organisation and academia.

4.2 Background

Recent years have seen the emergence of a widespread call for positive organisation scholarship (POS); from maximising human potential to meaningfulness research to positive psychology (Spreitzer & Sonenshein, 2003). This push to study the positive has been paralleled by a call from prominent institutional theorists to study how individuals alter institutional norms and, thereby, their institutions (Dacin et al., 2002; Scott, 2007, 2014). Relatedly, practitioners have exalted a genuine demand for low risk evidence-based innovation strategies to replace the “fail fast, fail often” mantra of traditional high-risk innovation. *Positive deviance* is emerging as a research area that meets all of these requirements. It meets the positive push because it takes a previously negative concept and explores ways in which deviance can yield benefits. Second, it satisfies institutional theorists’ desire to better understand how individuals deviate from and thereby shape institutional norms. Third, positive deviance exemplifies engaged scholarship by responding to practitioner demands for endogenous innovation. That is, positive deviance

studies a topic in demand by organisations in a way that organisations can use whilst also involving organisation in that process. This demand can be seen in popular management articles such as Harvard Business Review and popular thought forums such as the Positive Deviance Initiative (eg. Crom and Bertels (1999), J. Sternin and Choo (2000), Seidman and McCauley (2003) and Sparks (2004)). Fourthly, it meets the practitioner demand for a low-risk and evidence-based approach to innovation. Namely, positive deviance has received widespread accolades and credit for said ability in healthcare, medical, law enforcement, education, social and humanitarian applications. For example, it has been credited with reducing childhood malnutrition by 30-50% in over 40 countries worldwide, reducing the transmission of antibiotic resistant bacteria in hospitals by as much as 62%, and increasing primary school retention in schools by 50% (Pascale et al., 2010). For other examples, see Boyd (2015), Bren (2015), de Macedo et al. (2012), Garrett and Barrington (2013), Ivanovic et al. (2015), Kraschnewski et al. (2011), Krumholz et al. (2011), Lyttleton (2016), Ma and Magnus (2012), Marra et al. (2011), Marra et al. (2013), Schooley and Morales (2007), Stuckey et al. (2011), Tucker and Harris (2015) and Vossenaar et al. (2010). Despite these impressive credentials, positive deviance is yet to be widely adopted amongst organisational scholars and academics (Cameron, 2008). Perhaps one reason for this is that positive deviance, to date, lacks a robust theoretical framework and a common language for key concepts such as norms. There have been calls from prominent scholars, such as Spreitzer and Sonenshein (2004), for the introduction of a common language to aid the study of positive deviance. Substantial progress has been made in establishing construct validity and methodological rigour (eg. Mertens, Recker, Kummer, et al., 2016) however the field is yet to develop a common language for important constructs such as norms. In fact, positive deviance takes its roots as a methodology rather than a theory per se (Carter et al., 2013; Zeitlin et al., 1990). Its purpose is to discover deviant behaviours already extant in a population which achieve exceptional outcomes; and propagate these

behaviours throughout the population such that it becomes the new normal behaviour (Carter et al., 2013). As the behaviours are discovered in the environment in which they are to be implemented, they are a form of endogenous innovation, as opposed to exogenous innovations which are sourced from an external environment. Positive deviance shines in complex, intractable, issues whereby a solution is difficult to explicate through cause-effect analysis (Cohen, 2005). Accordingly, rather than asking *why* something *should* work, it asks what *does* work (Cohen, 2005). Hence, positive deviance has a natural affinity with engaged scholarship which aims to produce research which is not only academically rigorous and relevant but is also rigorous and relevant to practice (Van de Ven, 2007). Positive deviance is uniquely pragmatic; removing the causal complexity of contextual factors by simply finding what is already working within a given context and making that solution available to others in said context. Positive deviance is therefore set apart from innovation methods that draw inspiration externally, such as benchmarking and critical success factors. That is, positive deviance is considered a form of endogenous innovation as opposed to a form of exogenous innovation.

Considerable headway has been made by organisational scholars to define and validate positive deviance as a construct. Cumulative research suggests that positive deviance can take multiple forms (Mertens, Recker, Kohlborn, et al., 2016). At its most simplest, positive deviance is an exceptional outcome (eg. Lavine & Cameron, 2012; Seidman & McCauley, 2003). Others contend that positive deviance is behaviour that deviates from reference group norms and that is positive in terms of its intention and its conformity to higher level meta-norms (eg. Galperin, 2012; Spreitzer & Sonenshein, 2004; Vadera et al., 2013; Warren, 2003). This definition does not require exceptional outcomes to materialise from this positively deviant behaviour. A third definition requires both; behaviour that positively deviates from relevant reference group norms *and* that results in an exceptional outcome (eg. Cohn, 2009; Mertens, Recker, Kummer, et al., 2016). In parallel to these various

definitions, multiple methods have been used to study positive deviance (Mertens, Recker, Kohlborn, et al., 2016); the two most well-known ones are the statistical approach, which focuses primarily on statistically deviant outcomes, and the normative approach, which focuses on studying behaviour and how it deviates from norms.

I build on the most encompassing conception of positive deviance and consider it to be a statistical phenomenon of exceptional performance underpinned by normative departures. In this view, the reference group is important both for how exceptional performance is defined (what matters to the organisation) and for the normal standard of behaviour against which deviance is judged (organisational standards and norms). At any point in time, positive deviance (outcomes and behaviour) is a statistical certainty (see Figure 10). However, deviant behaviours and performance are moving targets such that positively deviant practices normalise as they are adopted by the reference group; allowing a new class of deviant behaviours and outcomes to emerge as performance is constantly shifted up the bell curve and positively deviant behaviours are adopted (Ivanovic et al., 2015). The dynamic and iterative nature of positive deviance means positive deviance can help inform the ways in which institutions change and evolve over time as the norms which underlie them are recursively changed by their actors. Moreover, positive deviance can add methodological rigour to the identification and analysis of normative deviance within organisations. Its ability to do so, however, is limited by the surprisingly superficial treatment of two key notions of positive deviance: the point of departure – *norms* – and the sink function of deviance – the *positive outcome*.

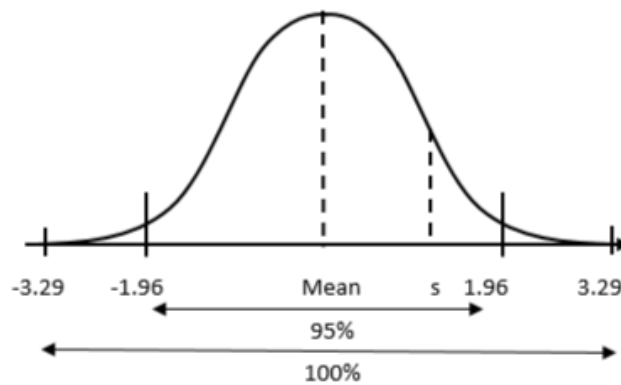


Figure 10: Statistical view of positive deviance

In recognition of these gaps, and in response to Spreitzer's and Sonenshein's (2004) call for the development of a common language for positive deviance researchers, I introduce a systematic classification for norms and reference group affiliations which will enable researchers to begin to tease out which norms are important from a positive deviance perspective. Put differently, I produce an integrated view of positive deviance couched in micro-level Institutional Theory that explicates the both the concept of norms and positive with respect to agency; following other micro-level institutionalists such as Arzensek (2011) and Iederan et al. (2011). Through the inclusion of performance outcomes, I consider the question of whether norms can be classified in such a way that enables organisations to determine when deviance is more or less likely to yield positive result. Through the inclusion of agency, I consider the question as to what extent actors play a proactive role in the creation, evolution and continuation of institutional norms through their choice to adhere to or deviate from institutional norms. These questions are largely a theoretical pursuit, aiming to add clarity to positive deviance research through the provision of a common language for norms which is based on sound theory. However, it also has practical relevance for organisations that wish to adopt positive deviance as a means for endogenous innovation; providing an important link to engaged scholarship through close collaboration with the case organisation (which produces research which is relevant and rigorous to academics and practitioners alike).

4.3 Method

4.3.1 Case selection

The selected case organisation is a national Australian franchisor operating in the paint and coatings industry; comprising 105 franchisees. 105 franchisees is sufficiently large to enable statistically valid identification of exceptional performance on the store level. Franchisee size ranges between 2 and 11 employees (mean = 4.6; median = 4.0). This relatively small staff size per franchisee allowed me to collect representative franchise-level data by observing and interviewing relatively few individual staff members and managers. I selected cases from the pool of 105 stores using purposive sampling between 2014 and February 2015 (Cooper & Schindler, 2003; Coyne, 1997). Initially, I quantitatively identified exceptional performance over a five-year period from December 2010 to November 2014. This five-year period allowed me to smooth the effect of seasonal trends and one-off events which may create fluctuations in performance data. I followed the approach taken by Mertens, Recker, Kohlborn, et al. (2016) to identify exceptional performance. Namely, the case organisation defined the measures taken to reflect exceptional performance. Mertens, Recker, Kohlborn, et al.'s (2016) method begins with explaining the concept of positive deviance to the case organisation and asking them to define what exceptional performance (and positive deviance) means in their organisation. The presentation I used to facilitate this session is provided in Appendix 9.1.

Allowing the case organisation to help define what the theoretical construct of positive deviance meant in practical terms, subject to academic verification that the measures are robust, is methodologically important for achieving engaged scholarship in three ways. First, positive deviance, as a concept, requires that the definition of exceptional performance is context specific to the actors involved (Pascale et al., 2010). That is, positive deviance cannot be meaningfully externally imposed by those outside the change context; including me as the researcher (Pascale et al., 2010). Achieving relevance thus

necessitated case involvement. However, as the researcher, I can and did, ensure that the data associated with the chosen measures was sufficiently robust to use for academic purposes. Specifically, a number of measures for each performance area (trade and retail) were proposed and analysed for suitability. The entire list of measures examined for this purpose are listed in Appendix 9.2.

Second, what the case organisation considers markers of excellence may not align with what I, as the researcher, consider quintessential markers of excellence with reference to organisational science literature. Thus, the research may not have achieved relevance had I imposed my own measures of external performance rather than involving the case in problem formulation and operationalisation. Third, engaged scholarship guidelines state that involving practitioners in problem formulation is a necessary criterion for achieving engaged scholarship and that relevance and engagement cannot meaningfully be achieved without this involvement (Van de Ven, 2007). In addition, case collaboration helped to build case rigor through team-based research as advocated in Dube and Pare's (2003) guidelines for case work.

The case organisation selected two dimensions on which stores could achieve positively deviant performance in recognition of the fact that the franchise has two distinct business aspects (retail and trade) on which franchisees perform differently. Thus, a franchisee could excel in one indicator (for example, retail) and do poorly on the other (for example, trade). Performance data was therefore analysed separately for trade performance and retail performance. A list of potential metrics for each indicator was developed based on the data available in the case organisation's reporting systems (see Appendix 9.2). Each performance metric was analysed for normality then put to the case organisation for final selection. The case organisation chose three measures to reflect positively deviant trade performance and a further three measures to reflect positively deviant retail performance. Shapiro-Wilks tests and visual inspection of the data indicated that all but one of the

metrics were negatively skewed. Therefore, I transformed all metrics except percentage of loyalty transactions using Log transformations. The transformations successfully remedied the skew. The measures and their corresponding definitions are shown in Table 10.

Descriptive data and histograms are provided in Appendix 9.3 and Appendix 9.4, respectively.

Segment	Measure	Definition
Trade	Total number of customers	The average number of trade customers who transact at a given store each month.
Trade	Gross volume sold	The average gross volume in paint each month transacted by a given store.
Trade	Gross accessory volume	The average gross value of non-corporate stock (accessories) each month transacted by a given store.
Retail	Total retail revenue	The yearly average amount of sales to retail customers for the given store.
Retail	Average retail transaction value	The yearly average value of goods sold per retail transaction for the given store.
Retail	Percentage of loyalty transactions	The yearly average of the percentage of retail transactions that are conducted by loyalty club members for the given store.

Table 10: Positive deviance performance measures

Following Mertens, Recker, Kohlborn, et al. (2016), I next identified stores scoring above a 95% confidence interval on all selected metrics within a given performance dimension. Like Mertens, Recker, Kohlborn, et al (2016), I removed stores with unreliable or invalid data or significant historical events (eg. a move, change in ownership) that were not adequately controlled for by the five-year dataset. This resulted in 14 stores being removed from the

study. Lastly, and again, following Mertens, Recker, Kohlborn, et al (2016), I identified contextually comparable control stores with average to low performance. Control stores were chosen by matching positively deviant stores to stores with average to low performance on variables which may reasonably be expected to influence performance. Examples of contextual variables include store location, local demographic, store size and product range offered by the positively deviant and the average performing stores. The full list of contextual variables considered are provided in Appendix 9.5. I followed the technique used by Mertens, Recker, Kohlborn, et al (2016) to gather this contextual data; using a store survey. The survey was distributed to the franchisor; with a completed example provided in Appendix 9.6, and ratified against the franchisee database. Contextual variables were correlated with the chosen performance measures to determine whether the variables were associated with performance metrics (see Appendix 9.7 for trade correlations and Appendix 9.8 for retail correlations). The final case selection comprised six positively deviant cases (two for each performance dimension) and six control cases located across four different Australian States as shown in Figure 11.



Figure 11: Geographic dispersion of case stores

4.3.2 Data collection

My approach to data collection drew on a number of sources and comprised a mix of qualitative and quantitative data, following Dube and Pare's (2003) guidelines for good positivistic exploratory case design. I collected my data over a nine-month period between December 2014 and August 2015. First, I obtained a robust understanding of institutional norms applicable to the case franchisor such that I could later judge behaviours as complying with or deviating from institutional norms. Gaining a robust understanding of institutional norms was important from an engaged scholarship perspective, to ensure the study remained relevant, robust and truthful to the organisation. I obtained this knowledge in a variety of ways as summarised in Table 11. Namely, I first collected and analysed institutional documents to understand formalised norms, stemming from regulative and normative pillars, with which cases are expected to comply. Second, I refined and tested my understanding of formalised institutional norms during a series of interviews with five franchisor business development managers (BDMs). BDMs are experts in the franchise's institutional norms; tasked with operational monitoring and support of franchisees against these norms. Namely, they are responsible for working with owners and staff to agree business plans, monitor store performance, coach store improvement, perform compliance audits, pass down requests for central initiative implementation, collect learnings from stores and help boost performance and/or adjust behaviour when deemed necessary. Assessing my knowledge against organisational experts helped ensure my research achieved validity, relevance and impact from an engaged scholarship perspective (Van de Ven, 2007). Third, I used my knowledge of institutionalised norms to develop an interview and observation protocol to guide data collection. Both Kirsch (2004) and Dube and Pare (2003) recommend the use of observation protocols to boost case rigor. Fourth, I tested and refined the protocol during a one day pilot study conducted in December 2014. Pilot studies are also recommended by Dube and Pare (2003) to increase

case rigor. The refined protocol is provided in Appendix 9.9. Finally, Dube and Pare (2003) suggest that team-based research increases case rigor; and as such two researchers jointly performed the pilot study, in a case outside the selected 12 cases.

Method	Time Period	Purpose
Performance data	December 2014 – February 2015	Enable statistical analysis and identification of cases with positively deviant performance.
Document analysis	December 2014 – February 2015	Identify technical and formal institutional norms to develop interview and observation protocol.
SME interviews	December 2014 – February 2015	Clarify understanding of institutional norms to develop interview and observation protocol.
Pilot observation	December 2014	Test and refine observation protocol.
Pilot interviews	December 2014	Test and refine interview protocol.
Case interviews	June 2015 – August 2015	Exploratory study to identify positively deviant behaviours.
Case observations	June 2015 – August 2015	Exploratory study to identify positively deviant behaviours.

Table 11: Data collection methods

When my approach to data collection was appropriately robust, I performed case observations between June 2015 and August 2015; spending one day at each case; using the interview and observation protocol developed in the pilot study (see Appendix 9.9). I performed ad hoc interviews throughout the day with rostered case employees to clarify and increase understanding; ranging from 10 minutes to 2 hours. Ad hoc interviews allowed me to maintain a flexible and opportunistic process; which Dube and Pare (2003)

state is important for case rigor. Dube and Pare (2003) also recommend team-based research to boost case rigor; and as such two researchers performed the first two cases together. Subsequent observations were done solely due to resource constraints. Of these observations, I performed eight cases and a second researcher performed the remaining two. Following Mertens, Recker, Kummer, et al. (2016), I chose to conduct all observations double blind such that neither the researcher nor the store knew whether performance was average or exceptional. I explained the study to stores as an initiative to identify different ways of working that might be valuable to other stores within their franchise; and did not mention norms or deviance. This framing minimised guarding behaviours associated with rule breaking and wrong doing while promoting a collaborative win-win environment. This decision was important for academic rigor and overweighed any reduction in engagement which may have stemmed from these particular participants being unaware of the research objective. I took extensive hand written notes during observations and interviews and wrote them up immediately after observation. Dube and Pare (2003) posit field notes are an important component of achieving case rigor. In total, I performed 12 cases and 56 interviews resulting in 69 pages of transcribed field notes.

4.3.3 Data analysis

My analysis comprised four main steps, each of which I discuss in detail below:

- 1) I began my analysis by seeking evidence for deviant behaviours amongst my cases against established organisational norms.
- 2) Having established that deviance did exist, I then sought to expand on patterns of deviance. Specifically, I looked to see whether the motivations underlying deviant behaviours differed; in terms of institutional agency.
- 3) I then attempted to ascertain patterns with respect to the formality of norms.

- 4) Lastly, I examined whether differences in institutional agency and norm formality of deviants could be linked to performance outcomes and/or the frequency with which deviance occurred.

4.3.3.1 Examining evidence for deviant behaviours

Examining evidence for deviant behaviours requires that observational data be compared against institutional norms relevant to the case organisation. This requirement has several implications. First, the coder had to possess intimate knowledge of the case organisation's institutional norms in order to separate deviance from compliance. Second, as deviance can be from formal and informal institutional norms, the coder had to be able to recognise and categorise whether identified institutional norms were formal or informal. Third, data analysis was intimately related to the coder and could not be objectively separated.

Fourth, the task of the coder was to establish whether deviance existed and, if so, whether different types of deviance existed (formal and informal). As deviance is judged against an institutional normative standard for behaviour rather than an underlying theoretical framework; this task (from a theoretical perspective) did not require development of deviance themes over and above the division between formal and informal deviance.

However, developing meaning and deviance themes was important from an engaged scholarship perspective to ensure that the research was relevant to practitioners and not just academics. Put differently, the case organisation cared about the various themes of deviant behaviour in their organisation. I chose to balance these needs by modifying the line-by-line approach to open coding put forward by Charmaz (2003). Her approach begins with thoroughly coding cases into open codes before returning to develop focussed codes; analogous to axial coding in Strauss and Corbin's (1990) approach. I used the first stage of open coding to also assign my division between formal and informal norms; meeting my need to establish whether deviance existed and, if so, whether different types of deviance formality existed. I then used focussed coding to group open codes into themes which

would be meaningful for the organisation; thereby meeting my need for engaged scholarship by ensuring my research held practical value and not just academic value. I captured my analysis in a rudimentary codebook, as recommended by Dube and Pare (2003) to boost case rigor, using Excel (see Appendix 9.10). I explain this process in more detail below.

First, I reviewed field notes line-by-line to identify behaviour which violated institutional norms. I captured the identified deviant behaviour in an Excel spreadsheet, recording the quote and/or observation from which this identification was made along with the case in which it was observed. Next, I assigned an open code to the identified behaviour which aimed to capture the essence of the behaviour from an engaged scholarship perspective. I then assigned norm formality (formal or informal) which was important from a theoretical perspective. I performed this process iteratively, beginning with my first observed store to itemise all deviant behaviours observed in that store. I repeated this process for each subsequent store. Once complete, I consolidated duplicate deviant behaviours through cross-case analysis; being sure to retain which store/s the behaviours were observed in. This process resulted in 286 deviant behaviours being identified. Finally, I returned to my coding and used focussed coding to group the 286 behaviours identified in open coding into similar themes. As mentioned, this was important for the case organisation from an engaged scholarship perspective; but surplus to my own academic requirements. This process resulted in nine deviance themes emerging from the data.

I provide an illustrated example of this coding process taken from my data below in Figure 12 to make the data analysis process more transparent to the reader. Similarly, the corresponding coding database excerpt is provided in Appendix 9.10. Providing the reader with this data analysis transparency is important for case rigor (Dube & Pare, 2003). I analysed and recorded the remainder of my data in the manner exemplified below.

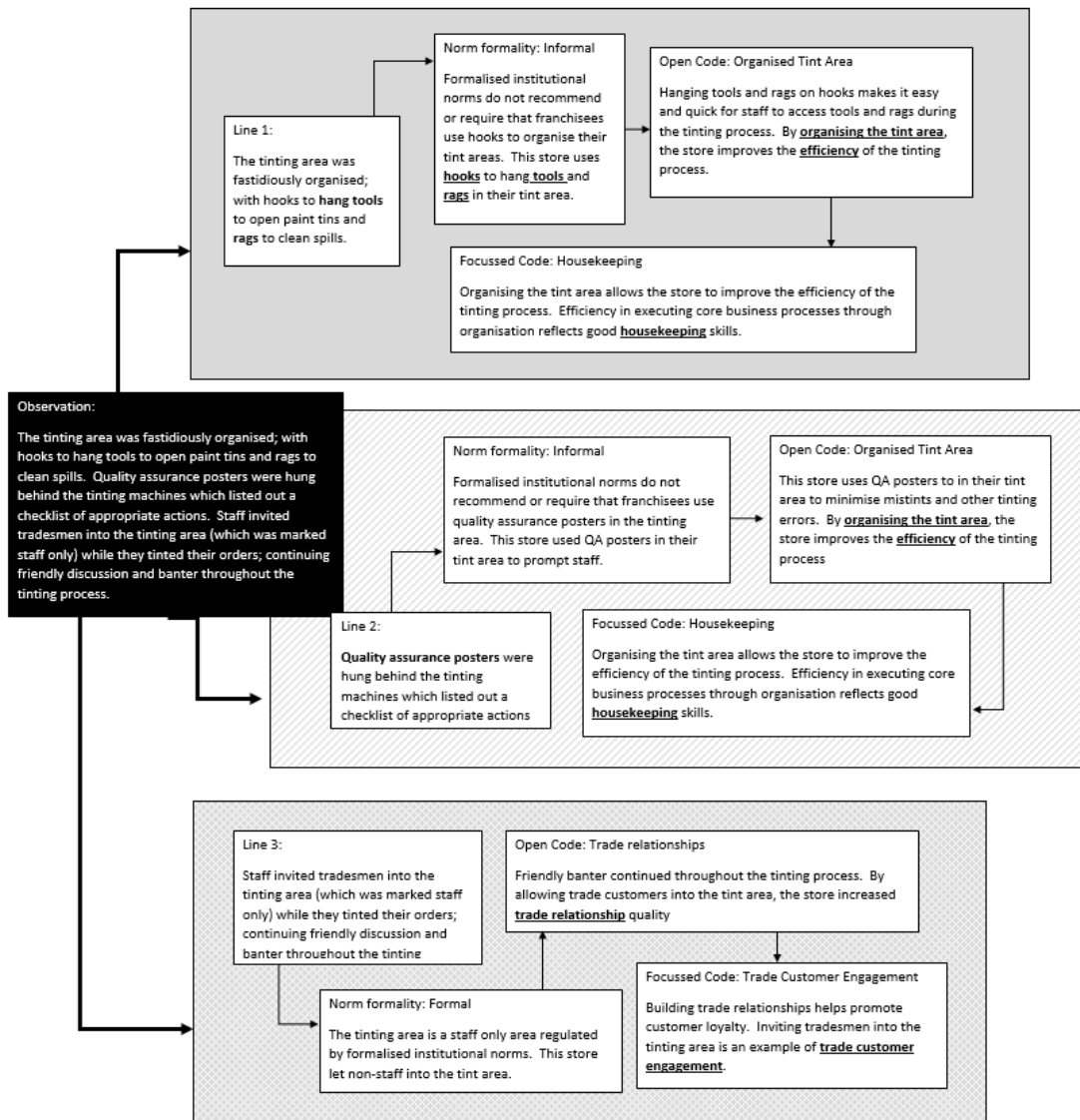


Figure 12: Deviant behaviour coding process with illustrations

4.3.3.2 Examining evidence for institutional agency

Next, I sought evidence for my construct of institutional agency; being agency that helps achieve the organisation's goals. Institutional agency thus involves a determination as to whether the franchisee identifies with the franchisor as the reference group; or identifies with another reference group such as the franchisee itself. Dube and Pare (2003) suggest that quotes and field notes are a valuable form of data analysis in rigorous positivistic case study; and hence I sought evidence for institutional agency using these sources. Namely, I used text analysis of interview notes to extract quotes which could reveal whether franchisee deviance was bounded by concerns for protecting franchisor interests or was performed without regard to franchisor interests. While evidence could arguably be inferred from observations, I felt this was a less direct means of analysis and chose to restrict my analysis to quotes. Similar to my analysis of deviant behaviours, I approached my data line-by-line to create a list of quotes which addressed the motivation for deviance and/or the franchisor/franchisee relationship. I then assigned an open code to each quote which I felt captured the basis on which the franchisee could be seen to identify (or fail to identify) with the franchisor. This process was appropriate because actors can usually discursively specify reasons for their agency (behaviour); but not necessarily the motivation which underpins these reasons (Giddens, 1984, p. 6). Hence, motivations regarding agency benefit from more inferential analysis.

My analysis process suggested that institutional agency appears to be a continuum with extremes of high and low institutional agency; based on the extent franchisees use their agency in a means which identifies with the franchisor. Institutional agency thus differs from the conventional positive deviance term of "reference group" which refers simply to the group from which positive deviance is judged. For example, the same behaviour may be considered positive if the reference group is the employee but may be considered negative if the reference group is the organisation; owing to the potentiality that different

reference groups have different interests. Institutional agency is agency that furthers the institution's goals. In terms of my research, then, institutional agency defines positive performance relative to the *franchisor* as the reference group. As franchisors and franchisees may have uncommon interests, institutional agency will be in the best interest of the franchisor but may not be in the best interest of the franchisor *and* the franchisee. Demonstration of a high level of institutional agency requires the franchisee identifies with the franchisor as the reference group. However, institutional agency goes beyond reference group to further require that the franchisee exercises their agency in the franchisor interests; such that when faced with conflicting interests the franchisee would exercise agency in preference to franchisor than franchisee interests. A franchisee which identifies with, and holds positive regard for, the franchisor will demonstrate low institutional agency if they do not exercise their agency to promote franchisor interests. I took care throughout my analysis to demonstrate rigor. Namely, I performed all coding using a blind approach, such that the positive deviance status of each case was unknown, so that my analysis would not be biased by exceptional performance. I also captured my analysis in a rudimentary codebook, as recommended by Dube and Pare (2003) to boost case rigor, using Excel. Lastly, I provide the reader with data analysis transparency (Dube & Pare, 2003) by including an illustrated example of my coding process taken from real data. This example is provided in Figure 13. The remainder of my data was analysed and recorded in the same manner.

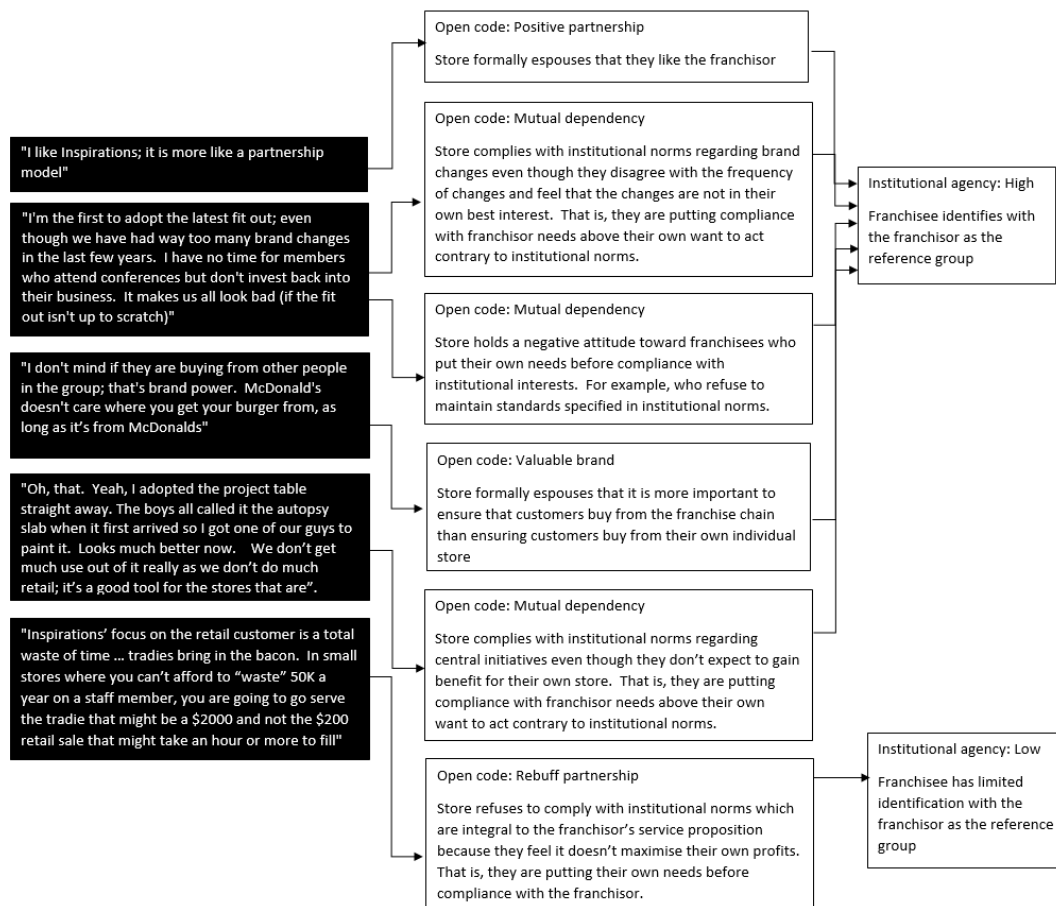


Figure 13: Institutional agency coding process with illustrations

4.3.3.3 Examining evidence for norm breaking patterns

Next, I looked to see whether there were any patterns with respect to the formality of norms broken by different stores. Specifically, I returned to my initial coding of norm formality and looked at the proportion of formal to informal deviance for each store. This allowed me to determine that different stores had notably different patterns in the ratio of formal/informal norms. That is, it allowed me to determine whether stores demonstrated a greater tendency to deviate from formal norms and/or informal norms. Institutional theory posits that individuals possess an underlying isomorphic predisposition to action (otherwise known as a cognitive schema) (Scott, 2008). Hence, I extended my line of inquiry to determine whether these patterns might be reflective of such an underlying isomorphic predisposition to action. Specifically, I wanted to know whether stores differed

in their cognitive schema with respect to compliance with norms of varying formality. This exercise surpassed a mere examination of the types of norms stores broke to include an attitudinal assessment concerning 1) whether it is acceptable to break formal and/or informal norms as well as 2) conscious awareness of whether deviants perceive their deviant behaviour as deviance. I followed a similar approach to that I used to infer institutional agency, by unpacking behavioural deviance on both of these dimensions. This was done by systematically working through the deviant behaviours identified from quotes in my earlier analysis of deviant behaviours. Using quotes to ascertain cognitive schema has precedence in academic literature. For example, Arzensek (2011) use quotes to ascertain cognitive schema under a framework of micro-level Institutional Theory. Deviant behaviours identified through observation were excluded from this process because I did not have cognitive data with which I could infer cognitive schema. I provide an illustrated example of this process in Figure 14. Finally, I further extended my line of inquiry to see whether the types of norms stores broke correlated with institutional agency in a meaningful way; using my above empirically-derived classification of high and low institutional agency.

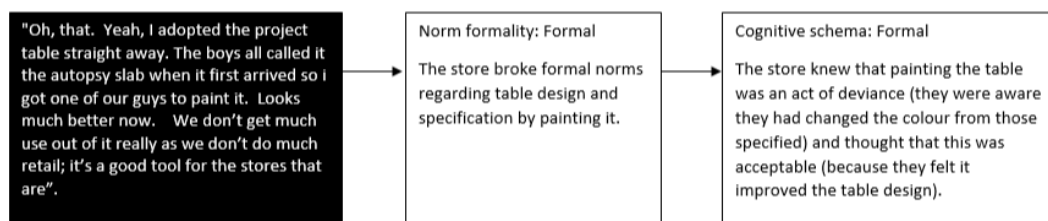


Figure 14: Cognitive schema coding process with illustrations

4.3.3.4 Examining evidence for linkage between deviance and performance

Next, I sought to determine whether institutional agency and/or norm formality could be linked to positively deviant performance outcomes, positively deviant behaviours and/or the frequency with which deviant behaviours occurred. To do this, first, I revealed the positive deviance status of each case, based on my earlier analysis of quantitative

performance data, with which I used to initially identify stores with positively deviant performance. This allowed pattern matching to determine whether stores with varying institutional agency outperformed one another on the chosen performance dimensions. Likewise, it allowed me to see whether stores that predominately broke informal or formal norms achieved different outcomes on the chosen performance measures. Second, I analysed the set of deviant behaviours identified in the first phase to determine whether observed deviant behaviours could differentiate between stores with positively deviant and average performance; and whether specific behaviours differed between positively deviant stores with different institutional agency. 108 behaviours common to positively deviant and average stores were removed as differentiators; leaving 178 behaviours uniquely associated with stores with positively deviant performance.

4.4 Findings and Interpretation

4.4.1 Evidence for deviant behaviours

I start by illustrating the range and type of deviant behaviours I observed. At the outset, I found evidence that deviance is widespread in franchisees; all franchisees engaged in some form of deviance. For example, in the cases I examined, I identified 286 unique behaviours which deviated from institutional norms; of which 172 breached informal norms and 114 breached formalised norms. When I inspected these behaviours, I found that they grouped into nine common themes of deviance. Classifications of deviant behaviours into common themes was not required for academic purposes (as explained in Section 4.3.3.1).

Classifications were performed to ensure that the research was relevant and impactful to the case organisation; a requirement for fulfilment of engaged scholarship (Van de Ven, 2007). Table 12 gives examples of formal and informal deviant behaviours grouped into themes. More detail on each theme is provided in Appendix 9.11.

	Formal norms	Informal norms
Growth strategy	Creating store-level KPIs over and above contractual KPIs.	Using store resources to assist trade customers to quote jobs.
Central initiative adoption	Advertising locally without using central campaigns and campaign funds.	Liaising with suppliers to augment project table launch with interactive customer activities.
Housekeeping	Immediately rotating stock when it is sold to prevent spoilage.	Augmenting stock processing areas with check-lists to reduce mistints and quality errors.
Technical adherence	Performing price overrides from mandated pricing policies without approval.	Telephoning customers to secure tradeshow sales (using tradeshow) discounts prior to the tradeshow.
Networking & information sharing	Using supplier contacts to work out how to legally circumvent discount policies.	Hiring a consultant to perform an independent performance review.
Management style	Accompanying franchise-appointed salesperson on sales calls.	Daily agile meetings to plan targets and strategy.
Stock uptake, upsell & innovation	Branching into non- paint homewares.	Point-of-sale impulse upsell displays.
Trade customer engagement	Serving trade customers before advertised opening hours.	Installing a TV behind the counter to assist with queue management.

	Formal norms	Informal norms
Retail customer engagement	Using floor stock to stain customer samples prior to purchase.	Creating inspirational project books based on popular DIY shows.

Table 12: Thematic examples of observed deviant behaviours

4.4.2 Evidence for institutional agency

Consistent with Institutional Theory, the noted high prevalence of deviance suggests that actors do indeed possess agency. That is, actors play a proactive role in both the creation, evolution and continuation of institutional norms through their choice to adhere to or deviate from institutional norms. Also consistent with agency, the extent of deviance varied across stores with some stores engaging in as little as 70 deviant behaviours and others in excess of 200. Thus, some stores are more influential in shaping their environmental and institutional norms than others. Furthermore, I found evidence that not all deviance stemmed from a desire to help the larger franchise organisation achieve its goals; some would occasionally sacrifice the success of the larger organisation if it helped the franchisee to be more successful while others showed more loyalty to major suppliers than to the franchisor. This means that while all actors possessed agency, not all exercised institutional agency: positive action that helps the organisation to achieve its goals. For example, one of the observed stores sold homewares to boost revenue. This act of deviance helped the individual franchisee to be more successful but is not in the interests of the overall franchisor who needs to maintain a consistent, structured and defined product scope. Selling homewares, then, is an example of agency but is not an example of institutional agency.

I found that stores could be broadly classified as possessing high or low institutional agency depending on their attitude toward the drivers for deviance; with 6 of my cases possessing high institutional agency and 6 possessing low institutional agency. When inspecting stores

with high institutional agency, I uncovered that they held the franchisor's best interests in the forefront of their minds when enacting deviance. In positive deviance terms, the reference group, which defines the set of norms from which an individual deviates, is the franchisor; and the noted deviances are positive in so far as they are intended to benefit the reference group. Cases espoused an extremely positive view of the franchisor and saw many benefits from membership.

"We joined [franchisor] because it is the market leader and has really good systems. It [the franchisor] doesn't restrict our business at all; they give us the tools to run with and it is a good system. Some of our members don't get that; they just expect that a central initiative will bring people through the door. It is our job to make it work; they are giving us the materials to complement what we are already doing. So theoretically the business is a template; but if you do it well the business becomes you."

Thus, stores with high institutional agency identified positively with the franchisor.

Moreover, these stores viewed the franchise system as a close interdependent network of mutual success characterised by cooperation rather than competition.

"I am happy for customers to shop at any of the [franchise] stores; as long as one of our stores gets the sale. McDonalds doesn't care what stores you buy your hamburger from as long as it is from McDonalds. We are no different. If I can't meet a customer's demand, I will send them to the nearest [franchise] store and give the guys a call to let them know to expect them. I don't see us as separate stores; we are one store even though we are all owned by different people and have different KPIs."

Adopting an attitude of cooperation rather than competition creates an alignment of interests between the franchisor and franchisee. That is, behaviour that benefits the franchisor will in turn benefit the franchisee due to commonality of interests.

My data also suggests that these stores tended to view institutional norms as a broad framework for doing business; within which each store had a responsibility to improve and

innovate. Ultimate success therefore rested with the store itself; with the franchisor providing the tools to success. High agency stores emphasised the need not to harm the overall franchise brand when innovating and to, wherever possible, share innovations to the betterment of the group.

“I don’t agree with [franchisor’s] selling proposition; it is based on service and quality whereas I think we need to compete more on price. My customers are very price sensitive and our club loyalty price shouldn’t be market price; it should be lower than market price. I sit on the Franchise Advisory Council and am working with Head Office to try and change this. However, I would never say how I feel to other members as I don’t want to start discord or harm the brand. Our store does well and people look to us as an example and it is important that we are all team players. In the meantime, we opt not to use the [franchise] catalogues because they advertise price and do a little bit of local advertising; but not very much as it is against the rules.”

Like cooperative attitudes, sharing innovations with the franchisor and avoiding brand damage is evidence of a win-win attitude toward franchise membership and an alignment of common interests.

Stores with low institutional agency adopted a reference group other than the franchise; which may, for example, be the individual franchise store. As the reference group is not the franchisor and its corresponding set of institutional norms, deviance from said norms is not considered problematic for low agency stores. That is, they have not identified with and adopted institutional norms as their guiding framework against which deviance (positive or negative) is judged. The alternate reference group is commonly the individual store, given the business domain, but may be any alternate identifying reference. In more specific terms, low institutional agency stores held a more negative view of the franchisor; with deviance from institutional norms motivated by more individual factors than institutional factors. Such stores openly acknowledged a need to breach institutional

norms and would do so at the cost of the organisation if individual benefit could be gained with little to no respect of sanctions.

"You have to break the rules to survive; you can't survive otherwise. I do whatever I need to do to get the job and the sale; and fight with [franchisor] afterward. [Franchise] representatives are hopeless and, if anything, they need us to do well and not the other way around. [Franchisor's] selling proposition is a total waste of time; we are supposed to focus on retail instead of trade but trade brings in the bacon. I tell my staff to ignore retail customers and got a sanction the other day; I don't care ... I don't feel any loyalty at all to [franchisor]."

Often viewing institutional norms as barriers to overcome, low institutional agency stores held an "us versus them" perspective. Low agency stores were much less likely to interact with other stores; viewing other members more like competition than cooperation.

"Stores in [my region] are competitive; they all fight with one another and do anything to undercut one another. No-one shares information; either formally through the Franchise Advisory Council or informally either. They see each other as competition and don't think there is anything to learn by talking to other stores. So when I joined the group, I had to reach out to stores in other States for mentorship and ideas on how to build a successful business."

In addition to finding that stores differed in terms of their reference group and underlying motivation for deviance, I also found evidence that the frequency of deviant behaviours differed with reference group and underlying motivation for deviance. Namely, actors with high institutional agency engaged in almost threefold more deviant behaviours than those with low institutional agency. Specifically, I observed low and high institutional agency stores collectively breach 112 and 292 institutional norms, respectively. This averages to 48.67 behaviours per store with high institutional agency versus 18.67 behaviours per store with low institutional agency (see Table 13). This observation is consistent with the

observation that stores with high institutional agency are actively seeking to exercise agency for the betterment of the franchise and therefore are more inclined to engage in deviant behaviours; all other factors being equal. Put differently, institutional agency is not synonymous with reference group, in that institutional agency not only requires identification with the franchisor but requires agency.

Institutional agency	Number of cases observed	Number of deviant behaviours	Average behaviours/store
High Institutional Agency	6	292	48.67
Low Institutional Agency	6	112	18.67

Table 13: Frequency of behavioural deviance associated with high and low institutional agency

4.4.3 Evidence for norm breaking patterns

Differences in store tendency to break norms of varying formality reflect an underlying isomorphic predisposition to action; captured in cognitive schema. Specifically, Institutional Theory posits that individuals possess a unique cognitive schema which determines how they interpret and enact formal norms and how informal norms are created which guide behaviour in the absence of formal norms (Scott, 2008). Cognitive schemas arise from the cultural-cognitive pillar, and translate to action in so far as it creates an underlying isomorphic cognitive disposition for action (Scott, 2008). Hence, one must examine both the cognitive schema (what stores say) as well as what stores do (the type of deviant behaviours stores engage in) in order to fully understand norm breaking patterns. When looking at the schema itself, it is important to consider attitudes concerning 1) whether it is acceptable to break formal and/or informal norms as well as 2) conscious awareness of whether deviants perceive their deviant behaviour as deviance. Hence, my evidence marries the types of norms each store break with their espoused attitudes toward formal and informal deviance by using quote analysis. Using quotes to ascertain cognitive schema has precedence in organisational science. For example,

Arzensek (2011) uses quotes to ascertain cognitive schema under a framework of micro-level Institutional Theory.

My analysis suggests that stores can be broadly categorised into a tendency toward either formal or informal deviance. An example of formal deviance is a store who discounts outside the authorised price range for products. An example of informal deviance is a store who assists their trade customers to develop bids for large trade projects with the hope of subsequently securing paint supply for successful bids. Stores with a tendency toward engaging in acts of formal deviance saw informal and formal deviance as acceptable; while those with a tendency toward engaging in more informal forms of deviance saw formal deviance as unacceptable. Moreover, those that espoused formal rule breaking as an unacceptable practice often did not view informal deviance as deviance. Hence, while these stores did in actuality engage in a high degree of deviance, they viewed themselves as fully compliant and were ignorant as to their deviant status. This lack of conscious perception was attributable to the fact that most deviance related to informal norms designed to fill voids in the formal norm set *or* behavioural manifestations of varying interpretations of formal norms. In one very clear example, staff in one of the stores believed that the franchisor provided the basic tools and support for franchisees to build and grow a successful business; but that ultimate responsibility for making a successful business rested with the franchisee. Thus, formal norms were seen as the ground rules within which the franchisee should and must innovate within the spectrum of informal norms; or the voids between formal norms. Following this proposition, the store viewed central initiatives as a tool they could utilise to attract customers and improve sales. Take the example of project tables. Project tables are a central retail initiative aimed at providing a space where retail customers can decide on colour schemes and trial colours by brushing out paint samples onto colour-neutral boards; which they can then take home and make colour choices. When the franchisor launched the concept of project tables and

asked franchisees to adopt the initiative, the store complied with this formal requirement to purchase and install a project table; complete with drawing paper, overhead lighting and stools. However, the store also developed special project books, displays and retail events to be held at the table in order to make their investment work. When asked about their behaviour, the store didn't believe they were doing anything different to the other stores; they were simply doing what was expected. This cognitive outlook allowed the store to view their informal deviance as compliance while in actual fact the behaviour was deviant. In contrast, stores with a schema supportive of formal deviance were very conscious that they were, in fact, deviating. Deviance was thus premeditated and purposeful under the belief that rules were meant to be broken. I return to the example of project tables to illustrate this point. Namely, when the franchisor launched project tables, the store in question complied with the formal requirement to purchase and install a project table. However, the store broke formal requirements concerning table construction and table fit-out. Namely, the store implemented a non-specification table of a different size and colour to the prescribed table. Moreover, they removed the drawing paper rolls fitted to the underside of the table and instead provided alternate paper mounted on the table top itself. When asked about their behaviour, the store was both aware they had broken formal requirements and was proud they had done so because they believed their design bettered the original. This cognitive outlook allowed the store to view their deviance as justified and appropriate because it improved formal norms provided by the franchisor.

4.4.4 Evidence for linkage between deviance and performance

I noticed throughout my analysis that varying combinations of agency and cognitive schema resulted in markedly different store behaviour and ethos. For example, stores with high institutional agency and an informal cognitive schema tended to behave in common ways to one another and espoused similar views toward deviance. Likewise, stores with high institutional agency and a tendency toward formal deviance were similar to one

another; but different from those with an informal schema. After revealing the performance status of each store, I further noticed that store performance on my chosen outcome measures also seemed to be clustered around these attributes; with positively deviant performance being more common in some combinations than others. I therefore present four case vignettes, each typifying combinational cases of institutional agency and cognitive schema, before going on to reveal the performance status of stores possessing each combination.

The behavioural and ethos differences associated with different combinations of institutional agency and cognitive schema are related to, but are not, organisational culture. Organisational culture is an abstraction which refers to a range of organisational characteristics operating at multiple, interconnected, levels both within and outside the organisation (Brown, 1998; Kummerow & Kirby, 2014; Schein, 2010). As an abstraction of complex, multi-level phenomenon, culture is related to, and is reflected in, numerous constructs: such as observed behavioural regularities when people interact, group norms, espoused values, formal philosophy, rules of the game, climate, embedded skills, habits of thinking, mental models and/or linguistic paradigms, shared meanings, root metaphors or integrating symbols and formal rituals and celebrations (Schein, 2010). These constructs collectively comprise the manifestation of and influence of organisational culture, however, none of the constructs individually can rightfully be considered the “culture” of the organisation (Schein, 2010). Institutional agency and cognitive schema similarly reflect, and are reflected in, constructs which comprise, but do not constitute, organisational culture. See Section 2.3.4 for a fuller discussion of the relationship between culture, institutional agency and cognitive schema.

Vignette 1: High institutional agency store with an informal cognitive schema

Case 1 was noticeably different to most of the other stores; apparent as soon as one entered the store. Namely, Case 1 met and exceeded the formal institutional norms for

store layout and design; displaying attention to detail and careful design thought aimed at increasing the customer experience and sales potential. For example, the store had built a large deck within the retail area and had stained the deck using several different staining products; enabling customers to see the different colours and finishes. Each section was clearly labelled with the staining product; and the corresponding product was stacked on shelves behind the deck. Contrast this with other stores who showcased staining products using standard offcuts, issued by the product suppliers, mounted on demonstration boards; with corresponding products positioned away from the samples. Similarly, the store had a project table fulfilling mandated size and design requirements. However, the store had augmented the table with books filled with clippings from popular DIY shows, such as the Block, to capitalise on current trends and customer interest. The books were open on the table to catch customer's eyes; and were tabulated by rooms (such as kitchen ideas, nursery ideas and so on). The store had also had a large "colour of the month" stand prominently placed on the table accompanied by a range of samples and design ideas; complete with accessories that would enable the customer to complete the project. Active use of the project table in these ways was particularly noticeable; as no other store combinations which I observed used their project tables and instead viewed the project tables as white elephants. Together, these innovations gave the store a very retail feel; more akin to a homewards store than a paint retailer. The point of sales experience was also carefully designed to maximise customer experience and enhance sales. For instance, the store had implemented several television screens above the counter to keep customers occupied during rush times; when paint orders can take a substantial time to fill and customers can become disgruntled. Staff were trained to specifically welcome and address customers upon arrival to the store and would point them to merchandise and/or promotional stands (an act that in itself was informal deviance) that could occupy their attention while waiting to be served. This behaviour was notably different to most other stores; which did not

possess promotional stands and would commonly only welcome customers when they reached the front of the queue. Soft, ambient music played throughout the store and customer amenities such as snacks and water were provided in consultancy areas where customers were expected and encouraged to linger. Notably, all the deviant behaviours observed were from informal norms; with formal norms fully complied with. Case 1 did everything that the franchisor stated they must; they simply did it better than everyone else.

Informal deviance was so integrated into the store's cognitive schema that it was viewed as necessary, expected and a form of compliance. Hence, while informal deviance was intentional and specifically designed to improve performance, the store did not view their innovations as exceptional or even as deviance. Instead, they saw informal norms as an opportunity to innovate within the confines of regulative and normative rules; underpinned by high institutional agency. The store belonged to the Franchise Advisory Council (FAC); a group of franchisees who represent the wider group to the franchisor. The purpose of the FAC is to advocate franchisee interests and share learnings that can benefit the group. The position is unpaid and takes considerable time from participants to liaise with other stores; and therefore the store incurs an indirect cost to participate. The store sat on the FAC because the owner firmly believed that individual store success depends on group success; and that the entire brand must be strong and successful. The store acknowledged that they financially outperformed most other stores; and wished to share their success with other members. This included not only their investment in the FAC but mentoring new and existing owners, trialling central initiatives before group roll-out and investing in central initiatives, conferences and advertising funds. Behaviour that threatened the group or its welfare was inherently viewed as a threat to individual performance; and was therefore not seen as a viable business action.

Four stores in our analysis were typical of Vignette 1; possessing high institutional agency and an informal cognitive schema. Case 1 possessed positively deviant performance on all chosen performance measures. Moreover, all other stores in my analysis which had high institutional agency and an informal cognitive schema possessed positively deviant performance on at least one of the chosen performance measures.

Vignette 2: High institutional agency store with a formal cognitive schema

Case 2 possessed high institutional agency with a formal cognitive schema. Unlike Case 1, which possessed high institutional agency with an informal cognitive schema, the store outwardly looked like any other franchise store upon first inspection. There were no obvious signs of formal or informal normative breaches. The store layout, branding and product lines met regulations; neither exceeding or falling short of formal regulations. The only small signs of non-compliance were that the project table had been painted a dark grey instead of the standard issue silver (done because the store thought it was more aesthetically pleasing); and pavement stencils augmented the store exterior. The store was immaculately organised with all products neatly positioned and displayed, facilities clean and staff presentable.

However, observation and interviews revealed that compliance was, in many cases, superficial. Instead, the store selectively broke formal norms they thought were deficient and/or restrictive provided they believed doing so would not harm the overall brand or be noticed by customers. Formal norms they believed would result in harm to the brand if disobeyed, such as store layout and product lines, were complied with irrespective of whether the store supported these norms. For example, formal norms require stores to offer free and timely site delivery to all tradesman. This delivery method places substantial burden on stores who must deliver to strict deadlines; and deliver small piecemeal quantities as the job progresses. Deliveries are also often required at peak times which

causes staff rostering issues and increases manpower requirements above that required if workloads can be balanced to off-peak times. The owner recognised the constraints associated with site delivery and had deliberately conditioned most tradesmen to accept bulk delivery direct to the tradesmen's homes in return for bulk price discounts. The effect of swapping out the franchise's formal norm of site delivery was fourfold: the store was able to 1) manage deliveries during off peak times, 2) gain efficiencies from processing and filling larger orders, 3) move good storage from the store to the tradesman and 4) upsell accessories such as brushes during the bulk sales process. This conditioning was deliberate and intentional circumvention of formal forms; motivated by a desire to improve performance. However, this was balanced against potential brand damage; only offering the incentivised service to customers who perceived home delivery as advantageous, with traditional site delivery remaining available to all customers who preferred it. Interestingly, very few customers did, with the majority of trade accounts adopting home delivery. Stores with formal cognitive schema who did not possess high institutional agency (See Vignette 3) were not subject to this same selective control; breaching formal norms which were both obvious and noticeable to customers and therefore potentiating brand damage. This is an important difference between high and low institutional agency; high institutional agency requires that a store act in the best interests of the franchisor and thus precludes behaviours that potentiate franchisor brand damage even if it benefits the individual franchisee.

Evidence of high institutional agency and tendency to deviate from formal norms were also gained in owner interviews. The owner explicated that deviance from the business model and its institutional norms was both desirable and necessary for success: "smart operators find loopholes to circumvent rules which are holding you back". This statement was caveated with a need to comply with standards and not hurt the franchise brand; further evidence of alignment with institutional interests. The store drew heavily on networks both

within and outside the group to inform improvement opportunities and share these throughout the group. For example, the store actively networked with supplier staff and used these contacts to gain insights into how and when price discounts could be offered without sanction; whereas other stores all believed that this was a zero tolerance activity. The owner was also willing to share their own learnings and success with the entire franchise; with the explicit goal of improving the individual by improving the group. For example, the store believed that the franchise could improve some mandated practices by benchmarking against others in the industry. The store therefore engaged and funded an independent consultancy firm to research best practices; which they later shared with the entire group in the hope that the overall franchisor business model could be improved. Two of my twelve cases possessed high institutional agency with a formal cognitive schema. Case 2 did not possess positively deviant performance on the chosen performance measures. However, the other store in my analysis which was typical of Vignette 2 did possess positively deviant performance outcomes.

Vignette 3: Low institutional agency store with a formal cognitive schema

Case 3 possessed low institutional agency with a formal cognitive schema. Unlike Case 2 which possessed high institutional agency with a formal cognitive schema, the store outwardly looked different to other franchise stores upon first inspection. Namely, the store layout and design was vastly and instantly different from other stores. For instance, the exterior of the store featured a range of custom made furniture such as stools and chairs. This theme continued upon entering the store, with approximately one third of floor space dedicated to homewares and other non-standard products such as lighting and furniture. The effect of homewares was contrasted by empty accessory shelves, bereft of mandatory product lines, and core paint stock walled off behind retail areas. These outwardly obvious breaches potentiate brand damage and are evidence of low institutional agency. Namely,

franchises offer a repeatable business format and product offering so that customers experience the convenience of a repeatable experience (Szulanski & Jensen, 2008; Winter, Szulanski, Ringov, & Jensen, 2012). Substantial deviance hinders brand recognition and therefore weakens the overall brand strength (Kaufmann & Eroglu, 1999; Szulanski & Jensen, 2008). Thus, while the homeware extensions may have been favourable for the individual franchisee's sales, it is not in the interest of the overall franchisor. This is an important difference between high and low institutional agency; high institutional agency requires that a store act in the best interests of the franchisor and thus precludes behaviours that potentiate franchisor brand damage even if it benefits the individual franchisee.

Evidence of formal deviance was also observable in staff interactions with customers. For example, the franchisor has adopted a strategic priority to preference retail transactions over trade transactions; and has implemented a number of formal protocols to support this. For example, customer interactions are guided by a formalised sales protocol which includes a personalised greeting to retail customers, project tables to hold retail projects have been installed and a new slogan has been released emphasising the retail element. Case 3 rejected the notion of retail sales; believing that trade customers offer higher yield. As such, the store owner had actively directed staff to ignore retail customers if a trade customer was present. I witnessed this first hand when arriving to perform the observation; before the sales staff had been introduced to me as the researcher and had mistakenly identified me as a retail customer. Further examples ensued throughout the day, where retail customers were ignored, forced to wait and served begrudgingly with little assistance for paint sales. However, homeware sales were attended to; reflecting the higher margins associated with these product line extensions. That is, homeware sales had positive effect for the franchisee by boosting store margins but negative effect for the franchisor (by weakening brand recognition) and is therefore an act of low institutional agency.

An interesting feature of Case 3 was that the store seemed to disdain both the franchisor and other franchisees. Specifically, the owner saw no value in networking with other stores and refused to attend mandated collaborative events, such as conferences, citing them as “a waste of time when you have a business to run”. The store similarly was unafraid of franchisor sanctions, which had been received for multiple contractual breaches. Conversely, the owner seemed somewhat proud of these digressions, stating “you need to break the rules to survive; if you rely on them you’ll fail”. Two of my twelve cases possessed low institutional agency with a formal cognitive schema. Case 3 possessed positively deviant performance on the chosen performance measures. However, the other store in my analysis typical of Vignette 3 did not possess positively deviant performance outcomes.

Vignette 4: Low institutional agency store with an informal cognitive schema

Case 4 possessed low institutional agency with an informal cognitive schema. Like Case 3 which possessed low institutional agency with a formal cognitive schema, the store outwardly looked different to other franchise stores upon first inspection. This difference stemmed from the noticeably run-down store appearance; rather than a presentable but alternative store appearance. Specifically, Case 4 complied with the overall architecture for store layout and design but had implemented the design poorly. For example, stock was unkempt, many product lines were out of stock and customer counters were clean but disorderly. While the store did feature a project table, the table was bare and unutilised. Specifically, the table was used as a place to sit when talking to customers instead of a DIY forum for retail customers. Other examples include rusty stock and stock piled on the floor instead of neatly on shelves. As such, Case 4 tended to comply with formal norms and therefore was not subject to sanctions. However, Case 4 broke informal norms though the poor execution of formal norms. Case 4 therefore sits at the other extreme to Case 1; which

also breached informal norms but did so by exceeding formal norms to achieve excellent implementation. Thus, in contrast to Case 1 which had high institutional agency, Case 4 possesses low institutional agency. Namely, the substandard appearance of Case 4 creates a negative first impression of the store, and by association the franchise, and is harmful to the overall brand (low institutional agency). Case 1 creates a positive first impression of the store, and by association the franchise, and is thus beneficial to the overall brand (high institutional agency).

Upon interview, the owner's attitude matched the lacklustre appearance of the store. Namely, the owner and manager adopted apathetic attitudes toward business; and were unhappy that the store was not performing well. Poor performance seemed to perplex both the owner and the manager who claimed to follow all rules and procedures (formal norms).

As such, the owner spent considerable time monitoring sales and dashboard data.

However, the owner took no action to improve performance other than discussing the figures with their franchise representative. Similarly, the owner did not seem to recognise that their implementation of institutional norms was often substandard and enforced only when audits by the franchisor were undertaken. It therefore seemed like the owner had transferred responsibility for business outcomes to the franchisor; believing that the business model itself should deliver results. Recall Case 1 (different only by virtue of high institutional agency) who took the directly opposite viewpoint; that the business model is a starting point and the franchisee must use it to deliver results. This is also reflected in the frequency with which stores exercise their agency and break institutional norms. Namely, high institutional agency stores, like Case 1, engage in almost threefold more deviant behaviours than low institutional agency stores, like Case 4.

Four of my twelve cases possessed low institutional agency with an informal cognitive schema. Neither Case 4 or any of the other stores typical of Vignette 4 possessed positively deviant performance on the chosen performance measures.

The four vignettes mean to illustrate, broadly, four important notions that emerged from my analysis:

- 1) The combination of high institutional agency and informal cognitive schema is a good strategy for excellent performance; with all of my observed stores having positively deviant performance. Stores with this combination have a cognitive disposition which compels them to actively try to improve and innovate *within* the ground rules set by their organisation. As such, this combination complies with formal rules even if they disagree and/or view the norm as dysfunctional. For example, the case organisation has a formal agreement with their main paint supplier that the supplier employs business development managers who actively monitor and seek paint sales to fill through the franchise chain. Most franchisees rely on this formal norm for trade customer development and do not engage in additional business development activities. One of the high institutional agency/informal cognitive schema stores which I observed took a more proactive approach to business development. Namely, the store requests, and is given, a list of trade customers who buy from the supplier but do not buy from their store. This act is not prohibited by formal norms and is therefore within the informal norm space. The store manager and store owner then actively approach the trade painter, with permission from the supplier, to try to win their business. Again, approaching the trade painter is not in breach of formal covenant and is thus an act of informal deviance. Winning new business is clearly in the best interest of the franchisee. However, it is also in the best interest of the franchisor and is therefore demonstrative of high institutional agency.
- 2) The combination of high institutional agency and a formal cognitive schema can, but may not, result in exceptional performance; with one out of two observed

stores possessing positively deviant performance. Stores with this combination are compelled to better their own performance by bettering the overall business model. As such, they will consciously break formal rules if they believe the norm is dysfunctional and can be replaced by a better norm; going *outside* the ground rules set by the organisation. Stores respect formal authority but will incur a sanction in order to innovate, if required. For example, the franchisor participates in trade shows in which the main supplier enables tradesmen to buy paint at a heavily discounted trade show price. The trade show is competitive, and the orders substantial, such that trade show sales represent a significant proportion of sales for the months immediately following trade shows. Stores suffer greatly if sales are lost to competitors who also have access to trade show pricing. One high institutional agency/informal cognitive schema store developed a means by which they could secure sales before the trade show using trade show prices and eliminate the risk of losing sales to competitors at the trade show. Namely, the store used their extensive supplier contacts to find out what the trade show prices would be in advance of the trade show. They then contacted all their major customers and took sales for the trade show at these discounted prices in advance of the tradeshow. This streamlined the transaction for both the tradesmen and franchisee. In addition, the franchisor benefited because the risk of large customers defecting to other market participants at the trade show was precluded. While this behaviour clearly benefits the franchisee, it was also in the best interest of the franchisor, and is thus demonstrative of high institutional agency.

- 3) The combination of low institutional agency and a formal cognitive schema can, but may not, result in exceptional performance; with one out of two observed stores possessing positively deviant performance. Stores with this combination are compelled to better individual store performance by pursuing their own interests;

going *outside* the ground rules set by the organisation. They will break formal and informal norms if they see a personal benefit, even if this will harm the organisation. Stores are unafraid of sanctions and do not respect formal authority. For example, the case organisation formally promotes attention to retail customers because, although retail customers have smaller volumes than trade customers, the margins are much higher. Thus, growing retail business has been identified by the franchisor as a strategic priority with which franchisees are expected to comply. I observed a retail customer, carrying a small infant, seeking advice from staff at a store with low institutional agency and a formal cognitive schema. The store in question actively rejects the retail strategy on the basis that current retail volumes are inadequate to divert staff attention from trade sales. Put differently, the short-term cost of compliance lessens overall store margins. While the retail customer was in the process of getting advice from store staff, the telephone rang. The staff member excused himself to take the call while the customer waited. When the phone call was finished and the handset replaced, rather than returning to the retail customer who was still waiting at the counter, the staff member started to fill the trade order he had obtained from the telephone call. The retail customer interrupted the staff member; asking for further advice. The staff member stopped filling the trade order and answered the customer's query. However, the staff member did not turn his body around fully to face the customer (so that his back was partially turned to her) during this interaction then swiftly returned to filling the trade order. His actions were consistent with the store philosophy to prioritise trade customers and thus maximise turnover for the franchisee; but were inconsistent with prioritising retail customers as a strategic priority for margin growth. Thus, the action benefited the franchisee (with respect to short-term sales volume) but is demonstrative of low institutional agency

because the action does not benefit the franchisor (with respect to long-term margin strategy and brand image).

- 4) The combination of low institutional agency and an informal cognitive schema is not likely to result in positively deviant performance; with none of four observed stores possessing positively deviant outcomes. Stores with this combination are not compelled to better individual or organisational performance. They execute formal norms without reflection and do not innovate within the space of informal norms. As such, they see the ground rules set by the organisation as the fait accompli and will do neither more nor less than that which is explicitly specified by institutional norms. For example, the franchisor encourages franchisees to attend annual conferences as a means to facilitate interstore learning and improve the overall business model. I interviewed a low institutional agency/informal cognitive schema store about conference attendance. The store recognised that valuable learnings arise from conferences but did not attend conferences because attendance incurs a financial expense to the franchise (transport, accommodation and lost work hours) as well as a personal expense to the franchisee (vacation time that could otherwise be spent with family members). However, the franchise still obtained benefit from franchisor conferences because their business development manager debriefed the store shortly after the conference. From an economic perspective, the franchisee's behaviour is rational (allowing the franchisee to receive the benefits of conference attendance without incurring the costs of attending conferences). However, the behaviour is not advantageous to the franchisor as the franchisee has not contributed to the pool of knowledge generated at conferences and subsequently shared for franchisees for the betterment of the overall franchise. Thus, the behaviour is not in the best interests of the franchisor and is not demonstrative of high institutional agency.

4.5 Discussion

4.5.1 Implications

The results are suggestive of several things. First, high institutional agency appears extremely important for stores to achieve exceptional performance outcomes; with all but one positively deviant store possessing high institutional agency. Likewise, only one store with high institutional agency did not possess positively deviant performance. This is not to say that low institutional agency precludes exceptional performance altogether; but is simply meant to indicate a strong relationship exists between positively deviant performance and high institutional agency. The question of whether high institutional agency is synonymous with exceptional performance is explored further in Study 2.

Second, formal and informal deviance can *both* result in positively deviant performance but with differing *probabilities* depending on whether institutional agency is high or low. That is, informal cognitive schema produced positively deviant outcomes only when institutional agency was high; and poor outcomes when institutional agency was low. In contrast, formal cognitive schema could produce exceptional outcomes when institutional agency was high and low; but likewise, it could also result in average performance under both of these conditions. Therefore, there appears to be an interaction effect between cognitive schema and institutional agency; with optimal results achieved through different types of normative deviance based on institutional agency. Figure 15 provides a stylized representation of this relationship; noting that the stylisation is not a representation of empirical data or magnitude of relationship.

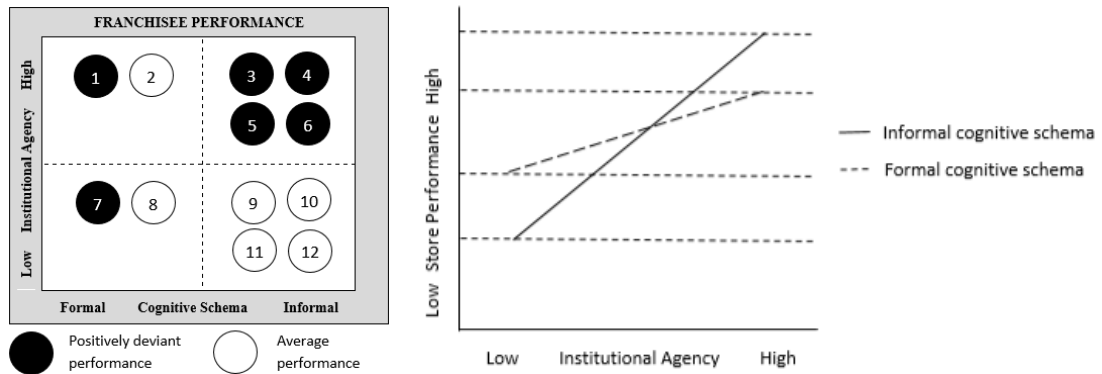


Figure 15: Stylized interaction between institutional agency and norm formality on positive performance outcomes

I argue that the theoretical reason for these results can be traced back to the inherent risk of innovation associated with the different cognitive schema; and that this risk is moderated by institutional agency. In this context, risk refers to the inherent risk associated with deviance from norms originating from the regulative, normative and cultural-cognitive pillars of Institutional Theory. Put differently, risk relates to the nature of the norm which is being broken. It does not relate to the risk attitude held by the deviant; which has its own corresponding body of literature. I expand on this argument below.

Formal cognitive schema predisposes individuals to break formal rules. Returning to Institutional Theory, formal norms stem from the regulative and normative pillar (DiMaggio & Powell, 1983; Peton & Pez , 2014; Scott, 2007, 2014). They are externally imposed on the organisation and/or actors within it; and are designed to capture and/or support regulatory rules. Breaching formal norms can therefore threaten organisational survival; carrying very negative repercussions. However, breaches may similarly result in game changing innovations that rewrite the very rules of business; having positive effect. The potentially serious implications of formal deviance mean that formal deviance is inherently a high-risk activity; with commensurate pay offs. I argue that the likelihood of a good versus bad outcome is attenuated by institutional agency; such that formal deviance underpinned by high institutional agency is intended to benefit the organisations and

therefore is less likely to be reckless and more likely to be reasoned. Thus, high institutional agency lowers risk and makes formal agency preferable when coupled with high rather than low institutional agency. However, low institutional agency does not preclude the possibility of positive outcomes arising from formal deviance.

In contrast, informal cognitive schema predisposes compliance with formal norms. Thus, deviants operate only in the space of informal norms. Returning to Institutional Theory, recall that informal norms are implicit and self-imposed on individuals (DiMaggio & Powell, 1983; Hou & Smith, 2010; Scott, 2007, 2014). Informal norms guide behaviour in the absence of pre-existing formal norms and also impact one's interpretation of formal norms; consistent with their cognitive schema (Hou & Smith, 2010). Informal deviance is inherently less risky than formal deviance because the foundational rules upon which the industry and organisation are built will not be challenged and broken. My study found that informal deviance results in marked difference in positively deviant outcomes; depending on institutional agency. Specifically, I found that informal deviance universally led to exceptional performance when coupled with high institutional agency and average performance when coupled with low institutional agency. I explain this result by suggesting that high institutional agency predisposes innovation intended to improve the organisation, without exposing the organisation to high risk seen with formal deviance; while low institutional agency encourages status quo and lack of innovation.

The concept of norm formality has been suggested by prior researchers (egs. Mertens, Recker, Kohlborn, et al., 2016; Vadera et al., 2013) as being potentially poignant for the study of positive deviance; but was not explicitly researched prior to this study. My research adds unique insight into the relationship between norm formality and positive deviance whilst also resonating with prior research which delineates positive deviance using deviance magnitude. Specifically, Spreitzer and Sonenshein (2004) put forward a typology of positive deviance which delineates positively deviant acts based on their

magnitude (see Figure 16). Their conceptualisation argues that positive deviance is an umbrella term which incorporates like concepts, such as voice and organisational citizenship behaviour, if the dual requirements of intentional positivity and normative departure are met (Spreitzer & Sonenshein, 2004). In their conceptualisation, they state that normative departures may be major – such as whistleblowing which discloses inappropriate behaviour by the reference group to whom the deviant is affiliated – or minor – such as organisational citizenship behaviours (Spreitzer & Sonenshein, 2004). My research does not adopt the concepts of minor and major normative departures; however, a parallel can be drawn between the magnitude of deviance from normative standards and norm formality – when judged from institutional standards. Namely, formal normative departures may be likened to major normative departures in so far that they breach formalised and enforced norms stemming from the regulative and normative pillars. That is, they breach norms that arise from the institutional context and are explicitly implemented and enforced by institutions. Thus, when formal norms are breached they require explicit rejection of the accepted, formalised, norms which are enforced by their institutional context. In contrast, informal deviance strays from norms which are subjectively imposed by the individual through the cultural-cognitive pillar. Informal deviance can be likened to minor normative departures in so far that they do not breach formally imposed norms stemming from, and explicitly enforced by, a higher hierarchical power (regulative and normative pillar norms).

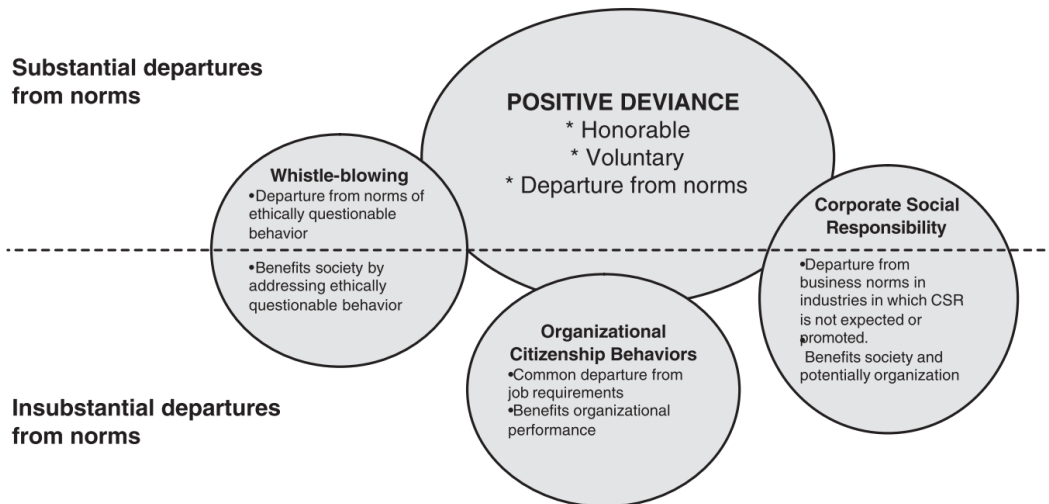


Figure 16: Spreitzer & Sonenshein's (2004, p. 840) model of positive deviance

4.5.2 Limitations

Limitations that provide bounds to my study largely stem from the empirical field work.

First, data collection was relatively intrusive, observing both work behaviours and work performance. I therefore relied in large parts on a single researcher performing observations and data analysis, which may lead to some subjective bias. However, I performed case observations in a double-blind manner with neither subjects nor researcher knowing performance metrics at the time of data collection.

Second, my data collection was also reduced to a single franchise organisation operating within Australia. Geographical, cultural and industrial boundaries therefore limit generalisability. However, my unit of analysis were the 105 franchisee units within the franchise organisation, which showed sufficient within-case variation on the relevant metrics (behaviours and performance). One limitation within my cases was that franchisees were fairly small units, to the point that I equated individuals with franchisee units. Other franchise organisations may feature larger teams, which would then require more detailed cross-level analysis.

Third, my approach to data analysis was inductive, focusing on rich meaning emergent from the data. The focus on qualitative data on behaviours and norms was more

meaningful than quantitative measurement because of the lack of mature theory and measurements on these parts of institutional and positive deviance theory, respectively.

4.6 Conclusion

In this study, I explored the recursive nature of institutional norms. Specifically, I increased my understanding of positive deviance by applying micro-level Institutional Theory as a theoretical lens whilst using the concept of positive deviance to understand the ways in which employees shape the very institutional norms designed to guide their behaviour. To do so, I investigated deviant behaviour and their relation to institutional agency, cognitive schema and performance in the context of a franchise organisation. Through this work, I made several key discoveries. I found that positive deviance was widespread and that, through these deviant behaviours, employees did shape the organisation they worked in. When combined with agency that was directed at improving the organisation, these positively deviant behaviours helped improve the performance of the stores on the chosen performance measures. However, I also found that institutional agency interacted with cognitive schema in its effect on performance; such that varying combinations of institutional agency and cognitive schema had different performance implications. Namely, I found that performance outcomes are more predictably positive when stores identified with the franchisor as a reference group (high institutional agency). This was true irrespective of whether stores displayed a tendency to break formal and/or informal norms (cognitive schema); although the effect was more consistent when deviance was restricted to the informal norm space. However, when stores did not strongly identify with the franchisor as a reference group (low institutional agency), performance outcomes tended to be positive only when stores were more radical in their deviance and broke formal norms. Under such conditions, deviance constrained to the informal norm space produced inferior performance outcomes. I explain my results by suggesting that 1) high institutional agency predisposes endogenous innovation intended to improve the organisation, thereby

intrinsically increasing the likelihood of successful innovation over that underpinned by low institutional agency and 2) informal deviance is an inherently less risky form of endogenous innovation and therefore has greater outcome predictability than formal deviance. My findings suggest that organisations may potentially allow employees to deviate from both informal and formal norms to positive effect; but that the likelihood of successful innovation depends heavily on franchisee identification with the franchisor. Organisations who wish to minimise the inherent risks of innovation and maximise the benefits of adopting an evidence-based endogenous approach to innovation are best served by encouraging high institutional agency rather than restricting deviance formality.

CHAPTER 5: POSITIVE DEVIANCE AS A MANAGEMENT METHOD

5.1 Introduction

Positive deviance is increasingly recognised as a means of discovering pre-existing endogenous innovations which introduce benefits in cost, complexity, and implementation (Herington & van de Fliert, 2017; Mertens, Recker, Kohlborn, et al., 2016). That is, positive deviance is posited as a means for endogenous innovation (sourced from the environment in which it is to be implemented) as opposed to exogenous innovation (sourced from an environment external to the one in which it is to be implemented). One of the earliest and biggest proponents of positive deviance was Jerry Sternin; who argued that traditional change methods are fundamentally flawed: “The traditional model for social and organizational change doesn't work. It never has. You can't bring permanent solutions in from outside.” (Dorsey, 2000, p. 1). In its place, Sternin advocated a bottom-up, inside-out, asset based approach (Pascale & Sternin, 2005). In other words, he advocated endogenous innovation over exogenous innovation. Working with Pascale, a scholar in organisational science, Sternin put forward seven principles that differentiate positive deviance from traditional approaches to change (see Table 14). Sternin’s ideas have had a profound effect on organisational science; with positive deviance now recognised as “a foundational construct in positive organisational scholarship” (Spreitzer & Sonenshein, 2004, p. 828). For positive deviance to also have a similarly profound effect on practice, it must be translated from a concept to a management method. The adoption of engaged scholarship as a guiding principle assists this endeavour to ensure research remains relevant to practice as well as academia. Methodological guidelines exist in extant positive deviance literature; with proposed methods sharing the common goal of eliciting and diffusing pre-existing endogenous innovations to the betterment of the organisation. For example, Pascale and Sternin (2005) put forward six steps to execute deviance-led

TRADITIONAL APPROACH TO CHANGE	POSITIVE DEVIANCE APPROACH TO CHANGE
<p>Leadership as Path Breaker Primary ownership and momentum for change come from above.</p>	<p>Leadership as Inquiry Leader facilitates search; community takes ownership of the quest for change.</p>
<p>Outside In Experts identify and disseminate best practices.</p>	<p>Inside Out Community identifies preexisting solutions and amplifies them.</p>
<p>Deficit Based Leaders deconstruct common problems and recommend best-practice solutions. Implication: "Why aren't you as good as your peers?"</p>	<p>Asset Based Community leverages preexisting solutions practiced by those who succeed against the odds.</p>
<p>Logic Driven Participants think into a new way of acting.</p>	<p>Learning Driven Participants act into a new way of thinking.</p>
<p>Vulnerable to Transplant Rejection Resistance arises from ideas imported or imposed by outsiders.</p>	<p>Open to Self-Replication Latent wisdom is tapped within a community to circumvent the social system's reaction.</p>
<p>Flows from Problem Solving to Solution Identification Best practices are applied to problems defined within the context of existing parameters.</p>	<p>Flows from Solution Identification to Problem Solving Solution space is expanded through the discovery of new parameters.</p>
<p>Focused on the Protagonists Engages stakeholders who would be conventionally associated with the problem.</p>	<p>Focused on Enlarging the Network Identifies stakeholders beyond those directly involved with the problem.</p>

Table 14: Traditional versus positive deviance approaches to change. Reproduced from Pascale and Sternin (2005, p. 4). Copyright © 2005 Harvard Business School Publishing Corporation.

change, Seidman and McCauley (2008) suggested a four-step process they dub "Wisdom Discovery", the Positive Deviance Initiative (2016) in collaboration with Tuft's university developed the 5D process which has been globally adopted by aid organisations, Spreitzer and Sonenshein (2004) and Galperin (2012) developed scales to operationalise positive deviance, and Mertens, Recker, Kohlborn, et al. (2016) proposed a methodological framework that can incorporate differences in construct definition. However, none of these methodologies explicate a robust theory as to *why* positive deviance delivers successful change. Put differently, the mechanisms which underpin the ability of positive deviance, as a concept, to deliver successful change, as a management method, have not been elucidated. Hence, the basis on which scholars claim efficacy is not well understood.

Similarly, organisational acceptance of positive deviance, as a management method, has not been explicitly investigated. Put differently, it is *assumed* that organisations would be willing to adopt positive deviance as a management method to achieve endogenous innovation based on the concept that positive deviance offers low-risk, evidence-based endogenous change. However, neither the assumption that management will be willing to adopt positive deviance as a means of endogenous innovation, nor the mechanisms by which positive deviance is expected to function effectively as a means of endogenous innovation, have – surprisingly – not been explicitly researched or validated within organisational science. That is, academic transparency requires that due attention is given to the basis on which academics use and advocate positive deviance as a means of endogenous innovation within organisational science; while engaged scholarship requires practical translation of positive deviance academic knowledge into a useful, practicable, tool for organisational application.

I take two key steps to fill these identified research and practical gaps in positive deviance knowledge within the arena of organisational science. First, I explicate the underlying mechanisms of positive deviance methods which give rise to claims of endogenous innovation success: being 1) willingness to adopt, 2) ability to adopt and 3) ability to reward. Having noticed these mechanisms are employee-centric, I secondly look at management acceptance of positive deviance as a management method. This is a necessary step to realise the potential of positive deviance as a concept; without which the concept has limited practical utility and fails to fulfil the requirements of engaged scholarship. Furthermore, as research into positive deviance as a management method is totally new, it represents a key contribution to extant literature for three reasons. First, the reasons underpinning positive deviance as a method are not transparent.

Organisational practice requires a sound rationale and resultant business case to adopt risk-bearing performance enhancing initiatives, such as positive deviance. Organisational

literature exists to advocate the use of positive deviance as a means for endogenous innovation but has not transparently elucidated the mechanisms which underlie this advocacy. Elucidating these mechanisms assists practitioners to judge these proposed mechanisms for efficacy and effectively build a business case for adoption of positive deviance as a management method. Second, it is widely recognised that deviance can have deleterious outcomes as well as positive outcomes (Robbins & Galperin, 2010; Vadera et al., 2013). Hence, management may be reticent to encourage rule-breaking as a means of innovation; compounding the importance of providing clearly elucidated mechanisms by which positive deviance operates as a form of endogenous innovation. Third, it has been noted that positive deviance has not received the uptake one might expect; with researchers yet to explain why (Seidman & McCauley, 2008). Unfavourable management opinion, and/or lack of clearly elucidated mechanisms, may be plausible explanations for this phenomenon. Organisational acceptance thus forms the focus of this study; looking at how management views different forms of positive deviance. I do this by building on Study 1; looking at management acceptance of cognitive schema (norm formality) and institutional agency (reference group identification).

I conduct my research in the context of franchises. Franchises are an apt application for management method acceptance as they provide multiple instances of deviance with common management. Namely, franchises consist of numerous franchisees governed by common norms and behavioural guidelines (Kaufmann & Eroglu, 1999). Franchisors are tasked with ensuring normative compliance across franchisees; to protect the integrity of the franchise business model (Davies et al., 2011; Szulanski & Jensen, 2006, 2008; Winter et al., 2012). However, franchisors must tolerate a certain amount of deviance from franchisees to enable local adaptation and prevent business model stagnation (Bradach, 1997; Kidwell & Nygaard, 2011; Lafontaine & Kaufmann, 1994; Rivken, 2001; Sorenson & Sorenson, 2001). Hence, the franchisor must decide, on a case-by-case basis, whether to

tolerate franchisee deviance or issue sanctions. This provides the research opportunity to investigate whether organisational deviance tolerance varies across franchisees and, if so, the reasons why it varies, holding management constant.

I make several contributions. First, I am the first author to demonstrate that positive deviance can be thought of as a management method; juxtaposing its three proposed underlying mechanisms: 1) willingness to adopt, 2) ability to adopt and 3) ability to reward. Second, I show that juxtapositions are exclusively employee-focussed. Namely, juxtapositions are based on employee acceptance of deviance with reference to their ability to reduce change resistance as a primary means of project failure. Thus, they do not contribute to understanding the reasons management may or may not adopt positive deviance as a management method. Third, I extend our understanding of deviance acceptance to include management acceptance through an initial exploratory study concerning attitudes towards the type of norms franchisees break (cognitive schema) and the reference group the franchisee identifies with (institutional agency). Specifically, management has a greater propensity to accept deviance from informal norms than formal norms; but this acceptance is moderated by institutional agency, and to a lesser extent, outcomes. Fourth, I relate my findings to previous research on positive deviance to expand the current body of knowledge concerning positive deviance within organisational science. Fifth, I draw tentative preliminary links to explain my findings, outside positive deviance literature, using the concepts of inherent risk, vertical agency costs, trust and positive bias. I encourage other authors to build on my findings and extend inquiry of management acceptance.

5.2 Background

5.2.1 *Principles underlying management method*

Positive deviance as a concept has had profound effect on organisational science; recognised as a foundational concept in positive organisational scholarship. Despite this

apparent influence and the presence of methodological guidance in the literature, I am unable to find a robust theory as to *why* positive deviance as a method delivers successful change. Instead, I find claims of prescriptive wisdom, drawing on principles of practice, which are not necessarily accompanied with an explicated theoretical basis (Anderson, Rungtusanatham, & Schroeder, 1994; Chafetz, 1978). For example, Docherty (2013, p. 239) investigates positive deviance as a means of performance improvement in universities; stating that “positive deviance is based on the observation that in every community there are certain individuals or groups whose uncommon behaviors and strategies enable them to find better solutions to problems than their peers, while having access to the same resources and facing similar or worse challenges”. Leavy (2011, p. 20) makes similar assertions, stating that positive deviance is “based on the premise that, within communities facing an adaptive challenge, 1) solutions to seemingly intractable problems often already exist, 2) they have been discovered by members of the community themselves, and 3) innovators can find an alternative way, even though they share the same constraints and barriers that others do”. He goes onto state that “one great advantage of such solutions is that they draw on constructive community knowledge and practices, making them less vulnerable to cultural rejection” (Leavy, 2011, p. 20). Crom and Bertels (1999, p. 163) take a similar approach, saying that positive deviance is “the theory behind change leadership”. However, when expanding on this statement they refer to three key steps of positive deviance underpinned by five key principles; rather than theoretical concepts. These five principles are “1) under equal conditions and within the same culture, some members of the community do a lot better than others, 2) identifying these people and the principles they apply provides the background to distil the principles of success within this culture, 3) in different communities there might be different success models; focusing on a single model is not sufficient, 4) using these individuals and their own cases to educate the remaining community members is much more successful than using external experts, 5)

leveraging the experience of the participants' application of this training can fuel the next round of training and helps develop community members into change leaders; however, it is key to replicate the process of discovering successful behaviours, not simply best practices" (Crom & Bertels, 1999, p. 164). Fontaine (2011, p. 63) echoes these thoughts on leadership, saying positive deviance is "a management tool for leaders to challenge and change the collective perceptions of followers". These examples demonstrate the common tendency to refer to principles of management when discussing positive deviance as a management method; or a tool for endogenous innovation. However, no authors have taken the step of explicitly investigating management acceptance of positive deviance as a management method (which I go on to elucidate as 1) willingness to adopt, 2) ability to adopt and 3) ability to reward)).

Others go closer to providing theoretical frameworks; having noted the lack of positive deviance theory. For example, Robbins and Galperin (2010) build a theory as to why individuals might engage in positively deviant behaviour; in the context of physicians providing primary care. Namely, they show that emotional intelligence, empathy, extroversion and trust encourage physicians to deviate in the interests of patient care. Similarly, Vadera et al. (2013) develop an emergent model in which intrinsic motivation, felt obligation, and psychological empowerment are mechanisms that increase the occurrence of constructive deviance. Their work, and that of others such as Galperin (2012), constitutes theory and is valuable to understand the antecedents of positively deviant acts. However, they do not address the theoretical underpinnings of their foundational statements that positive deviance is important "in facilitating change and innovation" (Robbins & Galperin, 2010, p. 3) and "increasing innovation and fostering organizational change" (Galperin, 2012, p. 2989). Put differently, they do not say *why* positive deviance works; simply *how* to elicit positive deviance. Hence, they are also unable to provide a robust basis on which positive deviance concept can be elucidated.

Taking this available literature into account, I look at the translation of positive deviance as a concept into positive deviance as a method. In particular, I examine the grounds on which positive deviance method is claimed to deliver endogenous change as well as management acceptance of positive deviance as a method. I adopt a management method lens in this pursuit, following the approach put forward by Anderson et al. (1994). Namely, I familiarise myself with positive deviance literature to draw out the proposed mechanisms which imbue positive deviance with the power to deliver successful innovation. Unlike Anderson et al. (1994), I undertake this exercise to elucidate the underlying mechanisms as an end in itself; rather than validate or build a theory regarding these mechanisms. This process reveals that they are largely based on employee acceptance; by reducing resistance to change. Consideration from an organisational perspective is surprisingly limited; although not altogether absent. Namely, positive deviance literature provides prescriptions about the role of management under a positive deviance approach. For example, Pascale and Sternin (2005, p. 9) state that managers must relinquish their traditional role of discovering innovation; and instead “focus on management of attention, allocation of scarce resources, reinforcement to sustain the momentum of inquiry, and application of score-keeping mechanism to sustain attention and ensure progress toward goals once the community has chosen its course of action”. These suggestions and others stem from adoption of the principles underlying positive deviance; rather than being intrinsically mechanistic. Thus, no-one has asked the question as to whether organisations will readily accept positive deviance management method. Rather, it is simply *assumed* that organisations are willing to adopt positive deviance; because the choice between “a bottom-up, grassroots pull for innovation or a top-down, forced push for innovation ... is obvious – grassroots pull is better” (Seidman & McCauley, 2008, p. 20). This statement underscores the need to empirically investigate this claim; the claim that positive deviance

(as a form of endogenous innovation) has merit over and above exogenous forms of innovation.

I extract these juxtapositions for proposed mechanisms; the *how* and *why*, from reviewing available literature. One may argue that these mechanisms should be extracted directly from Sternin; as the original proponent of positive deviance for organisational change and the source of mechanisms cited by authors such as Crom and Bertels (1999), Docherty (2013), Fontaine (2011), Galperin (2012), Leavy (2011), Robbins and Galperin (2010) and Vadera et al. (2013). Another option is to use the Delphi technique with a panel of experts (Anderson et al., 1994). The Delphi technique would allow me to form a consensual view of core mechanisms (Anderson et al., 1994); but is not practicable given the reasonably small pool of potential positive deviance experts. Given this practical limitation, coupled with the apparent influence Sternin has had regarding the core principles of positive deviance, I source mechanisms from Sternin. As Sternin is deceased, I turn to his writings and look for quotes which can elucidate his mechanistic beliefs. In particular, I use his cross-domain collaboration with Pascale, a fellow scholar in organisational science: *Your Company's Secret Change Agents* (Pascale & Sternin, 2005). In this paper, Sternin and Pascale unpack the success of traditional 5D positive deviance methodology; which involves all community stakeholders impacted by a problem 1) jointly defining the problem, its causes and desired outcomes, 2) identifying the presence of positive deviants based on data and problem definition, 3) discovering deviant behaviours through inquiry, interview and observation, 4) designing ways that other members in the community can practice and master these deviant behaviours and 5) developing ways that the community can monitor and evaluate the project and its effectiveness throughout and after its execution.

Drawing on over 14 years of collective experience in positive deviance method, and using compelling real world applications in Goldman Sachs, Hewlett-Packard and Genentech, they provide instructional advice on how and why positive deviance works. I condense

their mechanisms into three factors: 1) willingness to adopt (ability to generate intrinsic motivation and reduce resistance to behavioural change initiatives), 2) ability to adopt (ability to provide new, but existing, behaviours which others can readily enact) and 3) ability to reward (heightened performance outcomes through wider enactment of these new, but existing, behaviours). Elucidating these mechanisms is important for academic and practical integrity; explicating the means by which positive deviance is assumed to be an effective means of endogenous innovation and is assumed to be naturally appealing to management as a means for innovation. The mechanisms associated with each of these factors, as espoused by Pascale and Sternin (2005), are set out in Table 15.

These arguments are largely inductive and suppositional; building on Pascale and Sternin's experiential learning. Proving or disproving these mechanisms is not the objective of this thesis; although theoretical parallels are easy to draw. For example, the change management literature has widely shown that resistance to change is a major reason for project failure; which can be substantially lessened through employee participation (Msweli-Mbanga & Potwana, 2006). Similarly, Yam, Klotz, He, and Reynolds (2017), in the context of the related concept of organisational citizenship behaviour, show that actors feel a sense of psychological entitlement, in return for their behaviour, when these behaviours are perceived as externally enforced rather than endogenously motivated. Suppositional or not, these mechanisms are prevalent in the positive deviance domain. Namely, when organisational scientists promote positive deviance as a means for endogenous innovation, they explicitly or implicitly draw on one or all three of these notions. For example, when discussing implications, Mertens, Recker, Kohlborn, et al. (2016) cite that positive deviance can help organisations to "find organizational improvements and innovations that have already been invented by organizational members, which has many advantages in terms of cost, complexity, and implementation of change based on these improvements" (Mertens, Recker, Kohlborn, et al., 2016, p. 1304).

Benefit	Mechanism of Action
<p>Willingness to adopt</p>	<p>Endogenous behaviours and results are credible and meet less resistance: “problem identification, ownership, and action begin in and remain with the community. Because the innovators are members of the community who are <i>“just like us”</i>, disbelief and resistance are easier to overcome” (Pascale & Sternin, 2005, p. 2). In contrast, exogenous behaviours and results can be falsely attributed to exceptional and/or unreproducible conditions: “when identification of a superior method is imposed, not self-discovered, it limits acceptance” (Pascale & Sternin, 2005, p. 3).</p> <p>Bottom-up endogenous change encourages inherent motivation and lessens resistance through participation: “The key is to engage the members of the community you want to change in the process of discovery The community takes ownership of the quest for change” (Pascale & Sternin, 2005, p. 4). In contrast, top-down exogenous change limits intrinsic motivation: “repackaging [positively deviant] discoveries as templates and disseminating from the top seldom generates the enthusiasm necessary to create change” (Pascale & Sternin, 2005, p. 1).</p>
<p>Ability to adopt</p>	<p>Commonality between context, resources and constraints: “somewhere in your organisations, groups of people are already doing things differently and better ... [these] isolated success strategies [of positive deviants] can indeed be brought into the mainstream” (Pascale & Sternin, 2005, p. 1).</p>

Benefit	Mechanism of Action
	<p>Attitudes change through action: Behavioural change is modelled on PAK (Practice, Attitude, Knowledge) not KAP (Knowledge Attitude Practice): “people are much more likely to act their way into a new way of thinking than to think their way into a new way of acting” (Pascale & Sternin, 2005, p. 9).</p>
<p>Ability to reward</p>	<p>Source environment matches implementation environment: “community identifies pre-existing solutions and amplifies them” (Pascale & Sternin, 2005, p. 4).</p> <p>Historical empirical link between deviant behaviours and deviant outcomes: “community leverages pre-existing solutions practiced by those who succeed against the odds” (Pascale & Sternin, 2005, p. 4)</p>

Table 15: Mechanisms of action underlying positive deviance as a method

Their statement implies a subscription to all three suppositions (willingness to adopt, ability to adopt and ability to reward). Explicit examples are also present in the literature. For instance, Vadera et al. (2013) and Chung and Koo Moon (2011) show that intrinsic motivation and ownership, respectively, encourage individuals to engage in positively deviant behaviour (willingness to adopt), Lavine and Cameron (2012) deconstruct reactions to the Rocky Flats nuclear disaster as an example of implemented positive deviance (ability to adopt), while Mertens, Recker, Kummer, et al. (2016) empirically link deviant behaviours to exceptional outcomes in retail bakeries (ability to reward).

What I note about these mechanisms is that they are exclusively employee-centric; focussing on reasons why employees will accept behavioural change. A successful performance outcome is almost taken for granted; as is management acceptance thereof. I argue that management acceptance is equally important to consider; for several reasons. First, management must accept positive deviance as a method to introduce innovation and change before positive deviance can be successfully leveraged. Without management acceptance, deviance resumes its traditional negative connotation as detrimental behaviour which management must obliterate. Put differently, it reverts to early conceptualisation of deviance within organisational science as “intentional behaviors that depart from organizational norms that threaten the well-being of an organization, its members, or both” (Robinson & Bennett, 1995). Second, there are good reasons to suggest management may be reticent to accept, or outright refuse to accept, positive deviance. An indicative, but unexhaustive, list of reasons may include inability to overcome institutionalised beliefs that deviance is negative, the innately risky nature of deviance, the challenge deviance presents to organisational stability, fear of undermining managerial authority, the resource burden associated with inverting the role of management from leader to follower, and the resource burden associated with monitoring and control. Third, organisations have not adopted positive deviance as widely as expected; given its potential

benefits (Seidman & McCauley, 2008). One potential explanation for this phenomenon is management reticence to accept positive deviance as a management method. I expand on this suggestion in the next Section (Section 5.2.2).

5.2.2 Management acceptance of management method

The success of the franchise form of organisation relies on the ability of the franchisor to design and enforce a packaged set of institutional norms across their franchisees; whilst allowing a certain extent of franchisee agency to alter institutional norms, adapt to local conditions and innovate business offerings (Davies et al., 2011). Hence, franchises must continually balance the conflicting needs of compliance and deviance; finding a balance that retains the franchise brand without causing stagnation and franchisee revolt (Davies et al., 2011; Kaufmann & Eroglu, 1999). Positive deviance as a means of endogenous innovation, by definition, involves breaking these institutional norms on which the franchise model is built; and is therefore a risky management method for franchises to adopt (risk being a method allowing for deleterious outcomes as well as advantageous outcomes). Ordinarily, positive deviance is argued to be less risky than exogenous forms of innovation; owing to two factors. First, change is less likely to meet resistance by virtue of participation and credibility (Crom & Bertels, 1999; Pascale & Sternin, 2005). This relates to the first identified mechanism through which positive deviance operates as a means of endogenous innovation: willingness to adopt. Second, changes are likely to yield performance improvements because they already exist in the source organisation; and thus are relatively invulnerable to complex, extrinsic factors which may circumvent the ability of transplanted external solutions to succeed (Crom & Bertels, 1999; Pascale & Sternin, 2005). This relates to the second and third identified mechanisms through which positive deviance operates as a means of endogenous innovation: ability to adopt and ability to reward. The superiority of endogenous innovation to exogenous innovation may hold true in conventional forms of organisation. But in franchises, endogenous innovations which are

not centrally coordinated by the franchisor add the peculiar risk of disrupting business model integrity. Specifically, normative compliance is needed to protect the integrity of the franchise business model, maximise brand value, ensure consistent brand offerings and fully leverage management support (Pitt et al., 2003). Deviance from regulated institutional norms, which is not aligned with franchisor interests, weakens the brand which in turn reduces sales and the ability to recruit new franchisees (Baucus et al., 1996). In contrast, compliance with institutional norms strengthens the brand and increases the franchise proposition (de Chernatony & Segal-Horn, 2003). Thus, while management acceptance of positive deviance is pertinent for any organisation, it is particularly pertinent in the context of franchises.

Despite the recognised risks that uncoordinated deviance poses in franchises, and the resources franchisors dedicate to ensuring compliance with institutional norms (Kidwell & Nygaard, 2011), research shows that franchisors do want franchisees to deviate; in entrepreneurial ways. Specifically, franchisees are widely recognised as entrepreneurs and this entrepreneurship is an important component of franchise success (Boulay & Stan, 2013; Davies et al., 2011). This importance is recognised by franchisors, with the ideal franchisee being an “in-store craftsmen” or artisans who adapt their activity to produce optimal results (Boulay & Stan, 2013). Davies et al. (2011) also show that it is important to allow franchisees more freedom to deviate as they develop social capital and business-specific knowledge; where social capital “is the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships or mutual acquaintance and recognition” (Bourdieu & Wacquant, 1992, p. 119; Field, 2016). This freedom is not just important to leverage developed social capital and stop business model stagnation; preventing franchisee/franchisor conflict and ultimately brand harm as a result of undue repression viewed as unnecessarily conformist. This trend is lifecycle related; in that franchisees tend

to rely on institutional norms when they possess inadequate business knowledge; but increasingly deviate as they accumulate business knowledge and discover better ways of doing business (Davies et al., 2011; Kaufmann & Eroglu, 1999; Tikoo, 2002). Put differently, franchisor/franchisee contributions and relational governance shift with social capital; giving rise to the expectation that franchisees will be afforded a certain amount of agency over the institutional norms which govern them (Davies et al., 2011).

Thus, franchisors are in a position where they must accept a certain amount of deviance from franchisees. However, some deviance may be more tolerable than others. This tolerance has been examined within the franchise literature with respect to negative deviance (Kaufmann & Eroglu, 1999); but is yet to be examined with respect to positive deviance within organisational science. This tolerance, or management acceptance of positive deviance as a management method, forms the focus of this study. I examine acceptance by building on my work in Study 1 which views positive deviance through a micro-level Institutional Theory lens using the franchisor (as opposed to the franchisee) as the level of analysis. Namely, I investigate whether cognitive schema and/or institutional agency impact the way organisations (the franchisor) view deviance; and therefore impact management (franchisor) acceptance of positive deviance (by franchisees) as a management method. At this point, it is useful to recall that individuals possess one of two cognitive schema toward institutional norms: informal and formal. Formal norms build on regulative and normative pillars while informal norms build on the cultural-cognitive pillar. Study 1 revealed that each type of norm has different performance implications; with both able to produce exceptional outcomes but informal norms more reliably producing exceptional performance. Institutional agency refers to alignment of the deviant with institutional interests; with high institutional agency stores identifying with the franchisor as the reference group and low institutional agency stores identifying with a different reference group. Further recall that norms, cognitive schema and institutional agency are

related to, but do not in themselves or collectively comprise, organisational culture (as discussed in Section 2.3.4). Study 1 revealed that institutional agency interacts with cognitive schema; such that high institutional agency preferences informal deviance as a performance strategy while low institutional agency preferences formal deviance. This interaction effect necessitates consideration of outcome as a third factor which may influence management attitudes toward deviance. Given that no-one has considered management acceptance of positive deviance before; I conduct my exploration of managerial attitudes empirically; rather than constraining myself to a priori ideas regarding acceptance. I return to extant franchise and change management literature, as well as Institutional Theory, in my discussion to search for management theories which may help explain my observed patterns of management acceptance. In doing so, I draw on the concepts of inherent risk, vertical agency, trust and positive bias. In this context, risk refers to the inherent risk associated with deviance from norms originating from the regulative, normative and cultural-cognitive pillars of Institutional Theory. Put differently, risk relates to the nature of the norm which is being broken. It does not relate to the risk attitude held by the deviant; which has its own corresponding body of literature.

5.3 Method

5.3.1 Case selection

I used the same franchise as my case organisation that I used for my first study; a national Australian franchisor operating in the paint and coatings industry. Using the same franchise for Study 2 and Study 1 was primarily driven by reasons of convenience; sacrificing broader generalisability garnered from using different cases for increased depth, richness and engagement from working closely with one case. The franchise comprises 105 franchisees; ranging in size between 2 and 11 employees (mean = 4.6; median = 4.0). The franchise is sufficiently large to contrast management attitudes toward different franchisees; while being sufficiently small for management to have a basic degree of

knowledge about each franchisee. 91 of the 105 stores were selected for analysis; comprising the complete set of stores with valid performance data in the first study. The remaining 14 stores were excluded because they had undergone recent significant historical events such as a change in ownership and/or had unreliable performance data. The decision to use the same franchise as the first study was taken primarily for reasons of convenience; as the researcher already had a working relationship. However, it had the added advantage of being small enough for management to have store-level personal experience with all of their franchisees; allowing them to meaningfully reflect on deviant behaviour and institutional agency. Another advantage of using the same franchise was that I was intimately familiar with twelve of the stores from the first study. This meant that I could hold in-depth conversations with the franchisor about these twelve stores and compare the discussion concerning behaviours and attitudes against my own observations and experiences. This allowed me to determine how much face validity my constructs of cognitive schema and institutional agency possessed whilst contributing to my goal of engaged scholarship. Using the same franchise also gave rise to the possibility of confirmation bias throughout data collection. Put differently, I could unintentionally influence management attitudes and the ultimate classifications management gave to these twelve stores. Using all 91 stores, instead of the just the twelve stores I observed in the first study, lessened this risk. Namely, I had no personal experience with these stores and therefore could not influence ratings on this basis. Moreover, I was blind to store performance (having analysed performance data with unidentifiable unique integers rather than identifiable names) and therefore could not influence ratings on this basis. Outcome-bias did remain a possibility for the management team; who was not provided with performance data but nonetheless had good individual knowledge of each store and its quantitative performance. I attempt to tease out any apparent influence that store

performance may have had on management attitudes through my approach to data collection and analysis; discussed in the following sections.

Management acceptance was gained from the franchisor management team, comprising the CEO and five business development managers (BDMs). As a small franchise of 105 units, the CEO had working knowledge of all stores and was involved in activities one might not expect in a larger franchise. Namely, the CEO was involved in screening potential and current franchisees for initial and ongoing suitability and organisational fit; declining contracts, deciding appropriate sanctions and/or managing out franchisees as required. Thus, the CEO has a good idea of what an ideal franchisor looks like and how each franchisee measures up against these expectations. These activities are done in conjunction with BDMs; who are tasked with operational monitoring and support of franchisees. Namely, they are responsible for working with owners and staff to agree business plans, monitor store performance, coach store improvement, perform compliance audits, pass down requests for central initiative implementation, collect learnings from stores and help boost performance and/or adjust behaviour when deemed necessary. BDMs are assigned franchisees on the basis of locale; and hence each BDM had a different number of pilot and total stores included in the study (see Table 16). However, BDMs have working knowledge of all stores and not just those in their portfolio; gained from direct experience and quarterly strategic management forums where the BDMs and CEO review the franchisee portfolio and decide appropriate action. This allowed the entire management team to reflect on and classify individual stores as a consensual group, rather than as individuals, adding to the richness of data and contributing to my goal of engaged scholarship.

BDM	Pilot Stores	Total Stores
CEO	-	-

BDM	Pilot Stores	Total Stores
BDM 1	5	26
BDM 2	2	14
BDM 3	0	18
BDM 4	1	22
BDM 5	4	25

Table 16: BDM descriptive statistics

5.3.2 Data collection

Attitudinal data was collected during a two-day purposeful management workshop (comprising the CEO and five BDMs) in May 2016 (see Table 17) through close collaboration with managers to meet my goal of engaged scholarship. Specifically, the management team was brought together and asked about each of the 91 stores using theoretical grounded interview. Theoretical grounded interviews are a technique elaborated by Bryant and Charmaz (2007) which aims to add richness to the researcher's understanding of a phenomenon by engaging with practitioners who are experienced in the phenomena of interest. Engaging practitioners who are experienced in the phenomenon of interest is an important component to achieve engaged scholarship (Van de Ven, 2007). While my research is not grounded theory, Strauss and Corbin (1990) note that grounded theory techniques may be fruitfully used in other research approaches. Instances of grounded theory technique usage extension are also present in the literature; for an example see Berente, Hansen, Pike, and Bateman (2011). Theoretical grounded interviews commence by debriefing participants on the research topic and associated theoretical model of interest, before asking participants to facilitate analysis by contributing their own interpretation and experience of the phenomenon under question (Bryant & Charmaz, 2007). Theoretical grounded interviews are distinguished from confirmatory interview approaches; in which participants work deductively to validate a research model (Bryant &

Charmaz, 2007). Hence, the purpose is one of elaboration and extension rather than confirmation and validation (Bryant & Charmaz, 2007). I conducted theoretical grounded interviews in a four-stage process. First, the management team were given a presentation to introduce the concepts of cognitive schema and institutional agency (see Appendix 9.12). This provided important background information and helped ensure the participants understood the two constructs. Second, participants were asked about the twelve pilot stores who participated in the first study. This allowed me to further gauge management understanding of the two constructs as well as determine a measure of face validity. Third, participants were asked about the remaining 79 stores; representing all franchisees except 14 excluded because of recent historical changes and/or unreliable performance data. These 79 stores were less vulnerable to confirmation bias; as I had not observed these stores in person and was not privy to their relative performance. Fourth, classifications were presented back to the management team for verification. This allowed participants to reflect on earlier ratings and make any changes they deemed necessary; ensuring that my research was conducted in a manner consistent with engaged scholarship. I expand on each step, in turn.

Method	Time Period	Purpose
Management presentation	Day 1 (am) May 2016	Equip management with practical understanding of institutional agency and cognitive schema. Answer questions and resolve concerns and/or queries.
Pilot store classifications	Day 1 (pm) May 2016	Ensure management understand concept of cognitive schema and institutional agency.

		Obtain an indicative measure of face validity.
Population classifications	Day 1 (pm) – Day 2 (am) May 2016	Identify franchisor’s view toward institutional agency and cognitive schema across their entire portfolio. Limit confirmation bias through sample expansion.
Classification confirmations	Day 2 (pm) May 2016	Validate classifications captured correctly. Provide an opportunity for reflection on earlier ratings and rating consensus.

Table 17: Data collection method

Data collection commenced with a presentation to the management team, which served to introduce myself, the study and provide contextual information. A copy of the presentation is provided in Appendix 9.12. I used the same franchise for this study as I did for Study 1, which meant that engagement was higher but also that management were aware of the first study and its outcome. Namely, they were aware that I had conducted a positive deviance study in their franchise; seeking potentially positively deviant behaviours by interviewing, observing and analysing twelve of their stores. Management knew which twelve stores had participated in Study 1; having facilitated operational access.

Furthermore, they knew that six of these stores were control stores while six possessed positively deviant performance. Management was not privy to the positive deviance status of each store in either the first or second study; although it is possible that management may have inferred case status based on their operational knowledge. This judgement may introduce positive bias to their classifications; however, I did not consider this to be a major concern for two reasons. First, it reflects the reality of business operations. It is artificial to strive to create an environment where franchisors are unfamiliar with franchisee

performance. Second, the management team tried to guess the status of some of the twelve stores throughout the workshop; indicating that positive deviance status was not concretely known.

Considerable time during the presentation was spent explaining the concepts of institutional agency and cognitive schema; on which the management team would later be required to categorise stores. The concept of cognitive schema was explained with discrete behavioural observations taken from Study 1. Namely, it was explained that stores who held a formal cognitive schema believed that formalised institutional rules, such as policies and procedures, could be broken if needs be. Stores with this schema would therefore show a propensity to sometimes deviate from formal norms; taking care to emphasise that this was not necessarily negatively motivated. I similarly explained that stores with an informal cognitive schema believe that formalised institutional norms should be complied with; and hence deviate more in their interpretation of formal norms and/or areas that are not regulated by formal norms. Product lines and pricing structures were cited as examples of formal norms; while conference attendance and information sharing were given as examples of informal norms. To augment this understanding, I presented examples of actual deviant behaviours identified in Study 1; asking participants to indicate whether they thought each behaviour breached a formal or informal norm. This allowed me to gauge and correct understanding of norm formality; stopping when I felt the management team adequately understood norm formality. Using real examples to illustrate norm formality could have created undue bias. However, I do not believe using real examples did create undue bias for three reasons. First, I did not attribute the real examples to source stores. Second, BDMs tried to guess the source stores for some of the behaviours (suggesting they did not know the source store). Third, the BDMs were unaware that some of the behaviours were occurring; let alone who engaged in them.

Institutional agency was explained in terms of how closely the franchisee identified with franchisor interests; taking care to emphasise that institutional agency is not the same thing as breaking formal or informal norms; and is not related to performance outcomes such that exceptional, average and below average performance could potentially occur under either condition. Like cognitive schema, I chose to elaborate institutional agency by using real examples from Study 1. Namely, I chose a number of quotes taken from store owners which I felt reflected either high or low institutional agency; being careful not to reveal case status or performance. For each instance, I asked participants to judge each quote as high or low institutional agency; continuing until I felt that participants adequately understood the concept. A limitation in this design is that close alignment with the franchisor as the reference group invokes a relative view of deviance; whereby common alignment carries positive association. Put differently, franchisors are likely to view franchisees who identify with the franchisor as the reference group (high institutional agency) more positively than franchisees that exercise their agency to benefit a reference group other than the franchisor (low institutional agency). While my design meant it was possible to differentiate institutional agency from outcomes and compliance, it was not possible to remove this relative evaluation. Relativity is an accepted feature of positive deviance; such that evaluation depends on the reference group from which deviance and outcome is judged (Goode, 2015). Instead, I consider it is reflective of the chosen level of analysis whereby positive and negative changes dependent upon the reference group and their perspective.

After introducing the study and the two deviance constructs, management was asked to rate each of their stores on the constructs of cognitive schema and institutional agency. I commenced with the twelve pilot stores so I could further ensure the management team understood the concepts of cognitive schema and institutional agency; without affecting their classifications. Namely, the management team cited examples of deviant behaviours

and discussed amongst themselves whether these behaviours broke formal or informal norms. Early in the process, participants often sought clarification and/or guidance in making these determinations; unsure whether they had correctly classified a norm (as opposed to cognitive schema). This request for guidance gradually reduced and eventually disappeared as participants became more familiar and confident. Once the twelve pilot stores had been classified, the management team classified the remaining 79 stores in alphabetical order. Like the pilot stores, the BDM responsible for each store gave behavioural and attitudinal examples. These examples were discussed with their colleagues before the group assigned a consensual rating to each store which increased construct validity (Lee, 1989).

In collecting information about attitudes, I had the choice as to whether to directly enquire about attitudes or indirectly deduce attitudes. I chose not to enquire directly because the associated disadvantages of direct enquiry outweighed the advantages of direct enquiry. Specifically, the main advantages of direct enquiry are that: 1) managers could explicitly answer questions about their attitudes, 2) I could refine my understanding by probing attitudinal nuances and 3) these attitudes could be presented back to the panel for confirmation. However, direct enquiry may not yield truthful reflections of actual attitudes for two reasons. First, high institutional agency and informal cognitive schema arguably carry social expectation; being more socially desirable than their counterparts. They also introduce a certain amount of role conflict; with low institutional agency and formal cognitive schema challenging the expectation that franchisors foster good will and ensure normative compliance. Moreover, I did not want attitudes to be affected by individual instances of a class; rather than the class itself. Namely, if management have a particularly good (or poor) opinion of one store; they may artificially boost (or degrade) attitudes towards other stores with a similar outlook in an attempt to be consistent and sense-make. I also wanted to reduce the natural tendency to equate high institutional agency (reference

group alignment) as positive and low institutional agency (reference group disparity) as negative through relativity. Lastly, I wanted to separate attitudes towards cognitive schema from institutional agency. Enquiring about each dimension separately, then aggregating opinions post hoc over a class of scores, had a lesser tendency to conflate the dimensions than making holistic attitudinal judgements incorporating the interplay of cognitive schema and institutional agency.

For these reasons, I chose to deduce attitudes by indirectly asking management to categorise stores on each construct rather than opine on each construct. For each construct, I asked what they thought each store was, why it was that particular rating and why it wasn't the contrasting rating. The question guide I used to facilitate this process is provided in Appendix 9.13. All questions were high-level, broad and open-ended; designed to maximise the breadth of responses without artificially constraining responses.

Responses were captured in note form by myself; owing to a lack of additional resources. Classifications (but not the accompanying notes regarding reasoning) were given back to the management panel at the end of the workshop for verification in visual form; plotted over a 2x2 matrix (see Figure 17). During this process, management participants requested that quadrants be partitioned into 3x3 sectors such that store position could reflect relative values on each dimension; which I expand upon in Section 5.4.1 Evidence for construct perception. Following engaged scholarship guidelines, managers, (as my participants), are those practitioners who experience the phenomenon of interest, and are able to bring relevance and impact to research through their involvement in the research process. Altering the visual plot for greater sensitivity using feedback gathered from managers, those practitioners who experience the phenomenon of interest, thus furthered the extent to which my research is exemplary of engaged scholarship.

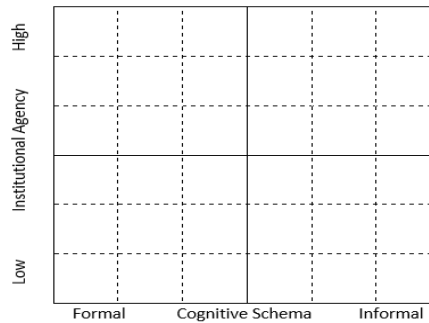


Figure 17: Classification template

Performance data was collected directly from the franchisor’s financial system after the workshop. This five-year period allowed me to smooth the effect of seasonal trends and one-off events which may create fluctuations in performance data. I followed the approach taken by Mertens, Recker, Kohlborn, et al. (2016) to identify exceptional performance; in the pursuit of engaged scholarship. Namely, the case organisation defined the measures taken to reflect exceptional performance. Mertens, Recker, Kohlborn, et al.’s (2016) method begins with explaining the concept of positive deviance to the case organisation and asking them to define what exceptional performance (and positive deviance) means in their organisation. The presentation I used to facilitate this session is provided in Appendix 9.1.

Allowing the case organisation to help define what the theoretical construct of positive deviance meant in practical terms, subject to academic verification that the measures are robust, is methodologically important for achieving engaged scholarship in three ways. First, positive deviance, as a concept, requires that the definition of exceptional performance is context specific to the actors involved (Pascale et al., 2010). That is, positive deviance cannot be meaningfully externally imposed by those outside the change context; including me as the researcher (Pascale et al., 2010). Achieving relevance thus necessitated case involvement. However, as the researcher, I can and did, ensure that the data associated with the chosen measures was sufficiently robust to use for academic purposes. Specifically, a number of measures for each performance area (trade and retail)

were proposed and analysed for suitability. The entire list of measures examined for this purpose are listed in Appendix 9.2. Second, what the case organisation considers markers of excellence may not align with what I, as the researcher, consider quintessential markers of excellence with reference to organisational science literature. Thus, the research may not have achieved relevance had I imposed my own measures of external performance rather than involving the case in problem formulation and operationalisation. Third, engaged scholarship guidelines state that involving practitioners in problem formulation is a necessary criterion for achieving engaged scholarship and that relevance and engagement cannot meaningfully be achieved without this involvement (Van de Ven, 2007). In addition, case collaboration helped to build case rigor through team-based research as advocated in Dube and Pare's (2003) guidelines for case work.

The case organisation selected two dimensions on which stores could achieve positively deviant performance in recognition of the fact that the franchise has two distinct business aspects (retail and trade) on which franchisees perform differently. Thus, a franchisee could excel in one indicator (for example, retail) and do poorly on the other (for example, trade). Performance data was therefore analysed separately for trade performance and retail performance. A list of potential metrics for each indicator was developed based on the data available in the case organisation's reporting system (see Appendix 9.2). Each performance metric was analysed for normality then put to the case organisation for final selection. The case organisation chose three measures to reflect positively deviant trade performance and a further three measures to reflect positively deviant retail performance. Shapiro-Wilks tests and visual inspection of the data indicated that all but one of the metrics was negatively skewed. Therefore, we transformed all metrics except percentage of loyalty transactions using Log transformations. The transformation successfully remedied the skew. The measures and their corresponding definitions are shown in Table

18. Descriptive data and histograms are provided in Appendix 9.3 and Appendix 9.4, respectively.

Segment	Measure	Definition
Trade	Total number of customers	The average number of trade customers who transact at a given store each month.
Trade	Gross volume sold	The average gross volume in paint each month transacted by a given store.
Trade	Gross accessory volume	The average gross value of non-corporate stock (accessories) each month transacted by a given store.
Retail	Total retail revenue	The yearly average amount of sales to retail customers for the given store.
Retail	Average retail transaction value	The yearly average value of goods sold per retail transaction for the given store.
Retail	Percentage of loyalty transactions	The yearly average of the percentage of retail transactions that are conducted by loyalty club members for the given store.

Table 18: Positive deviance performance measures

All stores were assigned a quartile for each of the six measures; with four being the top 25% of stores and one being the bottom 25%. Hence, stores with a three or higher on a given performance measure are above average while stores with a rating two or lower are below average. Performance data was not merged with attitudinal data until after the workshop to prevent undue bias and influence.

5.3.3 Data analysis

I analysed the data in four major steps. First, I examined the data for evidence of construct perception, descriptive statistics and face validity. Second, I examined the data for

attitudinal evidence toward institutional agency and cognitive schema; seeking to determine whether each construct was potentially acceptable to management, and if so, why. Third, I examined the effect of outcome on ratings by adding performance data to construct ratings. Fourth, I returned to the literature to search for concepts that could help elucidate my findings. All steps were performed after the workshop post hoc. If I was unclear about a rating, or wanted further information, I contacted the relevant BDM responsible for the given store. I did this for one out of 91 stores. I performed all analyses due to resource constraints; although results would be strengthened if another researcher had also analysed results (Dube & Pare, 2003). I expand upon each step in my data analysis in turn.

The first step in my analysis involved gathering descriptive statistics for each construct in the franchisor portfolio. This was important to identify limitations concerning my ability to infer attitudes toward cognitive schema and/or institutional agency. For example, my ability to judge management acceptance of formal cognitive schema would be limited if no stores were classified as possessing a formal schema. Next, I established the extent to which the franchisor was able to classify stores using the constructs of institutional agency and cognitive schema. This step was important to determine the extent the management team found it practicable and possible to assign ratings. I attempted to discern this in several ways; using the visual plot of store categorisations produced and verified during the workshop. First, I tallied the number of stores for which the franchisor was able to unanimously assign a rating for cognitive schema and institutional agency, respectively. This allowed me to determine if there were any stores for which the franchisor couldn't make a judgement; and if so, why. It also allowed me to get a perspective on the franchise portfolio and the commonality with which franchisees were judged with high/low institutional agency and formal/informal cognitive schema. Next, I attempted to understand whether the franchisor viewed each construct as a continuum or a category; by

referencing my workshop notes to see how easily classifications had been assigned. Finally, I attempted to examine the face validity of each construct and the ability of management to make classifications based on store knowledge alone; by examining the extent of alignment between my classifications and those assigned by the franchisor. I chose to plot categorisations visually to easily identify differences. Where differences existed, I referred to workshop notes to infer why. Plotting stores visually created a data display (Dube & Pare, 2003) and increased sensitivity and allowed me to identify borderline classifications. After assessing rating congruency, I next analysed workshop data for qualitative opinionative data informing how the franchisor viewed institutional agency and cognitive schema. As highlighted and justified in Section 5.3.2, I chose to do this deductively rather than explicitly asking about attitudes. Namely, better quality data could be obtained from inferring attitudes which emerge through classificatory discussion, rather than direct attitudinal inquiry. Furthermore, as institutional agency and cognitive schema are newly being explored with reference to positive deviance, and the purpose of this study is exploratory, I did not want to constrain myself to using a more quantitative and structured approach; such as attitudinal scales. Furthermore, there is an absence of validated scales on these measures within the positive deviance arena. While I arguably could have built and validated a measure, doing so would have prematurely restricted the richness of findings. Taken together, a more unstructured, qualitative, exploratory approach was more appropriate than a more structured, quantitative, approach. I followed Charmaz's (2006) line by line coding; first working my way through all stores rated as possessing high institutional agency and then low. Throughout, I sought to identify the reason/s why particular ratings were given and then consolidated this information to form a comprehensive view of management attitudes toward each construct. I also paid attention to any emotionally poignant words; particularly adjectives which can easily be assessed as carrying positive or negative connotation. I repeated this process for formal and informal

cognitive schema; paying attention to behavioural examples given and the reasoning behind classifications. This approach helped minimise any interaction effect which may have been apparent and focus on the two as independent constructs. I present my findings in separate sections for evidence for institutional agency (Section 5.4.2) and evidence for cognitive schema (Section 5.4.3); respectively.

The second last step in my data analysis was to look for evidence that might illuminate the role outcome may play in management acceptance. I did this using a two-step process.

First, I scoured workshop notes to identify any explicit references to outcome when making judgements. Second, I graphically superimposed performance metrics onto cognitive schema and institutional agency classifications; using the nomenclature (n,m) where n = trade performance, m = retail performance, 1 = 0-25%, 2 = 25-50%, 3 = 50-75% and 4 = 75-100%. For example, (1,3) is a store who performs in the top 25% of stores on trade performance and in the 50-75% of stores on retail performance. This superimposition allowed me to see the spread of stores with above and below average performance; across the entire portfolio and not just the positively deviant stores. Expanding analysis beyond positively deviant stores was important for four reasons. First, Study 1 suggested that a relationship might exist between varying combinations of institutional agency/cognitive schema and performance; with the majority of positively deviant stores possessing high institutional agency (irrespective of cognitive schema) and four of six positively deviant stores possessing high institutional agency coupled with informal cognitive schema. Thus, the results were suggestive that high institutional agency is associated with exceptional outcomes and that this relationship is strongest when coupled with informal cognitive schema. Expanding the dataset outside the 12 stores in Study 1 to include all 91 franchisees enabled me to see whether this trend held outside the purposive sample used in Study 1. Second, expanding the data set enabled me to assess whether stores with a given value tended to have similar performance outcomes. To do this, I examined the

number of stores in each quadrant with above or below average performance as well as minimum and maximum ratings. If patterns in performance and institutional agency/cognitive schema pairings emerge, it would be suggestive that outcome influences management classifications and/or management acceptance of positive deviance. Conversely, a wide mix of classifications and performance outcomes is less suggestive that outcome impacts management acceptance and more suggestive of discriminant validity. Third, positive deviance status alone is not wholly reflective of performance trends and therefore the ability of outcome to exert influence over classifications; especially poor performance. Namely, recall from Study 1 that stores with positively deviant performance score in the top 5% of all stores after controlling for extraneous variables. Therefore, a store may have excellent performance, which influences management acceptance, without necessarily possessing positively deviant performance. Similarly, positive deviance status is silent regarding poor performance; which may also exert a negative bias on management acceptance and management classifications. Analysing all 91 franchisees along with considering their quartile, a more sensitive measure of performance than positive deviance status, enables a better understanding of the relationship between performance and institutional agency/cognitive schema pairings. Fourth, there may be a tendency for management to view stores with exceptional performance more positively than stores with poorer performance, and in turn, assign high institutional agency (which has positive overtones) to highly performing stores and low institutional agency (which has more negative overtones) to stores with poorer performance. This potential bias was limited in several ways. Namely, performance quartile and positive deviance status were not revealed to management, management were instructed that all forms of institutional agency and cognitive schema could be related to good and poor performance, and management were discouraged from discussing outcomes when assigning classifications and encouraged instead to focus on store behaviour. Examining the distribution of

performance across the different types of institutional agency and cognitive schema enabled me to detect if classification patterns emerged suggestive of outcome bias. The final step in my analysis involved searching for theoretical bases on which I could elucidate my results. Namely, I returned first to positive deviance literature to search for parallels between my findings and those of previous researchers. Next, I returned to literature outside of positive deviance to search for concepts and ideas that could potentially explain my observed management acceptance of cognitive schema, institutional agency, and if relevant, outcome. This search utilised franchise, change management and Institutional Theory literature. The results of this analysis are presented in my discussion.

5.4 Findings and Interpretation

5.4.1 Evidence for construct perception

The franchisor was able to classify all pilot stores as possessing either a formal or informal cognitive schema; and demonstrating high or low institutional agency (see Table 19).

Namely, four of the twelve pilot stores were classified as possessing a formal cognitive schema with the remaining eight classified as possessing an informal cognitive schema.

Five pilot stores were attributed high institutional agency; with the remaining seven being attributed low institutional agency.

Management Classification	Number of Stores
High institutional agency	5 out of 12
Low institutional agency	7 out of 12
Formal cognitive schema	4 out of 12
Informal cognitive schema	8 out of 12

Table 19: Management classifications of pilot stores

The store classification process was somewhat relative; with participants often defining attributes by contrasting behaviour with another store. Put differently, and consistent with the sociological view of deviance (Goode, 2015), participants understood deviance through

contextualisation. This tendency can be illustrated by taking the example of Store 3 and Store 11; who share a common BDM. When discussing Store 11, the BDM contrasted how each store had adopted the central initiative to install a project table. Project tables are a retail initiative aimed at providing a space where retail customers can decide on colour schemes and trial colours by brushing out paint samples onto colour-neutral boards; which they can then take home and make colour choices. The BDM noted that Store 3 had implemented the project table straight away and made several refinements to increase its value as a retail tool; such as creating DIY books based on popular shows like the Block, providing brush-outs of popular colours to expedite consultations and providing toys and pencils to entertain children while consultations take place. This statement was followed by a dissection of Store 11's implementation; noting how different uptake had been. Namely, the BDM noted that he had to ask the owner four times over a six-month period to install the table. The table itself had currently been installed, but add-ons like the colour neutral boards had not been installed and the table was not used for anything other than team meetings. This relative evaluation was common throughout classifications; with management comparing and contrasting behaviours of individual stores when making classifications.

The final classifications are shown in Figure 18; contrasted with those assigned by the researcher based on store observation and interviews conducted in Study 1. Ratings suggest a high degree of alignment; with only one difference. Namely, I attributed Store 2 with high institutional agency whereas the franchisor attributed Store 1 with low institutional agency. The reason behind this discrepancy stemmed largely from the inferred motives of deviant behaviour; with the franchisor seeing some deviant behaviour as self-motivated and potentially damaging to the franchisor. I illustrate this using the example of Store 2's relationship with its primary paint supplier. Namely, my franchisor has a unique relationship with their primary paint supplier; who provides stock, price limits,

discount limits, rebates, sales support, promotions and customer development while at the same time operating in direct competition through their own factory outlets. Hence, the franchisor and primary supplier co-exist in a synergistic relationship defined by reliance, cooperation and competition. This supplier holds annual trade shows; at which customers are offered significantly discounted promotional prices designed to elicit bulk orders at trade shows. Securing bulk orders is important for franchisees; as sales that go directly to the supplier rather than the franchisee harm cash flow and create a temporary downfall in store profits. Apportioning of sales is relevant only to the supplier and to the franchisee; from the customer perspective, their sale goes through their supplier account irrespective of who the transaction is made with. In recognition of this, Store 2 had engaged in activity to secure sales through the franchise system rather than the supplier system. This was done as follows. First, the owner had gained trade-show pricing through supplier contacts prior to the trade-show. Second, the owner actively called its customers prior to the trade-show; offering to take trade show orders in advance. These orders were then processed during the trade-show promotional period at trade-show promotional prices. This process offered advantages to the customer, the franchisee, the franchisor and the supplier. Namely, the customer has the advantage of having normal order comforts such as home delivery, 2) the franchisee has the advantages of securing the sales and organising stock and timing with lead time, 3) the franchisor has the advantage of enhanced revenue and sales and 4) the supplier is ultimately moving product irrespective of who transacted the sale. I saw this behaviour, as did the franchisee, as cleverly balancing the needs of all parties and being in the interest of the franchise. Hence, I classified the store as possessing high institutional agency. The franchisor disagreed; on the basis that the behaviour would anger the supplier even though the behaviour was not illicit. Hence, management classified the store as possessing low institutional agency. Another example is the project table. Like Store 3, Store 1 had instantly adopted the project table initiative; choosing a

large table and placing it in a prominent position. They had hired an electrician to install the specified lighting and invested all required expenditure to comply with the specified design. During store observation and interview in Study 1, the owner revealed to me that several customers had commented that the table looked like an “autopsy slab”; being a large stainless steel table. Moreover, they had found quality issues with installation of brush-out paper mounted underneath the table; and so had moved the roll to the top of the table. Knowing the reasons why the franchisee made these adaptations, I saw them as examples of high institutional agency. The format had been altered based on valid reasons which had the best interests of the franchise and project success in mind. However, the BDM was not privy to these reasons; not having explored the motivations with the franchisee. Instead, the BDM viewed the behaviours as unnecessary acts of defiance because other stores, like Store 1, had not had to make design changes to make the table initiative successful. This example highlights the critical role that perception plays in determining reference group affiliation and institutional agency; a point first highlighted by Heckert and Heckert (2002) in their classification of deviance and a point to which I later return in implications. This classificatory difference notwithstanding, the high degree of alignment between researcher and franchisor classifications is indicative of construct face validity for both institutional agency and cognitive schema.

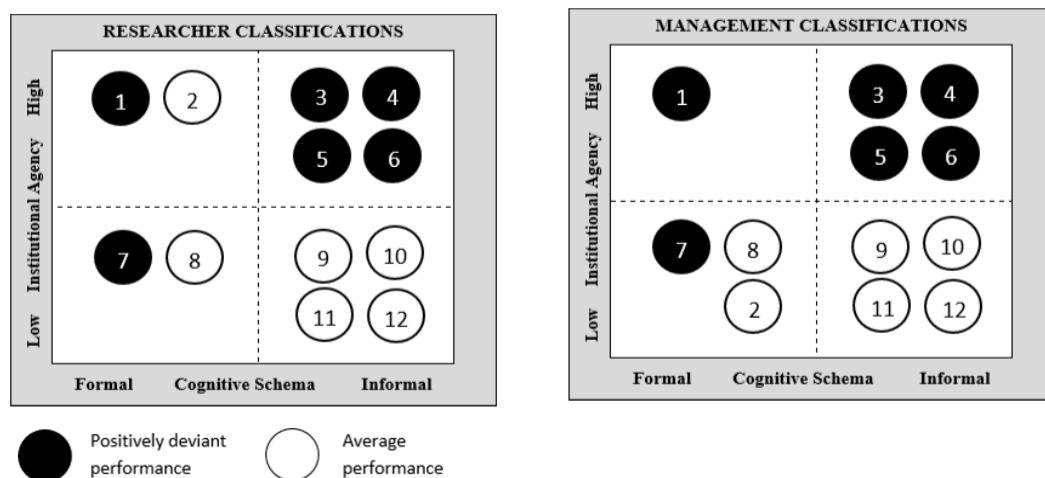


Figure 18: Alignment between researcher and management classifications of franchisee deviance

While the franchisor did ultimately classify each pilot store on both constructs, it was evident the franchisor thought some stores identified more closely with each construct; whereas others were more borderline. This applied to cognitive schema and institutional agency; but was more prevalent when discussing institutional agency. This tendency is suggestive that cognitive schema and institutional agency are continua; on which individual stores might be more or less aligned with continuum extremes. Thus, participants chose to classify stores graphically; placing them closer or further from each continuum using a nine-point grid to indicate the relative strength of characteristics. This can be illustrated taking the example of Store 7. Store 7 had excellent store performance but was one of the most unconventional stores I observed. Namely, Store 7 had expanded their product lines from paint into homewares. When approaching the store, the customer is first presented with funky stools and outdoor tables on the pavement. When entering the store, the customer is presented with a large retail area on their right dedicated to artwork, furniture and homewares. To the left of the store, taking less floor space, the franchise is traditionally designed as a paint store with paint, accessories and a service desk. The project table is encapsulated between these two areas. When interviewing the store, I assigned formal cognitive schema based on their obvious normative departures and low institutional agency on the basis of statements illustrative of diminished perceived value in the franchise brand. For example, the owner was cited as saying “[franchisor] is a one-way street; they don’t listen and don’t give feedback; why would I bother talking? You can’t survive if you follow the rules; the rules are a waste of time. You have to break them.” Like the example of Store 3 provided earlier, the BDM was not privy to my observation and interview notes from Study 1 and could not draw on this information when making classifications. Hence, when the BDM discussed this store, he began with an opening statement that the store had a complex history and had not always played by the rules. He further noted that the store was successful in terms of sales but could do better if they complied more; and he had

been working hard to bring the store back into the fold. In his opinion, substantial progress had been made in this endeavour. In support of this claim, the BDM said he could now rely much more on relational governance to bring the owner into line whereas traditionally he had had to issue sanctions to force compliance. Thus, the BDM said that a year ago he would have said he had very low institutional agency; but now he is much higher and would position the store just shy of high institutional agency: “we are almost there; I just need to work a bit more on getting the relationship right”. Store 7 is illustrative of several important points. First, management view cognitive schema and institutional agency as continua such that stores can vary on the strength to which they are judged to possess high (or low) institutional agency and formal (or informal) cognitive schema. Second, institutional agency and cognitive schema can change over time such that a store could become weaker or stronger on said constructs. Third, management do not perceive low institutional agency as being synonymous with negative evaluations of low institutional agency stores.

Returning to the specific example of Store 7, management classified cognitive schema as highly formal; being in the foremost column from the midpoint. In contrast, management classified institutional agency as borderline; being in the closest column to the midpoint. The refined placements, including that for Store 7, are shown in Figure 19. Note the increased sensitivity this further granulation provides; as well as the ability to highlight borderline stores closest to the axes (which shown in grey).

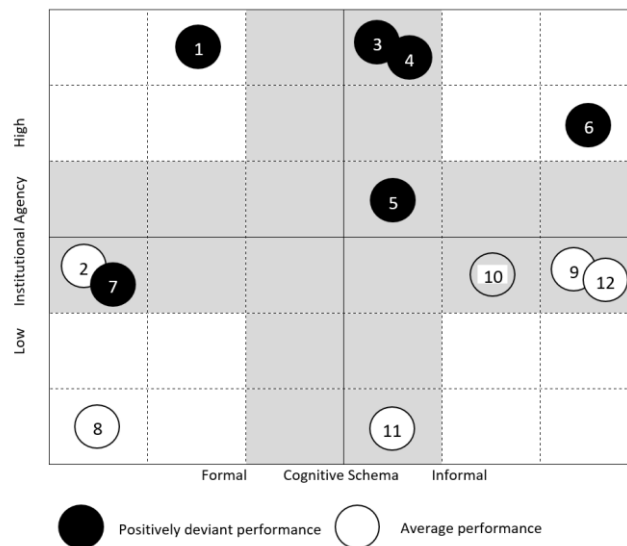


Figure 19: Cognitive schema and institutional agency as continua

After categorising pilot stores, the process was expanded to the entire pool of franchisees. I was unfamiliar with these 79 stores and hence was unable to unintentionally influence results via bias based on my store interactions. Equally, I could not ratify the ratings or search for differences in opinions based on my own observations. Classifications were done without performance data; to limit the ability of outcomes to bias classifications, and are shown in Table 20. In total, the franchisor classified 52.7% of their franchisees as possessing high institutional agency; and 47.3% as possessing low institutional agency. The franchisor considered a slight majority of their stores to possess an informal cognitive schema, at 61.5%, with the remaining 38.5% possessing a formal schema.

Management Classification	Number of Stores	Percentage of Stores
High institutional agency	48	52.7%
Low institutional agency	43	47.3%
Formal cognitive schema	35	38.5%
Informal cognitive schema	56	61.5%

Table 20: Management classifications of all franchisees

A more sensitive depiction of results, using the refined 9x9 matrix developed using management feedback regarding the nature of institutional agency and cognitive schema,

is shown in Figure 20. This more sensitive depiction takes borderline classifications (classification close to axes) into account; revealing that most stores were classified as being reasonably balanced on each dimension rather than existing at the extremes. Namely, 36 (39.5%) and 32 (31.2%) stores were one striation away from the midline on cognitive schema and institutional agency, respectively. Three important conclusions can be drawn from the borderline nature of classifications. First, management perceive both institutional agency and cognitive schema to be continua rather than categories. Two, management do not perceive institutional agency and cognitive schema to be mutually exclusive. For instance, there may be occasions where a store with high institutional agency engages in behaviour or adopts a low agency perceptible. Similarly, a store who has a predominantly informal cognitive schema may occasionally engage in formal deviance; without losing their status as possessing an informal cognitive schema. Third, management view institutional agency and cognitive schema as mobile constructs that can and do change. For example, BDMs frequently talked about franchisee potential; giving a current classification but saying that the store could potentially be higher or lower on a given scale and/or espousing a desire to shift their current classification. A hand-rendered version of Figure 20 was presented to management at the conclusion of the two-day workshop, with stores identified by name rather than dots, to validate classifications made throughout the workshop and to provide an opportunity to change any classifications they thought had been made in error and maximise engaged scholarship. No changes were made to the original classifications as shown below.

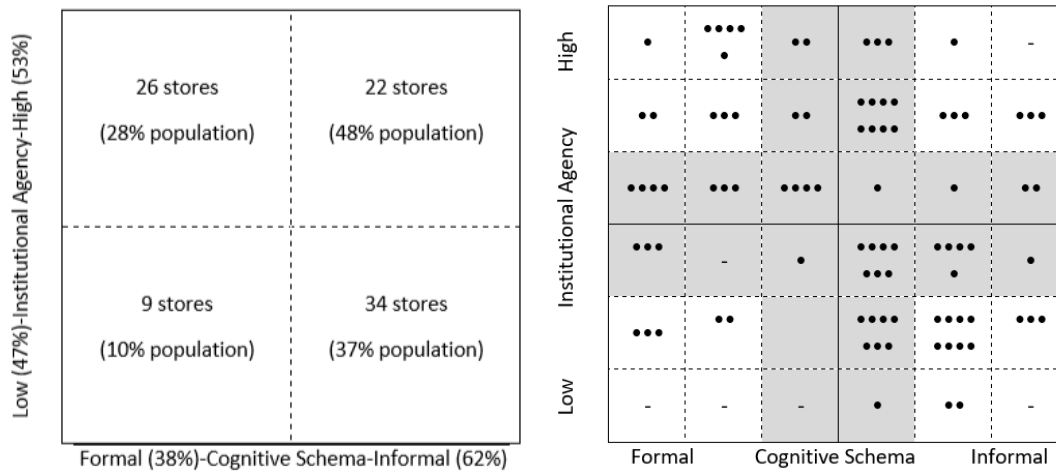


Figure 20: Franchise portfolio

5.4.2 Evidence for institutional agency

Management rated five of the twelve pilot stores as possessing high institutional agency; and 53% of the whole population (see Table 19 and Table 20). The general attitude toward these stores was positive; characterised by trust that these stores could be counted on to act responsibly and promote franchise interests without deliberate harm. In addition, management perceived that high institutional stores possessed a win-win partnership attitude toward the franchisor/franchisee relationship, possessed entrepreneurial tendencies, demonstrated a willingness to learn from the franchisor and other franchisees, demonstrated a willingness to share their learnings with the franchisor and other franchisees, responded to relational governance without needing to resort to procedural governance, and could be held up as good examples of the franchise model to other stores. In making these assessments, management beliefs were grounded in a mix of behavioural examples and attitudinal assessments. I expand upon each of these attitudinal attributions in Table 21; and conclude that these attitudinal assessments are decidedly favourable in evaluation.

Attribute	Supporting evidence
Demonstrates goodwill deserving	BDMs must split their time between all franchisees within their territory; providing franchisor support, management coaching

Attribute	Supporting evidence
of trust; imposing minimal management burden	and monitoring store compliance. BDMs expressed a need to visit and audit high institutional agency stores less frequently than those that possessed low agency; showing trust in store compliance. When non-compliance was detected, or the BDM wanted the store to change behaviours (to aid performance, for example), BDMs tended to use relational strategies rather than more procedural forms of governance like formal warnings and sanctions. For example, management did not sanction Store 1 for changing the colour of the project table in response to customer feedback; despite the specifications for project tables being standardised and enforced across the franchise chain.
Demonstrates entrepreneurial tendencies	When rolling out and/or trialling new initiatives, pilot stores are often used as proof of concept and to refine implementation. BDMs tended to extend pilot offerings to stores they perceived as having high institutional agency. Furthermore, BDMs felt that high institutional agency stores were more willing to adopt central initiatives and try new performance strategies recommended by the franchisor. BDMs noted that high institutional agency stores would do everything within their power to make initiatives work; taking ownership and responsibility in the process. Such was BDM faith that these stores would earnestly try to make initiatives work through entrepreneurial action that they believed “if they can’t make it work, no-one will”. For example, management chose to roll-out

Attribute	Supporting evidence
	<p>their new system software with Store 3 to prove the software's worth to other franchisees before rolling out the system franchise wide.</p>
<p>Participates in organisational learning</p>	<p>The franchisor has a Franchise Advisory Council (FAC) which comprises a select number of franchisees. The role of FAC members is to represent franchisee interests to the franchisor; including ideas for improvements and feedback regarding issues and concerns. Thus, the FAC is designed to capture and utilise implicit knowledge and promote organisational learning. All members of the FAC were rated as having high institutional agency. Furthermore, BDMs reported that these stores would consult both the franchisor and other stores (outside the FAC) as part of daily operations; seeking to share learnings and learn from other stores. For example, Store 4 sat on the FAC in acknowledgement of benefits to the franchise group despite acknowledging the personal cost to the store itself.</p>
<p>Knowledge sharing</p>	<p>High institutional agency stores were reported as seeking assistance from the franchisor should they encounter problems with formal processes (such as stock control and pricing). Similarly, high institutional agency stores were reported as seeking franchisor support in the informal norm space. For example, stores would ask for marketing support when planning retail and/or trade engagement activities.</p>

Attribute	Supporting evidence
	<p>While BDM reported a reduced frequency of visits to high agency stores, they equally reported that visits encountered little resistance with stores happy to receive them and openly appraise store performance. This was in contrast to low institutional agency stores who might perceive BDM visits as prying and/or be reluctant to discuss store strategy and performance.</p> <p>BDMs also reported that high institutional agency stores regularly attended conferences and other franchisor events designed to encourage communication and sharing amongst its franchisees.</p>
<p>Exemplary of a good franchisee</p>	<p>When new and potential franchisees are initiated, they are taken to visit existing stores and invited to discuss the franchise with existing store owners. The stores that BDMs selected for these activities possessed high institutional agency.</p> <p>Furthermore, BDMs would direct existing franchises who were having performance issues, issues implementing initiatives successfully and/or were seeking advice internally, to speak to high institutional agency stores.</p>

Table 21: Management perception of high institutional agency

It is important to note that the positive attitude toward high institutional agency stores could not be solely attributed to an absence of perceived deviance. Namely, all stores were perceived as doing things differently yet this deviance did not attract negative evaluations by management. In particular, they were noted for striving to innovate and improve the business model. This can be illustrated using Store 3 and its provision of colour matches.

Franchisees are required to provide colour matches when customers bring in paint samples; creating a custom formula to exactly replicate the customer's sample. Thus, colour matching is a formal norm imposed by the franchisor. Colour matching is important for trade and retail customers alike; who are adding to or repairing an existing paint job and need the colour to match precisely. This process is time consuming and requires a high level of expertise; made difficult by differences between paint brands. Namely, different paint brands have different colour bases and tints; meaning that the same formula may look noticeably different to the naked eye depending on the brand of paint one chooses. Brand adaptations must be done manually without aide of a spectrometer. Because of the demanding nature of colour matching, and the unforgiving nature for mismatches, colour matches are a key point of differentiation from large paint sheds like Bunnings (who rely on spectrometers and therefore refer customers to [franchisor] for difficult matches). The time-consuming nature of colour matches means that staff may be engaged for up to one hour trying to custom make formulae; which is done at a loss when the customer only buys a sample pot of the customised paint. Store 3 complies with this formal norm; that they must provide colour matching. However, it has innovated in the informal norm space to make colour matches more profitable; balancing the needs of profitability and formal norm compliance. Specifically, Store 3 has instigated a policy whereby they enforce a minimum one litre transaction. Management saw this behaviour as indicative of high institutional agency; because the store protected brand advantage by continuing to provide a regulated service (colour matching), but through self-initiative was able to heighten profitability (minimum transaction volume). Having stumbled upon this example, the management panel further explored institutional agency with respect to colour matches. The consensus was providing the service without improvising was also demonstrative of high institutional agency; in recognition that the stores incurred a loss in order to maintain this as a competitive advantage over large sheds like Bunnings. Conversely, stores which refused to

do colour matches or would only fulfil colour matches during down time were considered demonstrative of low institutional agency; as they threatened an important point of differentiation in order to boost individual store-level profits.

Importantly for discriminant validity, high institutional agency could not be attributed to operating solely within the informal norm space; with high institutional agency stores possessing an almost equal mix of formal (54%) and informal (46%) cognitive schema.

Furthermore, a higher proportion of low institutional agency stores possessed an informal cognitive schema than stores with high institutional agency (see Table 22).

Institutional Agency	Formal cognitive schema	Information cognitive schema
High	54%	46%
Low	20%	80%

Table 22: Cognitive schema associated with high and low institutional agency

Taken together, the findings suggest that high (and low) institutional agency cannot be attributed to operating solely within (or outside) the informal norm space. However, management attitudes did appear to vary slightly between the two schemas. Namely, the management team displayed a positive bias toward informal schema when speaking about these stores; employing positive adjectives like “stars”, “brilliant”, “exceptional” and “hassle-free”. Management still held a positive attitude toward stores they rated as possessing high institutional agency and formal cognitive schema; but recognised that these stores might sometimes go outside the ropes and unintentionally cause franchise harm. Thus, the general opinion was that BDMs needed to reign their efforts in sometimes; usually with relational governance rather than issuing formal sanctions. Stores with a formal cognitive schema were also viewed as more of a management burden; presumably as a result of this requirement to monitor behaviour. Moreover, the management team thought it was harder to achieve compliance in these stores; because they would push back harder on ideas they disagreed with more than stores with an informal cognitive schema.

Management recognition that some high institutional agency stores are hard to control is suggestive that high institutional agency is not simply a reflection of positive judgements toward the store. The effect of outcome on attitudes toward high institutional agency is discussed in Section 5.4.4.

Management rated seven of the twelve pilot stores as possessing low institutional agency; and 47% of the whole population. In contrast to high institutional agency, management attitude toward these stores was notably more negative; particularly with respect to management burden. Namely, management tended to hold the view that these stores could not be trusted to go about business with minimal supervision. Thus, they emphasised the need to visit the store regularly and conduct compliance audits. In addition, management perceived that low institutional stores tended not to demonstrate a willingness to learn from the franchisor and other franchisees or a willingness share their learnings with the franchisor and other franchisees, required procedural governance more than relational governance, and could not be held up as good examples of the franchise model to other stores. Namely, management assessed the stores as being diametrically opposite on the measures associated with high institutional agency in Table 21.

Beyond these perceptions, the picture is more complex and depends on whether the store had a formal or informal cognitive schema. Similar to high institutional agency, and indicative of discriminant validity, low institutional agency could not be attributed to operating solely within the formal norm space; with stores possessing a mix of formal (21%) and informal (79%) cognitive schema (see Table 22). In fact, the majority of low institutional agency stores operated in the informal norm space and tended to comply with formal norms. Having made this observation, management did think more positively of low institutional agency when it was coupled with an informal schema than a formal cognitive schema. In fact, management opinion toward low institutional agency stores varied widely based on the accompanying cognitive schema. Namely, low institutional agency coupled

with informal cognitive schema tended to be attributed to a lack of enthusiasm, ability or competence, while formal cognitive schema attributions were closer to delinquency and deliberate rebellion. These attitudes are expanded upon below in Table 23:

Attribute	Formal	Informal
Perceived reason for deviance	BDMs perceived acts of deviance to be deliberate and self-interested delinquency executed without regard for franchisor interests. For example, Store 7 refused to stock the key supplier's mandated product lines in preference for independently-sourced lines.	BDMs perceived acts of deviance as a lack of sufficient self-initiative and/or incompetence. For example, Store 11 had haphazard and poor housekeeping skills. This meant that stock was not rotated frequently and efficiently; leading to stock wastage.
Perceived entrepreneurial tendencies	BDMs perceived these stores to deviate entrepreneurially. For example, Store 2 customised their project table and organised pre-sales for promotional events.	BDMs did not perceive these stores to act entrepreneurially. For example, Store 11 implemented all centralised customer engagement activities but organised none outside of those arranged for them.
Perceived dependence on franchisor	BDMs perceived these stores as being too independent; characterised by mutual mistrust. For example, Store 7 refuted new product lines, refused to	BDMs perceived these stores as being too dependent. For example, Store 11 relied on the BDM exclusively to create and

Attribute	Formal	Informal
	participate in conferences and boycotted the FAC.	review business plans. Similarly, Store 11 required a high level of BDM support to implement project initiatives; unwilling and/or unable to implement independently.
Preferred course of action	BDMs expressed a desire to manage these stores out of the business altogether; preferring to reassign the store to corporate or another existing franchisee.	BDMs expressed a desire to improve the store under current ownership; where possible. Else, reassign the store to corporate or another existing franchisee.

Table 23: Management perception of low institutional agency

The effect of outcome on attitudes toward high institutional agency is discussed in Section 5.4.4.

5.4.3 Evidence for cognitive schema

Management rated four of the twelve pilot stores as possessing a formal cognitive schema; and 38% of the whole population (see Table 19 and Table 20). BDMs found it easy to identify examples of formal deviance and categorise stores on this basis. Several examples put forward by management have already been discussed throughout this paper and are listed below:

- Store 2 and 3 complied with the formal norm to install a project table; whereas Store 11 failed to comply with this formal norm for a period of six months and required four installation requests before compliance was achieved.

- Store 11 eventually complied with the formal norm to install a project table. However, it remained in breach of formal norms concerning project table specification by not installing brush-out boards and rolls.
- Store 2 complied with the formal norm to install a project table. However, it broke formal norms concerning project table specification by changing the colour of the table and installing the brush-out roll on the top of the table instead of the underside.
- Store 7 breached formal norms concerning mandatory product lines; stocking their own preferred brands rather than supplier mandated brands.
- Store 7 breached formal norms concerning store layout; creating a homewares section and stocking the homeware section with products like chairs, lighting and vases which are well outside the franchise scope of business.

Importantly for discriminant validity, management did not rely on institutional agency to make their assessment of cognitive schema; rating 26% as possessing low institutional agency. The remaining 74%, despite being recognised as breaking formally prescribed rules, were ascribed as possessing high institutional agency (see Table 24).

Cognitive schema	High institutional agency	Low institutional agency
Formal	74%	26%
Informal	33%	67%

Table 24: Institutional agency associated with formal and informal cognitive schema

These findings suggest that management did not view rule breaking as inherently bad. However, management did display a reluctance to openly discuss rule breaking. Namely, BDMs showed an initial hesitance to admit to deviant behaviours their stores engaged in. The general atmosphere was one of airing dirty laundry; as if admitting formal acts of deviance equated to an admission of management failure. This resonates with the more traditional view that deviance is negative and stores shouldn't be breaking formalised

institutional norms. Management also expressed a need to be aware of formal deviance; so that it can be closely monitored for potential harm.

Attitudes beyond that were harder to elucidate; with stores tending to look at store behaviour coupled with institutional agency to form an attitude as to whether deviant behaviours were acceptable or not. Having said that, once behaviours were admitted to, they were not always viewed negatively. Indeed, sometimes viewed as ingenious and with a degree of pride. As a result, not all formal deviance carried sanctions: relational or procedural. This attitudinal evaluation appeared to depend on institutional agency.

Namely, when high institutional agency stores engaged in formal deviance it tended to be viewed as deviance but not necessarily as non-compliance; and did not necessarily attract formal sanctions. For example, the franchisor rolled out a new central sales system to all franchisees. Store 1 refused to adopt the new sales system until the old system was decommissioned; while other stores cooperated with the roll-out system. This behaviour was tolerated by the relevant BDM who used relational methods to eventually encourage software adoption.

In contrast, when low institutional agency stores engaged in formal deviance, it tended to be viewed as non-compliance and attracted sanctions. For example, Store 7 raised operational concerns about a mandated product line with its BDM. While the BDM was following up these concerns with the supplier, Store 7 substituted the mandated product line with another product they felt had operational advantage and a higher profit margin. The BDM saw this behaviour as deliberately non-conformist and chose to sanction Store 7 to enforce compliance.

Management rated eight of the twelve pilot stores as possessing an informal cognitive schema; and 62% of the whole population. Management found it discernibly harder to identify examples of informal deviance; becoming more of a categorisation of exclusion of formal deviance rather than an inclusion of informal deviance. However, wherever

possible, BDMs gave examples of informal deviance. Several examples have already been cited throughout this paper. For instance, Store 11 complied with the formal norm of installing a project table but failed to comply with the informal norm of using the table for retail sale consultations; instead using the table for team meetings and staff breaks. Similarly, Store 2 complied with the formal norm of entering trade-show orders during the promotional period but broke the informal norm of taking trade-show orders on the day by securing trade-show sales in advance. Lastly, Store 3 complied with the formal norm to provide colour matching but broke the informal norm of not imposing a minimum order for profitability. Another example outside those already given can be taken from Store 1 and weatherboards. Namely, timber products must be weathered before tints and stains can successfully applied. Weathering involves leaving timber outside for a specified time period such that tannins can leach. Boards can be in lengths up to 6m and therefore finding appropriate space to weather boards can pose both a challenge and a hazard to retail customers. Store 1 had a large store on a stand-alone block of land. As such, the store offered to weather timber for customers free of charge; provided a timber product sale had been secured. This service offering is a good example of informal deviance; existing firmly outside the formal norm space.

Management showed none of the reticence to discuss informal deviance that they showed with formal deviance; inferring that informal deviance is more acceptable and/or poses less of a reputational risk to the BDM. This reduced reluctance held true irrespective of whether the behaviour was viewed negatively or positively; providing further support that informal deviance is not equivocal to positive evaluations and formal deviance is not equivocal to negative evaluations. For example, Store 3 having a minimum colour match volume and Store 1 weathering boards were viewed positively whereas Store 2 taking pre-promotion orders and Store 11 failing to use the project table for retail sales were viewed negatively.

Reduced reluctance to discuss informal deviance may be indicative that management does not interpret informal deviance as a management failure; whereas formal breaches are seen as an indicator of management failure. Another explanation might be that management holds a more traditional view of deviance in which deviance is 1) inherently negative and 2) relates to explicit rule breaking and formal behaviours. Thus, it may be possible that they do not view informal deviance as non-compliance, per se. These findings underscore the importance of perception in judging positive deviance; a point first highlighted by Heckert and Heckert (2002) in their classification of deviance and a point to which I later return in implications.

Like formal schema, management did not rely on institutional agency to assign informal cognitive schema; with 67% having low institutional agency and 33% having high institutional agency (see Table 24). It is interesting to note that this is the inverse pattern to that seen in formal schema; with the majority of stores possessing low institutional agency. While institutional agency did not appear to influence schema classifications; it did appear to influence ultimate acceptance of varying schema. For example, both Store 11 and Store 3 both deviated in the informal norm space concerning project tables.

Management viewed this deviance favourable when undertaken by Store 3, who possessed high institutional agency, but unfavourably when undertaken by Store 11, who possessed low institutional agency.

This difference might be attributable to the accompanying institutional agency rather than the behaviour itself. Institutional agency seemed to similarly affect management's view of how easy or hard stores are to manage. Specifically, management felt that high institutional agency stores would respond to mere suggestions concerning behavioural change and compliance; whereas low institutional agency stores needed more encouragement. Similarly, management felt the need to follow up low institutional agency

stores to ensure the agreed behavioural change had occurred; whereas they tended to trust high institutional agency stores to enact agreed behaviours.

5.4.4 Evidence for outcome

The influence of outcome (franchisee performance) on management classifications of cognitive schema and institutional agency was examined by superimposing store performance quartiles onto store classifications; first at a broader level of analysis then at a more detailed level. Namely, store performance for retail and trade performance were categorised as very poor (<25th percentile), below average (25th<x>50th percentile), above average (50th<x>75th percentile) or very good (>75th percentile). Broad performance trends were considered as shown in Table 25; with a store being assigned a percentile based on at least one performance measure (trade or retail) falling into said percentile. For example, if a store was classified as possessing high institutional agency and an informal cognitive schema, it would fall into the high/informal category. If the store was in the first percentile for trade and the third percentile for retail, the store contributed to the stores within the high/informal category as possessing very poor performance and above average performance. This approach enabled me to assess the range of performance outcomes within any given combination of institutional agency and cognitive schema.

Institutional agency / Cognitive schema	Very Poor (<25 th percentile)	Below Average (<50 th percentile)	Above Average (>50 th percentile)	Very Good (<75 th percentile)
High / Informal	40.9%	27.3%	59.1%	40.9%
High / Formal	53.8%	65.4%	34.6%	19.2%
Low / Informal	64.7%	61.8%	26.5%	17.6%
Low / Formal	55.6%	77.8%	44.4%	22.2%

Table 25: Store quartile performance (based on at least one measure falling into given category)

The broad trends are indicative of several things. First, institutional agency/cognitive schema classifications do not appear to be classified on the basis of outcome and outcome

alone. Namely, all classification couplings have the possibility to yield below average and above average outcomes; as well as very poor and very good outcomes. These patterns do not preclude the presence of some positive outcome bias (in which high performing stores would be assigned high institutional agency and/or informal cognitive schema and low performing stores assigned low institutional agency and/or formal cognitive schema), but are highly suggestive that any bias, if present, is likely to be limited given the wide spread of performance outcomes across all couplings.

Second, the results are supportive of the trend in Study 1 that high institutional agency is linked to exceptional performance outcomes. Recall that in Study 1, which looked at the top 5% of stores (positively deviant stores), five of six positively deviant store possessed high institutional agency, and four of these five had an informal cognitive schema. Study 2 supports this trend with high institutional agency/informal cognitive schema couplings having the closest association to very high performance (>75th percentile). Namely, 40.9% of stores categorised as having high institutional agency/informal cognitive schema scored above the 75th percentile on trade and/or retail measures; nearly twice that of other combinations. Moreover, alternate combinations have a similar number of stores with very good performance, suggesting that the three remaining classifications are relatively comparable in their ability to achieve exceptional performance. High/informal stores also had a higher percentage of above average stores (50th-75th percentile) than other combinations. In addition to having the closest association to good performance, high institutional agency/informal cognitive schema couplings have the closest association to avoidance of poor performance; but nonetheless does not preclude poor performance. Namely, 27.3% of stores categorised as having high institutional agency/informal cognitive schema had below average performance (25th<x>50th percentile); with other combinations having double the number of below average stores. High/informal stores also had the lowest occurrence of stores having very poor (<25th percentile) performance than other

combinations. Taken together, then, the results are suggestive of two things. First, high institutional agency/informal cognitive schema couplings have a closer relationship to good performance than other combinations and is the most preferable strategy for good performance. Second, high institutional agency/informal cognitive schema is not a guarantee of good performance, with a substantial percentage of stores possessing poor performance (although the percentage is lower than that of other combinations). Put differently, high institutional agency is not synonymous with exceptional performance. Third, the results are supportive of the trend in Study 1 that formal and informal deviance can *both* result in positively deviant performance but with differing *probabilities* depending on whether institutional agency is high or low. Namely, there is a broad distribution of stores in each classification obtaining the full spectrum of performance outcomes; from very poor to very good performance. In addition to the aforementioned trends, low/informal couplings had the closest association with very poor performance (<25th percentile) and the weakest association with above average (50th<x>75th) and very good (>75th percentile) performance. This is suggestive that low/informal couplings are a poor strategy for optimal performance; but do not preclude good performance outcomes. Low/formal couplings were the most unpredictable coupling, with a high number of stores obtaining poor outcomes and a high number of stores obtaining good outcomes. Namely, low/formal couplings had the highest percentage of above average and very good performance after high/informal couplings. However, low/formal couplings also had the highest proportion of stores with below average performance out of all classifications. These findings are suggestive that low/formal couplings are a highly unpredictable coupling, capable of achieving good and poor performance outcomes. After considering broad performance classification trends, I next examined outcomes in more detail by superimposing quartiles for trade and retail performance onto classifications; as shown in Figure 21. This superimposition considered performance on

trade and retail measures individually, as well as performance across both measures. That is, I could see whether stores achieved good performance on both measures or favoured one measure over another. Consistent with the broad level analysis, I found a broad mix of outcomes in each combination of institutional agency and cognitive schema; suggesting that management classifications are not made solely on the basis of outcome. Hence, high institutional agency classifications by management are not simply a reflection of good performance outcomes and low institutional agency classifications by management are not simply a reflection of poor performance outcome. Similarly, informal cognitive schema classifications by management are not simply a reflection of positive evaluations stemming from a tendency of stores to comply with formal norms and formal cognitive schema classifications by management are not simply reflective of negative evaluations stemming from a tendency to breach formal norms. Put differently, outcome is largely independent to the management classifications and management attitudes regarding cognitive schema and institutional agency. Some patterns were observable which I expand upon below.

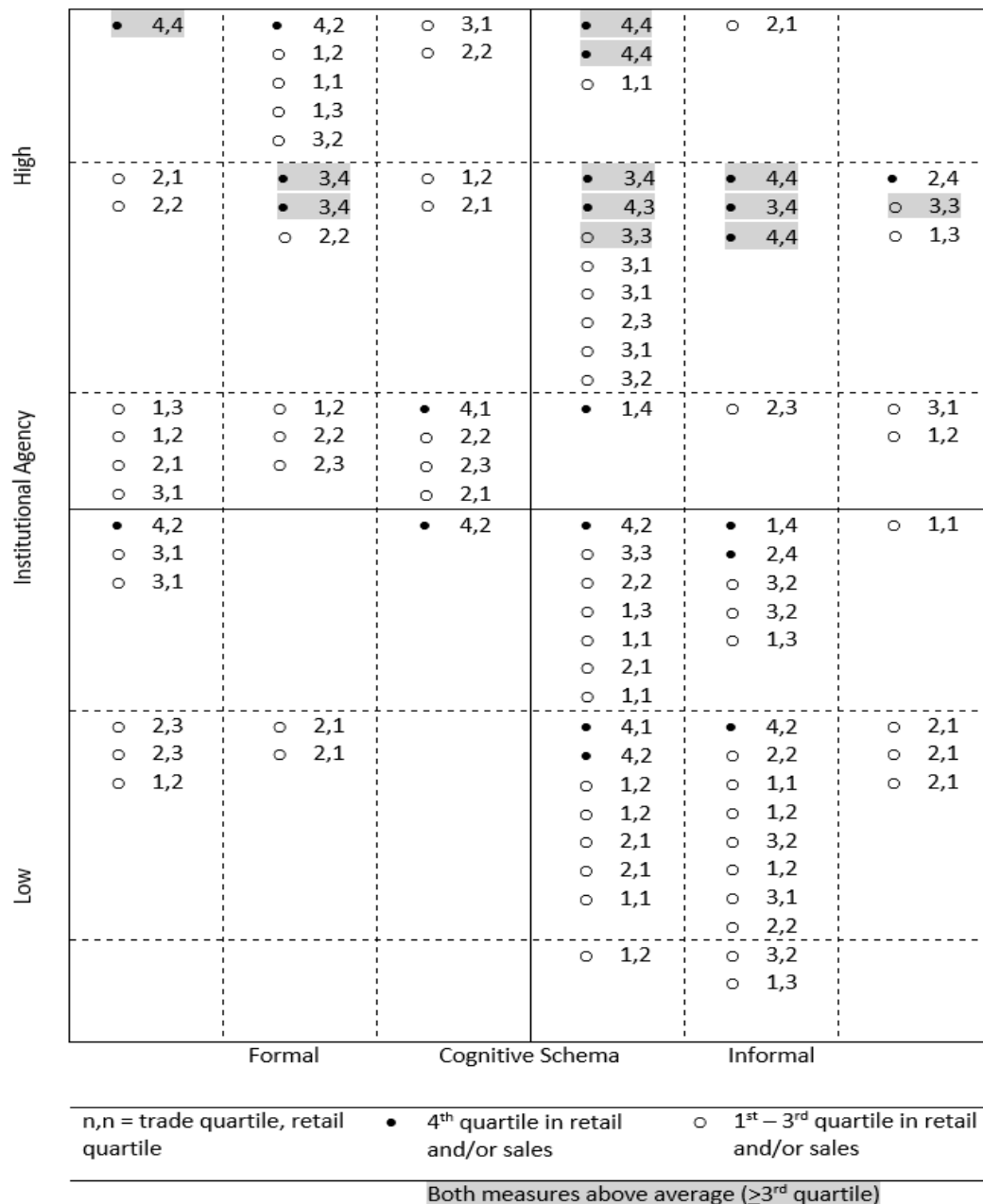


Figure 21: Relationship of outcome to store classifications

Turning first to institutional agency, my analysis suggests that neither high or low institutional agency can be attributed solely on the basis of outcomes. Namely, stores classified as possessing high institutional agency possessed a mix of exceptional, average and below average performance. Figure 21 shows this in graphical form; with black dots representing stores in the top quartile for one or both performance measures. Furthermore, eight stores with exceptional outcomes in one or more performance measure (top quartile) were assigned low institutional agency; two of which possessed positively

deviant performance scoring in the top 5% of all stores. Similarly, 20 stores with very poor performance in one or more performance measure (bottom quartile) were assigned high institutional agency. These trends refute the suggestion that stores with exceptional performance are automatically granted high institutional agency and stores with very poor performance are automatically granted low institutional agency. Furthermore, the existence of stores in the lower two quartiles with high institutional agency suggests that above average performance is not a requirement for management to imbue a store with high institutional agency. However, consistent above average performance may be related to positive managerial assessments of institutional agency. Namely, 12 stores with high institutional agency possessed above average performance on both retail and trade outcomes. This trend was stronger for stores with an informal cognitive schema; comprising 9 of the 12 stores. These stores are highlighted in grey in Figure 21. Notably, no stores with low institutional agency possessed above average outcomes (top two quartiles) on both retail and trade outcomes. Those that did have above average performance on one measure (top two quartiles) had below average performance on the contrary measure (bottom two quartiles). These results suggest that stores with high institutional agency do a better job of balancing both performance outcomes and are better all-round performers; but said performance is neither necessary nor sufficient for management to view institutional agency as high.

My analysis of cognitive schema revealed a similar pattern; with neither formal or informal cognitive schema attributed solely on the basis of outcome. Namely, stores classified as possessing an informal cognitive schema possessed a mix of exceptional, average and below average performance. This was also true for stores with a formal cognitive schema; with outcomes ranging from top to bottom quartiles. Figure 21 shows this in graphical form; with black dots representing stores in the top quartile for one or both performance measures. Furthermore, positively deviant performance (stores scoring in the top 5% of all

stores) was present under conditions of both formal and informal cognitive schema (four stores and two stores respectively). These trends refute the suggestion that stores with exceptional performance are automatically perceived as complying with formal norms; and vice versa. Furthermore, the existence of stores in the lower two quartiles in both cognitive schema suggests that above average performance is not a requirement for management to imbue a store with a particular type of cognitive schema. Finally, cognitive schema does not appear to be related to performance consistency across trade and retail segments. Namely, three stores with formal cognitive schema and nine stores with an informal cognitive schema possessed above average performance on both retail and trade outcomes. These stores are highlighted in grey in Figure 21. These results suggest that formal and informal schema classifications by management are relatively independent of outcomes; such that outcome does not form necessary and sufficient conditions for a given classification.

5.5 Discussion

5.5.1 Implications

5.5.1.1 Patterns of management acceptance

My results are suggestive that positive deviance has merit as a management method for endogenous innovation. Namely, management potentially tolerates deviance from both formal and informal norms as a means of endogenous innovation. Management appeared to be more accepting of informal deviance than formal deviance. However, this acceptance appeared to be moderated by institutional agency; with acceptance being higher under conditions of high institutional agency than low institutional agency. Thus, there appears to be an interaction effect which determines management acceptance of positive deviance. A stylised graph of this relationship is shown in Figure 22. This graph is wholly stylized and does not purport to be a quantitative representation based on empirical data. Mechanisms

which could potentially explain these management acceptance patterns are discussed in Sections 5.5.1.2-5.5.1.4.

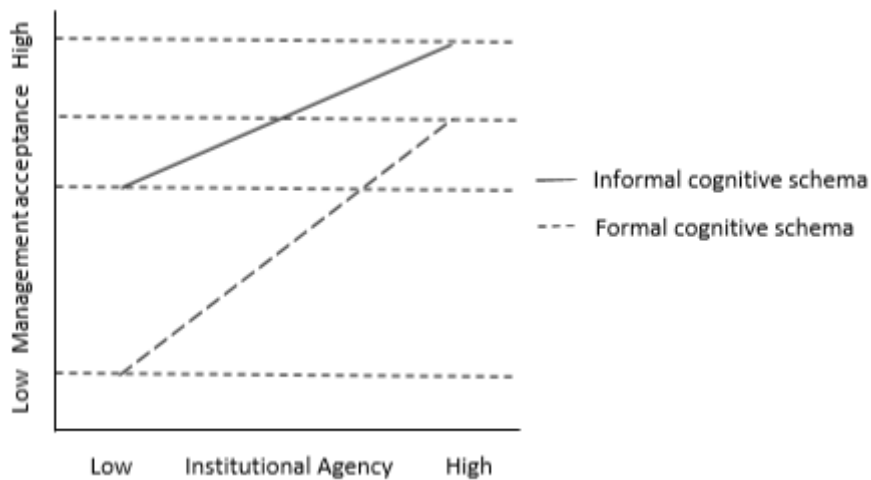


Figure 22: Stylized management acceptance of institutional agency and cognitive schema

Findings regarding management acceptance of positive deviance as a means of endogenous innovation are consistent with prior research on positive deviance in the sociological domain. Recall that management, when assigning institutional agency classifications, relied upon the motivations to which management attributed acts of deviance by the franchisee. For example, recall that Store 1 modified their project tables in response to feedback from customers that the table looked like an “autopsy” slab. The store revealed this motivation to me and hence I attributed their deviance as an example of high institutional agency; being in the best interests of the franchisor. Management was not privy to the reason for Store 1’s behaviour, and as such, attributed the behaviour as an unnecessary act of defiance and exemplary of low institutional agency. Classifications of reference group affiliation and institutional agency thus depended upon perception and not the objective behaviour.

This subjective nature of deviance perception has been previously highlighted in sociological positive deviance research by Heckert and Heckert (2002). Namely, Heckert and Heckert (2002) put forward a conceptualisation of positive deviance which delineates deviant behaviour based on the perception of those who judge the deviant behaviour and

the degree to which norms are complied with, as shown in Figure 23. Put differently, the classification of deviance as positive or otherwise depends not just on the behaviour itself, but on the evaluation of the behaviour by others. Heckert and Heckert (2002) use the example of high academically achieving students, who overconform with academic performance norms, to illustrate their point. Namely, when viewed by academics, who value high performance, these students are considered positive deviants who excel. However, when viewed by other students, whose own performance is diminished by exceptional performance from others, these students are considered rate-busters who raise the bar and attract negative evaluations to their own performance. Thus, the same behaviour, academic excellence, is viewed differently depending on the evaluation it attracts.

		<u>Normative Expectations</u>	
		<u>Underconformity or Nonconformity</u>	<u>Overconformity</u>
<u>Social Reactions And Collective Evaluations</u>	Negative Evaluations	Negative Deviance	Rate-busting
	Positive Evaluations	Deviance Admiration	Positive Deviance

Figure 23: Heckert & Heckert's (2002) deviance typology

Another example of classification subjectivity – based on evaluation of deviant behaviour – taken from my study involves management reluctance to discuss informal deviance relative to formal deviance. This reluctance could not be attributed to negative evaluation of the deviant behaviour, itself, as both informal and formal deviance were often viewed positively as well as negatively. Hence, it was argued that reluctance may be indicative that management perceives formal breaches as an indicator of management failure whereas

informal breaches are not. Like , Heckert and Heckert (2002), the ultimate evaluation, then, depends on the reference group judging the behaviour (management) and their perception of the behaviour rather than the objective behaviour itself.

5.5.1.2 Theoretical links to norm formality

I contend that the observed management acceptance patterns of cognitive schema can be explained using the concepts of risk and resources. In this context, risk refers to the inherent risk associated with deviance from norms originating from the regulative, normative and cultural-cognitive pillars of Institutional Theory. Put differently, risk relates to the nature of the norm which is being broken. It does not relate to the risk attitude held by the deviant; which has its own corresponding body of literature. Returning to my argument, management is potentially accepting of positive deviance as a management method from franchisees possessing both formal and informal cognitive schema. However, all other things equal, management is more accepting of positive deviance as a management method when franchisees deviate in the informal norm space (informal cognitive schema) than the formal norm space (formal cognitive schema). Recall that deviance, by definition, involves risk. Both formal and informal deviance from institutional norms are risky in that they potentially destabilise the very foundations upon which organisations are built (DiMaggio & Powell, 1983; Peton & Pez , 2014; Scott, 2007, 2014). This destabilising potential is even higher for franchise chains; who rely on consistent replication of a packaged set of institutional norms (Davies et al., 2011). Study 1 explained that absolute risk differs across formal and informal deviance; due to differing origins of formal and informal institutional norms. In particular, the absolute risk of formal deviance is greater than informal deviance. Formal deviance challenges the normative and/or regulative pillars on which the institution is built; whereas informal deviance operates outside formalised rules. Formal deviance is therefore more likely to breach a foundational norm and threaten the stability of the franchise business model. Thus, from a rational risk

reduction perspective, management is likely to favour informal deviance over formal deviance.

This preference for informal deviance is heightened by the higher resource burden associated with formal deviance. Specifically, franchises incur vertical agency; or the problem of conflict arising between franchisees and the franchisor (J. Combs et al., 2004). Formal deviance requires more management resources to monitor and evaluate than informal deviance; and thus incurs higher vertical agency costs. This seemed to be the case in my research, with management espousing a need to monitor and audit franchisees who tended to break formalised norms more than they needed to monitor and audit franchisees who tended to remain with the informal norm space. Moreover, harmful deviance requires sanctions to obliterate unwanted behaviours while beneficial deviance requires administrative overhead to amend existing formalised institutional rules. Thus, irrespective of outcome, formalised deviance is more costly than informal deviance. Finally, formal deviance involves explicit breaching of regulated franchise norms imposed on the franchisee by the franchisor. While management may accept deviance in this area, they are also cognisant that it challenges managerial authority. Hence, formal deviance may pose a control and insubordination threat, and may signal managerial incompetence, which is not as strongly associated with informal deviance. This seemed to be the case in my study, with management much more reluctant to admit formal deviance (even when they approved of the behaviour) than informal deviance (even when they disapproved of the behaviour). I contend that these factors can collectively explain why management tended to prefer informal deviance to formal deviance; all other things equal. Put differently, management will potentially accept deviance in the formal and informal norm space. However, all other things equal, management is more accepting of positive deviance as a management method when franchisees deviate in the informal norm space (informal cognitive schema) than the formal norm space (formal cognitive schema).

5.5.1.3 Theoretical links to institutional agency

I contend that the observed management acceptance pattern of institutional agency, as well as its interaction with cognitive schema, can be explained using the concepts of trust and risk attenuation, respectively. In this context, risk refers to the inherent risk associated with deviance from norms originating from the regulative, normative and cultural-cognitive pillars of Institutional Theory. Put differently, risk relates to the nature of the norm which is being broken. It does not relate to the risk attitude held by the deviant; which has its own corresponding body of literature. I begin with a discussion of institutional agency before extending my discussion to this interaction effect. Namely, management will potentially accept positive deviance as a management method from franchisees with both high and low institutional agency. However, management is more accepting of positive deviance as a management method when franchisees possess high institutional agency than low institutional agency. This acceptance is also associated with different management strategies, with management preferring relational governance when institutional agency is high and procedural governance when institutional agency is low. Recall that franchisees are a delicate form of organisation in that they seek to control franchisee deviance while fostering franchisee entrepreneurial tendencies (Kidwell & Nygaard, 2011). Obtaining a functional balance is key to franchises; too much deviance can harm the business model itself while too little deviance can stagnate the business model and/or lead to disgruntled franchisees and vertical agency costs (Boulay & Stan, 2013; Davies et al., 2011). Research suggests that striking a functional balance between compliance and deviance is a matter of franchisor/franchisee trust and effective use of social capital (Davies et al., 2011); where social capital "is the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships or mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992, p. 119; Field, 2016). I contend that these concepts (trust,

social capital and vertical agency costs) can help explain why management has higher tolerance for franchisee deviance under conditions of high institutional agency than low institutional agency; as well as a preference for different forms of governance. I discuss each proposition in turn.

First, franchisee replication of the business model requires a certain amount of mutual trust. Franchisees must trust the franchisor to provide an effective business model and afford franchisees a certain amount of agency over business model execution. This expectation increases as franchisees develop social capital and become more familiar with the franchise business model (Davies et al., 2011). Conversely, franchisors must trust franchisees to faithfully reproduce the business model whilst simultaneously improving the business model as they accumulate social capital (Davies et al., 2011). Failure to extend this dispensation creates vertical agency costs as franchisees become disgruntled and compliance conflict arises (Davies et al., 2011). In presence of trust, both sides of this social contract are upheld and vertical agency costs are minimised (Davies et al., 2011). The franchisor tolerates deviance from franchisees as they exercise their social capital; but retains rights of veto to curtail deviance they deem inappropriate. The franchisee has their need for entrepreneurial freedom met; but respects covenants imposed by the franchisor. I contend that these conditions hold under conditions of high institutional agency. Namely, management in my study perceived that high institutional agency franchisees act in the best interest of the franchisor. This belief held four advantages as shown in Table 26. First, it allowed management to allow franchisees to capitalise on their social capital; in both the formal and informal norm space. Second, it prevented vertical agency costs from unfairly squashing entrepreneurial tendencies. Third, it invoked norms of reciprocity by upholding the social contract between the franchisor/franchisee. Fourth, norms of reciprocity allowed use of relational governance to enforce compliance. I put forward these collective

arguments as one possible explanation as to why management holds a relatively positive attitude toward deviance under conditions of high institutional agency.

Advantages of mutual trust	Example
Management permits franchisees to capitalise on their social capital; in both the formal and informal norm space	Store 1 used their relationships to obtain promotional pricing from suppliers prior to formal price release.
Vertical agency costs are prevented from unfairly squashing entrepreneurial tendencies	
Norms of reciprocity are invoked by upholding the social contract between the franchisor/franchisee	Store 1 engaged a management consultant to benchmark franchisor processes against the industry at their own expense; and provided the report to the franchisor for the betterment of the whole franchise.
Norms of reciprocity allow use of relational governance to enforce compliance	Management did not sanction Store 1 for changing the colour of the project tables in response to customer feedback; despite the specifications for project tables being standardised and enforced across the franchise chain.

Table 26: Trust implications of high institutional agency relationships

In the absence of trust, franchisees/franchisors cease to coexist in synergy and the franchisee/franchisor relationship becomes one of turmoil (Davies et al., 2011). Namely, franchisees and franchisors increasingly perceive misalignment between their respective interests as franchisee/franchisor trust deteriorates (Davies et al., 2011). Norms of reciprocity weaken and vertical agency costs increase as franchisees begin to show high

levels of non-compliance and franchisors increasingly monitor and repress expression of social capital (Davies et al., 2011). The social contract is violated and the franchisor reverts to procedural forms of governance; further weakening norms of reciprocity and increasing vertical agency costs (Davies et al., 2011). I contend low institutional agency is characterised by lower relative levels of franchisor/franchisee trust; due to misalignment between franchisor/franchisee interests. In particular, I found that management is more unwilling to extend low institutional agency franchisees the freedom to deviate from institutional norms and exercise their social capital. Similarly, I found that management is more willing to revert to procedural governance to force compliance when low institutional agency franchisees do deviate. I put forward this greater vulnerability to spiralling relationship degradation, as outlined above, as one possible explanation as to why management holds a relatively negative attitude toward deviance under conditions of low institutional agency.

The idea of trust and compliance has also been investigated outside the franchise literature. For example, Szulanski, Cappetta, and Jensen (2004) investigate how likely individuals are to adopt behavioural suggestions based on the extent to which the source of the suggestion is trusted. They find that suggested behaviours are adopted and knowledge transfer occurs when trust is high; but not when trust is low (Szulanski et al., 2004). Recall that I have thus far argued that high institutional agency relationships are one of mutual trust, whereas low institutional agency relationships are one of relative mistrust. Extending Szulanski et al.'s (2004) work to my own research, it follows that high institutional agency stores are more likely to comply with franchisor covenants than low institutional agency stores. Compliance invokes norms of reciprocity and reinforces the social contract; favouring relational governance. In contrast, low institutional agency stores are less likely to comply; lessening norms of reciprocity and the ability of the social contract to regulate behaviour. I put forward this argument as further evidence that trust

may play a pivotal role in explaining management acceptance of positive deviance under conditions of high and low institutional agency.

Recall that heightened management acceptance of deviance under conditions of high and low institutional agency is not complete. Rather, an interaction effect emerged whereby institutional agency also moderates management acceptance of formal and informal deviance. Namely, under ordinary conditions, management is more accepting of informal than formal deviance. However, 1) management is more accepting of formal deviance coupled with high institutional agency than informal deviance coupled with low pairings and 2) management is not accepting of formal deviance coupled with low institutional agency. I contend this interaction can be explained by combining the concepts of risk and trust. Namely, institutional agency moderates the risk of deviance through trust transference. Recall that formal deviance carries greater risk and is more costly than informal deviance. High institutional agency attenuates the risk of both formal and informal deviance by virtue of interest alignment and trust. That is, the franchisor trusts that the franchisee will not deliberately harm the franchise brand and will act in its best interests. However, institutional agency does not obliterate the risk of formal deviance. Hence, the absolute risk of formal deviance under high institutional agency remains higher than informal deviance. This explains why management will accept both formal and informal deviance under conditions of high institutional agency; but when given the choice will be more accepting of informal deviance, but will also accept formal deviance. This situation is quite different when institutional agency is low. Low institutional agency is not characterised by a perception that interests are aligned. I argue that low institutional agency is thus bereft of this protective management perception; having several repercussions for positive deviance as a management method. First, all forms of deviance under conditions of low institutional agency are relatively less appealing. Thus, management will be more willing to extend dispensation to exercise social capital outside

regulated norms to franchisees with high institutional agency than low institutional agency. Second, informal deviance under conditions of low institutional agency remains potentially acceptable; because it carries lower inherent risk and resource burden than formal deviance. Thus, management will extend some dispensation to deviate in the informal norm space but will monitor said deviance closely and curtail unwanted deviance with procedural governance. Third, formal deviance under low institutional agency carries an unacceptable level of risk to the franchisor; because the inherent risk of formal deviance is not offset by alignment of interests. Thus, management perceives this stores as a threat and does not tolerate formal deviance.

I make one final observation about trust over and above straight risk attenuation. Namely, a high level of franchisor/franchisee trust is usually functional but can be characterised by over-trust. Over-trust is defined as “a tendency to trust another more than is warranted from an objective assessment of the situation” (Davies et al., 2011, p. 336). Over-trust is a valid concern in franchises for two reasons. First, over-trust, like under-trust, can have negative consequences (Davies et al., 2011). Second, franchisees are widely recognised as entrepreneurs (Boulay & Stan, 2013). Entrepreneurs, in turn, have increased vulnerability to over-trust (Goel & Karri, 2006). Thus, franchisees may exhibit a tendency to over-trust their franchisor. My findings suggest that some of my low institutional agency stores may have engaged in over-trust. Namely, management perceived that low institutional agency stores with an informal cognitive schema showed over dependency on the franchisor. For example, management reported that Store 11 relied exclusively on the BDM to create and review business plans and was incapable of implementing projects without a high level of franchisor support. This reported over-dependence may be an indicator of over-trust on the behalf of the franchisee; explaining the higher reported resource burden. I contend that this increased burden can further explain why management prefers formal deviance

under conditions of high institutional agency to informal deviance under conditions of low institutional agency; over and above the preceding arguments based on risk attenuation.

5.5.1.4 Theoretical links to outcome

Outcome did not appear to heavily influence management acceptance of positive deviance as a means for endogenous innovation; and was not synonymous with high institutional agency and/or informal cognitive schema. However, it did appear to have some moderating influence on management acceptance of formal deviance under conditions of low institutional agency; being slightly compensatory when exceptional performance outcomes were obtained. Namely, management did not accept formal deviance from stores with low institutional agency irrespective of whether the store achieved exceptional outcomes. For example, management did not approve of deviance from a low/formal store despite the store being in the top 5% of all stores. Similarly, management did not approve of two other low/formal stores who were in the top quartile of all stores. However, management did appear to make slightly more lenient appraisals and give more borderline ratings to these stores; whilst still not accepting deviance in current state. Thus, it appeared outcome afforded some attitudinal dispensation but did not obliterate poor acceptance. I argue this trend can be explained using positive bias. First, store performance ultimately invokes positive bias from a management perspective. This bias arises because management is tasked with maximising portfolio performance. Stores that do well reflect well on management (attracting positive social evaluations); whereas stores with poor performance reflect poorly (attracting negative social evaluations). Moreover, failure to adequately control behaviour of high performing stores may attract negative social evaluation. Thus, BDMs may be reticent to lose a high performing store if that store can be salvaged by raising institutional agency and/or downregulating deviance. Poorly performing stores that did not attract potentially positive evaluations did not attract management leniency; with management preferring to simply manage these stores out.

Similarly, humans have an inherent tendency toward the positive (Cameron, 2017).

Cameron (2017) cites numerous examples of this positive bias: people recall positive before negative memories (Melzer, 1930; Stang, 1975), retain positive experiences longer than negative experience (Hollingworth, 1910; Holmes, 1970; Yarrow, Campbell, & Burton, 1970), list positive attributes before negative attributes (Matlin & Stang, 1978), respond with more positive than negative words in free association (Silverstein & Dienstbier, 1968; Wilson & Becknell, 1961) and seek out positive stimuli more than negative stimuli (Day, 1966; Luborsky, Blinder, & Mackworth, 1963). Cameron (2017) concludes that this inclination is so pervasive that it affects thoughts, judgements, emotions and language. Hence, positive bias may explain why additional marginal compensation is given to stores that management views negatively when they have exceptional performance than when they do not. Positive bias may also explain the natural tendency for franchisors to view reference group alignment (high institutional agency) more favourably than divergent reference group alignment (low institutional agency). That is, social identification and commonalities, in this case reference group, increases the tendency to perceive others favourably.

5.5.2 Limitations

Limitations that bound my study are similar to those in Study 1. Namely, data collection necessarily involved debriefing participants about my earlier research; which may have led to some subjective bias. However, case status was not revealed to participants and my role was restricted simply to facilitation. Moreover, performance data was analysed to determine whether management classifications correlated with store outcomes. My data collection was also reduced to a single franchise organization operating within Australia. Geographical, cultural, industrial and even organisational boundaries therefore limit generalisability. In addition, my approach to data analysis was inductive, focusing on rich meaning emergent from the data. I believe the focus on qualitative data on behaviours and

norms was more meaningful than quantitative measurement because of the exploratory nature of the research, coupled with a lack of mature theory and measurements on these parts of Institutional and positive deviance theory, respectively. Lastly, I introduce a number of theories which may help explain my results. The scope of my study and exploratory nature did not allow me to test these concepts more thoroughly and they remain suppositions for future research endeavours.

5.6 Conclusion

In this study, I explored positive deviance as a management method for endogenous innovation. Specifically, I increased my understanding of how accepting organisations are toward different forms of positive deviance by adopting a management method lens. To do so, I investigated management attitudes toward institutional agency, cognitive schema and performance in the context of a franchise organisation. Through this work, I made several key discoveries: I found that positive deviance is potentially acceptable to management as a method for endogenous innovation. Acceptance is highest and broadest when management perceives high institutional agency; accepting deviance from both formal and informal norms. However, formal deviance is monitored more closely than informal deviance, and, if considered undesirable, will be discouraged using relational governance. A perception of high institutional agency is required for management to accept formal deviance; although additional tolerance may be extended if exceptional outcomes are achieved. However, management will accept low institutional agency deviance from informal norms under perceived conditions of low institutional agency. Thus, there appears to be an interaction effect between institutional agency and cognitive schema, and to a lesser extent, outcomes. I explain my results by suggesting that 1) informal deviance is an inherently less risky form of endogenous innovation than formal deviance and is therefore more attractive to management as a means of endogenous

innovation than formal deviance, 2) high institutional agency upholds the social contract between franchisors/franchisees (through vertical agency costs, norms of reciprocity and trust) and is therefore attractive to management as a means of endogenous innovation than low institutional agency, 3) high institutional agency attenuates inherent risks associated with formal deviance through trust, 4) low institutional agency imposes a higher resource burden through increased monitoring costs and the unique problem of over-trust than high institutional agency, 5) outcome has a slight moderating effect on managerial attitudes based positive bias and 6) management has a natural tendency to equivocate reference group alignment (high institutional agency) with positive evaluations due to social identification and positive bias. My findings suggest that positive deviance may be viable as a management method to facilitate endogenous innovation; and that acceptance depends heavily on perceived motivations behind deviance (institutional agency) rather than the actual type of norms which are broken (cognitive schema).

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CHAPTER 6: DISCUSSION

6.1 Integrated Discussion

I set out to answer the broad research question of how norms influence our understanding of positive deviance. I examined this question from two perspectives. First, I looked at the influence norms may have on the outcomes of positive deviance. Second, I looked at how norms may influence organisational acceptance of positive deviance. These questions formed the focus of Study 1 and Study 2, respectively. I found that the answers to these questions are inextricably linked; with the same two factors influencing both outcomes and organisational acceptance of deviance (see Figure 24 for a stylised representation of these proposed relationships). Namely, Study 1 found that the likelihood of deviance resulting in exceptional outcomes depended both on the type of norms broken (cognitive schema) and the underlying motivation (institutional agency). Namely, formal and informal deviance can both result in positively deviant performance; but with differing *probabilities* depending on whether institutional agency is high or low. That is, informal cognitive schema produced positively deviant outcomes only when institutional agency was high; and poor outcomes when institutional agency was low. In contrast, formal cognitive schema could produce exceptional outcomes when institutional agency was high and low; but likewise, it could also result in average performance under both of these conditions. Therefore, there appears to be an interaction effect between cognitive schema and institutional agency; with optimal results achieved through different types of normative deviance based on the accompanying institutional agency. Study 2 found that management acceptance of deviance also depends on an interaction between the type of norms broken (cognitive schema) and the underlying motivation (institutional agency) of deviance. Namely, management prefers informal deviance to formal deviance, and high institutional agency to low institutional agency. Ultimate acceptance of formal and informal deviance is determined by institutional agency; increasing and obliterating

acceptance of formal deviance under conditions of high and low institutional agency, respectively. These preferences are associated with different evaluations of risk, resource burden and governance approaches.

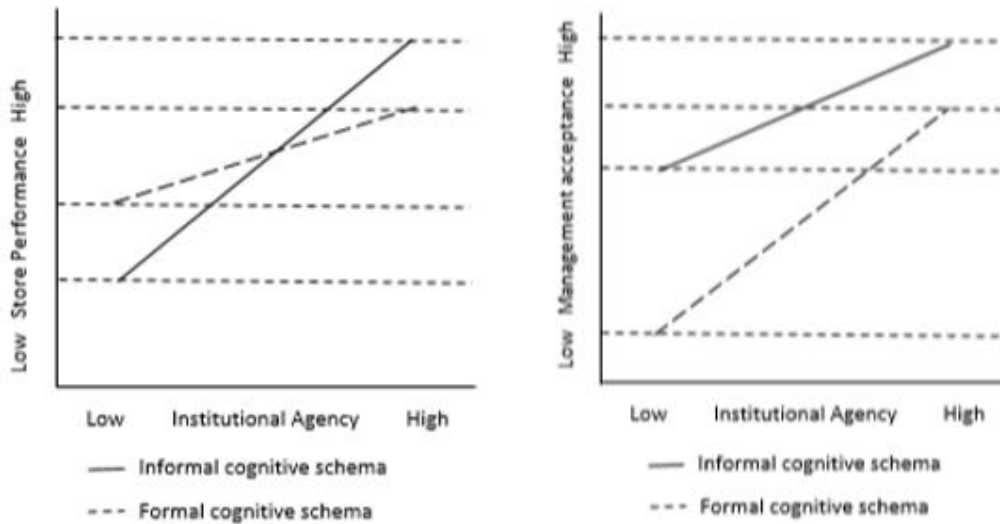


Figure 24: Stylised relationship of cognitive schema and institutional agency to store performance and management acceptance

It is my contention that my findings can be incorporated into a management model for positive deviance (see Figure 25); to embed positive deviance within a broader model for strategic innovation. Put differently, this model is useful in assisting organisations to understand deviance as it currently exists within their organisation; and to assist organisations to achieve a balance between maximising innovation potential from different forms of deviance and minimise harm from different forms of deviance. I refer to this as the Positive Deviance (PDP) Matrix; consisting of four combinations of cognitive schema and institutional agency. I term these combinations “deviance predilections”, for parsimony. Each predilection combines performance outcomes that the predilection is likely to achieve (based on my results from Study 1) with management acceptance (based on my results from Study 2). Predilections are thus firmly grounded in the findings of Study 1 and Study 2; with wider management recommendations following on from these findings. Thus, the PDP Matrix allows organisations to understand the spread of

predilections in their organisation. Second, the PDP Matrix allows organisation to understand the potential role of each predilection in endogenous innovation. For example, one predilection may be better suited to achieve continuous improvements while another may be better suited to transformational change. Third, the PDP Matrix allows organisations to develop management strategies for each individual predilection, as well as strategically manage the relative concentration of each predilection. For example, organisations might benefit from maximising certain predilections and minimising others. I present my PDP Matrix in Figure 25; elaborating on each predilection in Sections 6.1.1 to 6.1.4 inclusive.

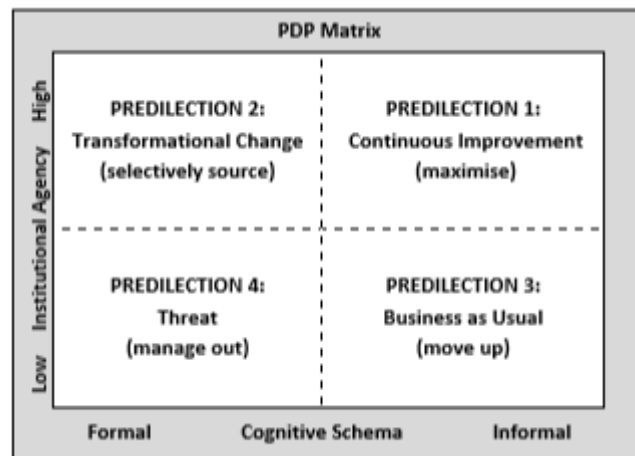


Figure 25: Positive deviance portfolio matrix

6.1.1 Predilection 1: High institutional agency and informal cognitive schema

Findings from Study 1 and Study 2 suggest that predilection 1 represents a potential source of incremental improvements. Namely, this predilection operates within the informal norm space; striving to modify informal institutional norms through application of their developed social capital (where social capital "is the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships or mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992, p. 119; Field, 2016)); whilst remaining compliant with formal institutional norms. As informal norms are grounded in the cultural-cognitive pillar, and do not breach

formalised ways of doing business, they are unlikely to represent fundamental changes to the business model. Hence, they are unlikely to destabilise the business model by breaching important regulative and/or normative pillar norms. Taking evidence from Study 1 into account, the implication is that predilection 1 stores are more likely to uncover incremental improvements which boost performance within the constraints of regulative and normative norms. Findings further suggest that these incremental improvements are likely to have the added advantage of being easily implementable. The reasons are threefold. First, innovations in the informal norm space do not require major changes to formalised policies and procedures; and are therefore not only less risky but are less costly. Second, management is highly accepting of predilection 1; trusting franchisees to uphold the social contract and empowering them to use their social capital in the best interests of both the franchisor and franchisee. This gives rise to norms of reciprocity. Third, norms of reciprocity minimise vertical agency and formal governance costs; making relational governance a viable relationship tool. Strong norms of reciprocity and interest alignment also make predilection 1 good candidates to trial new corporate initiatives; with willing uptake and applied social capital. Taken together, these make predilection 1 not only an effective means of incremental improvement but an attractive means of incremental improvement.

The incremental and easily implementable nature of predilection 1 innovations should not diminish the potential value these increments represent to organisations. Namely, data from Study 1 and Study 2 showed that predilection 1 has the strongest association with excellent and above average performance outcomes, and the strongest avoidance of below average performance. In particular, four of twelve positively deviant stores possessed predilection 1; a trend which held when performance was expanded to the entire data set of 91 stores in Study 2. These findings can be extrapolated outside the scope of my research findings to draw broader management strategies. Namely, predilection 1, in the

pursuit of incremental improvement, is only likely to be a valid strategy when the underlying business model is sound. Refinement of highly-flawed business models will maximise potential value from, but not substantially remodel, the business model. In this situation, performance optimisation may require more radical rethinking of, and deviance from, formalised norms; which is more closely associated with predilection 2. I therefore conclude that, under normal operational conditions, organisations should maximise the number of predilection 1 stores in their portfolio. These stores represent a low risk, high yield source of incremental improvement which is valuable during times of stability. Moreover, prediction 1 stores are a valuable ground for greenfield initiatives; owing to norms of reciprocity and applied social capital. However, this predilection may be less useful for driving transformational change when substantive change is warranted and/or sought.

6.1.2 *Predilection 2: High institutional agency and formal cognitive schema*

Findings from Study 1 and Study 2 suggest that predilection 2 stores represent a potential source of transformational change. Namely, Study 1 showed that predilection 2 operates within the formal norm space; unafraid to modify formal institutional norms through application of their developed social capital. As formal norms are grounded in the regulative and/or normative pillars, they challenge the very institutional norms upon which the franchise offering is made. Thus, formal deviance has the ability to rewrite the very ground rules on which business is performed; representing a source of transformational change. However, formal deviance is also a potentially very risky proposition for franchisors; with misguided formal deviance having potentially catastrophic implications. Namely, formal deviance can undermine the very business model on which the franchisor depends on for survival and prosperity. Study 2 showed that, despite the high risks associated with formal deviance, management is willing to accept formal deviance from predilection 2 stores primarily for reasons of trust. Namely, management perceives these

stores to have institutional alignment of interests; and thus the franchisor/franchisee relationship is characterised by mutual trust. This mutual trust allows 1) the franchisor to accept the risk of formal deviance through application of social capital and 2) the franchisee to exercise entrepreneurial tendencies without invoking vertical agency costs. Provided interests remain aligned, the relationship continues to be one of mutual trust in which the social contract is respected and governance is achieved by relational norms of reciprocity. Deviance from predilection 2 stores, then, is viewed more as a potentially beneficial phenomenon to curtail when necessary; rather than an inherently negative phenomenon. Inherent risk is mitigated through close monitoring; imposing a resource burden on the franchisor. This makes predilection 2 deviance a more costly exercise than predilection 1. These costs are exacerbated when formal deviance is successful; potentially necessitating administrative changes to formalised institutional norms and ways of doing business. For example, policies and procedures, as well as their associated governance procedures, may need to be updated to support the change in formal institutional norms. In addition, prediction 2 stores have less reliably positive outcomes than prediction 1 stores, which adds to their associated cost of deviance.

Study 1 and Study 2 showed that predilection 2 stores operate outside formal norms embedded in regulative and normative pillars, and thus, have the ability to create transformational innovation by rewriting the fundamental rules of business. However, predilection 2 are a risky form of innovation, for several reasons. First, formal deviance is inherently risky; with too much deviance being a source of potential destabilisation. Second, formal deviance requires a higher resource burden both in monitoring and implementation. Third, too many predilection 2 stores may increase vertical agency costs amongst other stores; should they perceive a double standard regarding the amount and type of deviance tolerated in predilection 2 stores compared to the rest of the portfolio.

Fourth, formal deviance challenges management authority and too many predilection 2 stores may surpass management tolerance for non-conformity.

Moving outside the direct findings from my research, the implication for the broader strategic management of deviance, is that – under normal operational conditions – organisations should selectively source a small number of predilection 2 stores for their portfolio. That is, predilection 2 stores represent a high risk, high yield source of transformational change which is valuable when substantive change is warranted and/or sought but not when stability is preferential to substantive change. Moreover, predilection 2 stores may be less useful for trailing new initiatives, which require exact replication, than predilection 1 stores; given their greater relative tendency to deviate from formalised norms.

6.1.3 *Predilection 3: Low institutional agency and informal cognitive schema*

Findings from Study 1 and Study 2 suggest that predilection 3 stores represent the “business as usual” nature of management. Namely, Study 1 showed that predilection 3 stores are confined by boundaries set by formal institutional norms; restricting deviance to the informal norm space. Adaptation of informal may benefit as well as harm the franchise business model; but pose a lesser inherent threat than formal deviance. Put differently, informal deviance is unlikely to destabilise the business model in so far as they are grounded in the cultural-cognitive pillar rather than regulative and/or normative pillars. However, predilection 3 stores are much riskier to the organisation than both predilection 1 and 2 stores owing to the difference in institutional agency. Namely, predilection 1 and 2 stores have high institutional agency in which the franchisor/franchisee relationship is characterised by mutual trust. Predilection 3 has low institutional agency; meaning that management does not perceive alignment between franchisee and franchisor interests. This lower trust 1) reduces the propensity of the franchisor to uphold the social contract for franchisees to utilise social capital through deviance, 2) reduces the propensity of

franchisees to comply with franchisor covenants and 3) increases the propensity for over-trust and excessive reliance on the franchisor. When trust is sufficiently deteriorated and/or franchisees over-trust the franchisor, norms of reciprocity weaken leading to increased vertical agency costs and monitoring costs as franchisors increasingly rely on procedural forms of governance.

Study 2 showed that the duality of low risk cognitive schema and high risk institutional agency means that management acceptance of predilection 3 is somewhat mixed; with acceptance sometimes more of a resignation than acceptance per se. Namely, predilection 3 stores rely on the business model without conscious deliberate entrepreneurial action to improve the business model. While some stores perform successfully by mere execution, stores engaging in over-trust and/or mistrust will fail to reach their potential. Moreover, the reliance on institutional norms without entrepreneurial action mean that these stores represent a large management burden; often needing micro-management and procedural governance. This management burden is exacerbated by dominance in numbers; with the majority of stores in my research possessing predilection 3. Predilection 3 also represents a source of frustration to management; with many stores viewed as having excellent potential but under-realizing their potential. Considerable effort is spent trying to increase entrepreneurial action; trying to shift the stores closer to high institutional agency whilst maintaining their informal cognitive schema. Failing this, management espouse a view to allocate predilection 3 stores to a corporate or high institutional agency owner.

Moving outside the direct findings from my research, the implication for the broader strategic management of deviance, is that – under normal operational conditions – predilection 3 stores will comprise the majority of an organisation's deviance portfolio. Namely, these stores represent a low risk, low yield source of business model execution which is valuable when stability is required. However, their business as usual means of

operation comes at the cost of increased management burden to combat over-trust and maintain the social contract.

6.1.4 *Predilection 4: Low institutional agency and formal cognitive schema*

Findings from Study 1 and Study 2 suggest that predilection 4 stores represent a threat to the stability of the franchise business model. Namely, Study 1 showed that predilection 4 stores operate in the high risk, high yield area of formal deviance. Thus, unlike predilection 2 stores who also operate in this space, predilection 4 stores are not bound by identification with the franchisor. Thus, the franchisor/franchisee relationship is one of poor trust and cyclical degradation. Namely, 1) the franchisor is unwilling to extend agency to predilection 4 stores to deviate for fear deviance will be harmful, 2) the franchisee becomes disgruntled as entrepreneurial tendencies to realise their social capital are stifled, increasing vertical agency costs, 3) increased vertical agency costs weaken norms of reciprocity and the social contract, 4) the social contract becomes inept at managing the franchisor/franchisee relationship, and 5) the franchisor/franchisee relationship continues to degrade as franchisors increasingly rely on procedural governance to stifle deviance. As a result, Study 2 showed that management view predilection 4 deviance as disruptive rule breaking rather than behaviour to monitor and curtail in excess; even though they may achieve excellent results. This negative evaluation may be related to the relative nature of deviance; in which negative and positive attributions are based on reference group identification. Furthermore, predilection 4 stores impose a substantial management burden; through increased costs of monitoring and increased costs of compliance. Moving outside the direct findings from my research, the implication for the broader strategic management of deviance is that – under normal operational conditions – predilection 4 stores represent unacceptable threats to franchise stability and should be managed out. Namely, these stores represent a high risk, low yield form of business model execution which poses an acceptable risk to franchisor stability. This unattractiveness is

exacerbated by the high cost of predilection 4; in terms of both monitoring costs and compliance costs. Undesirability of predilection 4 stores holds true irrespective of whether stores achieve excellent performance; which may be the case. For example, one of twelve positively deviant stores in my study had predilection 4. However, management may wish to extend a certain amount of dispensation to stores who achieve excellent outcomes; if they feel that they can successfully heighten institutional agency and/or lessen non-compliance to shift the store to another predilection. The primary drivers behind salvaging high predilection 4 stores stems from positive bias.

6.1.5 Applied examples

Section 6.1 put forward a PDP Matrix with which organisations can consciously manage innovation; depending on their risk profile and type of innovation desired. I provide two applied examples of the PDP Matrix to aid reader understanding; one taken locally from the current research and one taken from outside the research context which illustrates generalisability of the PDP Matrix. Each is discussed in turn.

6.1.5.1 Local example

A local example can be taken from the context of this research. Specifically, imagine a situation where a new competitor enters the market and the franchise must radically reinvent themselves to ensure ongoing competitive advantage. Taking into account the predilections in the PDP Matrix, the most suitable source of performance improvement to create radical transformational change is as follows:

1. Identify Predilection 2 stores, task them with identifying innovations, and give them freedom and permission to identify and test innovations. Namely, predilection 2 stores break formal rules within the constraints of high institutional agency; meaning that they are capable of identifying transformational changes and will do so with institutional interests at heart. Thus, they are the most suitable predilection to identify possibly game changing innovations with minimal risk.

Tasking these stores with innovation, and granting them the freedom to innovation, conveys management support to their efforts and maximises the chance of successful innovation

2. Test potential innovations in Predilection 1 stores. Predilection stores comply with formal norms yet tend to implement norms at a better standard than other stores; resulting in heightened performance outcomes and incremental improvement. Allowing Predilection 1 stores to test innovations put forward by Predilection 2 stores gives the franchise the opportunity to test proposed innovations and refine for operational excellence before rolling out innovations across the franchise
3. Work to move Predilection 3 stores up to Predilection 1; encouraging a better standard of adoption and increased performance outcomes
4. Minimise Predilection 4 stores as they represent a threat to organisational survival; a threat which is heightened when the franchise is facing large external threats from new industry competitors

6.1.5.2 Generalised example

A generalised example outside the context of this research can be taken from healthcare. Specifically, imagine a government audit of healthcare delivery to public health patients against published performance targets. The audit found that patient outcomes are deficient in 20% of targets; and tasked the health system with reducing this deficiency to 20% within a one year period; after which a subsequent audit will be held to assess performance. Thus, the objective for the healthcare services is to raise compliance with existing operational norms without introducing major change to the system.

Taking into account the predilections in the PDP Matrix, the most suitable source of performance improvement to meet the imposed target of reducing shortfalls from 20% to 10% is as follows:

1. Review Predilection 1 to identify means with which poorly performing health services can better meet health system objectives; by emulating the practices which enable Predilection 3 services to meet and exceed health objectives. Identified practices are compliant with accepted health delivery means and objectives and are expected to increase performance outcomes without disrupting health services objectives.
2. Identify health services possessing Predilection 3 and actively work to shift these services to Predilection 1. Converting Predilection 3 to 1 will increase compliance with health objectives (through the change in institutional agency to be better aligned with health objectives), increase performance outcomes (through adoption of Predilection 1 innovations), and reduce management burden associated with managing low institutional agency services (allowing resources to focus on meeting performance objectives).
3. Minimise Predilection 2 and 4 who, through formal rule breaking, have the potential to destabilise the system and cause further disruptions for stated health service objectives and performance targets

6.2 Implications for Research

My research has two major implications for research. First, the question of institutional stability and context is raised. Specifically, one must ponder whether the very institution in which deviance occurs alters both the propensity of deviance to occur, as well as the magnitude and type of deviance which occurs. Second, one must also ponder the conceptual changes which have occurred as positive deviance transitioned from its origin into organisational science; and thus question the validity of the methods we now apply and the benefits we seek to obtain (both of which are premised from the original conception of positive deviance). Each of these is discussed in turn.

6.2.1 Deviance disposition – Does context matter?

This Thesis has put forward arguments concerning organisational outcomes and organisational acceptance of positive deviance, couched in Institutional Theory. By using Institutional Theory, the question of context is raised. Notably, Institutional Theory implies that the extent to which a franchisor accepts deviance is likely to differ between organisations and even industries by virtue of institutional fields (Battilana, 2009). I address this as a consideration for further research; rather than as a focal research area within my thesis.

Returning to Institutional Theory, institutions possess a distinctive identity resulting from the interplay of regulative and normative standards in which they operate. This becomes apparent when looking across organisational fields; institutions in common sectors share values, governance and adaptive patterns unique to that sector (de Resende Melo, Andreassi, de Miranda Oliveira Junior, & Borini, 2013). These differences give rise to different tolerance for deviance, both across and within industries; for which I coin the term “deviance disposition”. For example, highly regulated industries like aviation are arguably less likely to have large normative deviance than those in less regulated industries, such as the creative arts. This is because the regulative pillar from which normative standards derive and are built are strict, legislatively governed and heavily enforced. Failure to comply with regulative standards jeopardises organisational survival; and hence organisations within the aviation industry implement strict normative controls to ensure compliance with the regulative pillar. Regulative and normative pillars, and therefore technical and formal norms, dominate the institutional framework for organisations operating in this space. As such, the deviance disposition or tolerance for deviance is institutionally low. Organisations with less domineering regulative pillars have more freedom in which to operate; and large deviations from these pillars might constitute competitive success rather than organisational demise. Such organisations are therefore

likely to exhibit a higher deviance disposition and a relatively greater proportion of informal norms. Research by Stamper, Liu, Hafkamp, and Ades (2000) supports this proposition.

Specifically, they found that organisations with a greater proportion of informal to formal/technical norms exhibit higher levels of learning while those with informal normal deficiencies regulate behaviour through communication, control and substantive norms (Stamper et al., 2000).

I further posit that, while much of an organisation's deviance disposition is determined by industry considerations, organisations within the same industry will not have same deviance disposition. Variations in how organisations choose to implement the normative pillar, building upon regulative mandates, will either enhance or reduce their deviance disposition. For example, organisations with senior management that discourages innovation and deviance are likely to have a relatively lower deviance disposition than an organisation with a more permitting management team; regulative pillar being equal.

Academic evidence supports these suppositions; with management style being widely recognised as a contributor to innovation (Böhle, Bürgermeister, & Porschen, 2012; Hervás-Oliver & Peris-Ortiz, 2014; Wu, Chiang, & Jiang, 2002).

So far I have argued that deviance disposition is primarily set by the regulative pillar and is therefore largely out of organisational control. However, I further posit that cultural and management considerations can uplift or downscale deviance disposition. Such attempts to change one's deviance disposition is a long-term effort and not a variable that can be manipulated for immediate result. Therefore, I consider deviance disposition to be an "innovation potential barometer"; informing how much deviance the organisation will tolerate. This deviance disposition then provides the framework, or ground rules, with which individuals cognitively interact; influencing both the incidence and magnitude of acceptable positive deviance. For the purposes of my research, then, deviance disposition is a contextual condition within which the research is conducted.

In more macro terms, I argue that organisations wishing to exploit positive deviance within their organisation should be aware of their deviance disposition. Specifically, their deviance disposition should be treated as a contextual variable when interpreting positive deviance within their organisation. Furthermore, organisations wishing to heighten or lessen their deviance disposition could implement long-term strategies to shift deviance disposition by changing the underlying regulative and normative pillars. In operational terms, this might constitute lobbying at the regulative level and formal procedural and policy changes, or organisational culture change efforts, at the normative level.

6.2.2 Evolutionary implications for organisational science

Chapter 2.1.1, The natural history of positive deviance, outlined how positive deviance has evolved as a concept. Specifically, it highlighted that positive deviance is rife with conceptual complexity; owing to its movements between domains. Such conceptual complexity is not uncommon in academic domains; arising as researchers enrich their understanding by borrowing and extending concepts from other domains. In the case of positive deviance, this complexity has been well documented; with papers synthesising viewpoints on conceptualisations (eg. Vadera et al., 2013), definitional elements (eg. Spreitzer & Sonenshein, 2004), nomological nets (eg. Galperin, 2012) and methodological approaches (eg. Mertens, Recker, Kohlborn, et al., 2016). They form a valuable resource to navigate a wide and disparate body of knowledge; providing accurate summaries of, and suggestions for, the research domain as it exists now. I contend that a meaningful extension is to consider the derivation of our current understanding, in organisational science, looking for cross-domain permutations and their evolutionary implications – for academia *and* application – against this baseline conceptualisation that positive deviance is a means for endogenous innovation. I ask two key questions. First, how reflective is the current concept of positive deviance in organisational science of the sociological and humanitarian domains from which it borrowed? Second, how valid are cross-domain

borrowings; given organisational science evolutions? Taken together, these allow reflection on whether borrowings are based on assumptions and/or premises that were present in the source domain but are violated in organisational science; thus elucidating the implications for positive deviance to deliver endogenous innovation.

I proceed as follows. First, Section 6.2.2.1 uses the natural history provided in my literature review to examine the extent to which the current concept of positive deviance in organisational science is reflective of the sociological and humanitarian domains from which it borrowed. This allows reflection on whether organisational science has adopted, altered or violated assumptions and/or premises from source domains by identifying evolutionary differences. An example is the loss of the participative nature of methods adapted from the humanitarian domain. Second, Sections 6.2.2.2 to 6.2.2.5 inclusive examine the validity of cross-domain borrowings with respect to the ability of positive deviance to deliver endogenous innovation; given organisational science evolutions. I conclude by drawing larger implications for positive deviance in academia and application.

6.2.2.1 Evolutionary descent

I examine cross-domain evolution of positive deviance with respect to its underlying objective of discovering pre-existing endogenous innovations; introducing benefits in cost, complexity, and implementation (Mertens, Recker, Kohlborn, et al., 2016). Methodological success of this pursuit was first achieved in the humanitarian domain; following the 5D process. The 5D process involves all community stakeholders impacted by a problem 1) jointly defining the problem, its causes and desired outcomes, 2) identifying the presence of positive deviants based on data and problem definition, 3) discovering deviant behaviours through inquiry, interview and observation, 4) designing ways that other members in the community can practice and master these deviant behaviours and 5) developing ways that the community can monitor and evaluate the project and its effectiveness throughout and after its execution (The Positive Deviance Initiative, 2010).

Thus, it is a participative, internally-driven, method which links outcome and behaviour for subsequent internal adoption. In Chapter 5, I unpacked the mechanisms espoused to underlie this method; being condensed as developing 1) willingness to adopt (ability to generate intrinsic motivation and reduce resistance to behavioural change initiatives), 2) ability to adopt (ability to provide new, but existing, behaviours which others can readily enact) and 3) ability to reward (heightened performance outcomes through wider enactment of these new, but existing, behaviours). I further highlighted that these mechanisms are largely inductive, building on Pascale and Sternin's experiential learning, despite being widely accepted in positive deviance literature. For example, when discussing implications, Mertens, Recker, Kohlborn, et al. (2016, p. 1304) cite that positive deviance can help organisations to "find organizational improvements and innovations that have already been invented by organizational members, which has many advantages in terms of cost, complexity, and implementation of change based on these improvements". Their statement implies a subscription to all three suppositions (willingness to adopt, ability to adopt and ability to reward). Explicit examples are also present in the literature. For instance, Vadera et al. (2013) and Chung and Koo Moon (2011) show that intrinsic motivation and ownership, respectively, encourage individuals to engage in positively deviant behaviour (willingness to adopt), Lavine and Cameron (2012) deconstruct reactions to the Rocky Flats nuclear disaster as an example of implemented positive deviance (ability to adopt), while Mertens, Recker, Kummer, et al. (2016) empirically link deviant behaviours to exceptional outcomes in retail bakeries (ability to reward).

As noted in Chapter 2 (Figure 1), positive deviance has evolved since this initial inception; subject to cross domain influence. While both the cross-domain and evolutionary nature of positive deviance is widely recognised (eg. Galperin, 2012; Galperin & Burke, 2006; Mertens, Recker, Kohlborn, et al., 2016; Spreitzer & Sonenshein, 2004; Vadera et al., 2013), the validity of transferring suppositions between domains at various evolutionary points

has not been examined. Put differently, organisational science draws on cross-domain concepts and methods without systematic consideration of the varying evolutions that have occurred to positive deviance as a concept; when compared against the source of these benefits. I argue that it is important to consider these evolutions; to determine whether the mechanisms posited to underlie positive deviance still hold under its current conceptualisation. To reveal these evolutions, and assess their consequences for organisational science, I adopt the view of positive deviance that initially gave rise to these mechanisms (traditional humanitarian conceptualisation) as my evolutionary point of departure. Table 27 presents the results of this exercise; identifying repercussions associated with the concepts of reference group, conflicting interests, multiple levels of analysis, inherent motivation, efficacy and evidence-based improvement, exclusions of potentially valuable behaviours and missed opportunities, normalisation, and structural components; all of which are absent from traditional conceptualisation but are present in alternate conceptualisations as they currently exist in organisational science. I then proceed to discuss what these departures mean for positive deviance as a means of endogenous innovation in organisational science with respect to willingness to adopt, ability to adopt and ability to reward.

Origin	Stream	Evolution	Repercussion
Humanitarianism	Corporate	Research setting changes from a	Disconnect between those who seek solutions
Organisational scientists	Behaviour	community setting to an organisational	and those who suffer from the problem.
Organisational scientists	Outcome	setting.	Introduces problems of reference group,
Humanitarianism	Corporate	Research context changes from a single	conflicting interests, multiple levels of analysis,
Organisational scientists	Behaviour	organisation to multiple organisations.	and inherent motivation.
Organisational scientists	Outcome		Reference group expands to include like
Organisational scientists	Behaviour		organisations; introducing contextual differences
Organisational scientists	Outcome		regarding resources, constraints and context.
Organisational scientists	Behaviour		Introduces problems of reduced participative
Organisational scientists	Outcome		nature and efficacy/evidence-based
Organisational scientists	Behaviour		improvement as 1) solutions may not be found by
Organisational scientists	Outcome		those who need to implement them, and 2) may
Organisational scientists	Behaviour		not currently exist in the implementation setting,
Organisational scientists	Outcome		respectively.

Origin	Stream	Evolution	Repercussion
Humanitarianism	Corporate	Advocacy of positive deviants as change leaders.	Reduces participative nature as change leaders take responsibility for identifying positively deviant behaviours and encouraging mimicry. Introduces problems of reference group and inherent motivation.
Humanitarianism	Corporate	Research investigates how to normalise positively deviant behaviours in the context of institutions.	Positive deviance shifts from an approach for achieving targeted but isolated sustainable change to an approach for initiating and sustaining initial and continuous improvement. Introduces normalisation and structural components.
Sociologists	Normative	Decouples behaviour and outcome.	Positively deviant behaviour may not be linked to a positive outcome; and may even be linked to a negative outcome. Introduces problems of efficacy and evidence-based improvement.
Organisational scientists	Behaviour		

Origin	Stream	Evolution	Repercussion
Sociologists	Reactive	Deviance must be observable.	Deviant behaviours which are obscured and unknown to others are not deviant; even if it diverges from normative standards and/or achieves exceptional outcome. Introduces exclusions of potentially valuable behaviours and missed opportunities.
Sociologists	Reactive	Deviance must be relative; with the perception of what is deviant shifting	Requires an explicit reference group from which behaviour is judged and a value judgement;
Organisational scientists	Behaviour	across era, society, culture and subculture.	behaviour will cease to be deviant once it normalises over time. Introduces problems of reference group, exclusions of potentially valuable behaviours, normalisation and structural components.

Origin	Stream	Evolution	Repercussion
Sociologists	Reactive	Deviance must be contextualised; as some may perceive behaviour as deviant while others may not.	Decouples link to exceptional outcomes from non-normative behaviour. Introduces problems of efficacy and evidence-based improvement.
Organisational scientists	Behaviour		
Sociologists	Reactive	Deviance varies in the extent it is consensual; based on the likelihood that others view the behaviour as positive.	Requires value judgement; decoupling exceptional outcomes from non-normative behaviour. Introduces problems of exclusions of potentially valuable behaviours and evidence-based improvement.
Organisational scientists	Behaviour	Deviance must intentionally aim to produce exceptional outcome.	Deviant behaviours must be voluntary. Those which are unintentional or were not motivated to produce exceptional behaviour are not deviant; even if they diverge from normative standards and/or achieve exceptional outcome. Introduces exclusions of potentially valuable behaviours and

Origin	Stream	Evolution	Repercussion
			missed opportunities, reference group and value judgement. Identification relies of self-report and decouples link to exceptional outcomes from non-normative behaviour. Introduces problems of efficacy and evidence-based improvement.
Organisational scientists	Behaviour	Positively deviant outcomes are likely to accrue if one encourages employees to deviate with positive intent.	Antecedent research does not investigate whether those who engage in higher levels of self-reported constructive deviance achieve better outcomes. Introduces problems of efficacy and evidence-based improvement.
Organisational scientists	Behaviour	Individuals can be encouraged to deviate by bolstering positive intent.	Theory of Planned Behaviour shows intentions explain around one quarter of actual behaviour; with the remaining 75% of behaviour attributable to factors other than intent (Armitage & Conner,

Origin	Stream	Evolution	Repercussion
			2001). Introduces problems of reference group, inherent motivation, efficacy and evidence-based improvement.
Organisational scientists	Behaviour	Researchers (or organisation) identify	Those who seek deviant behaviours are not those
	Outcome	positively deviant behaviours.	who need to change their behaviour. Introduces problems of inherent motivation and conflicts of interest.

Table 27: Evolutionary summary

6.2.2.2 *Organisational science challenges to willingness to adopt*

Willingness to adopt positively deviant behaviour is based on the premise that employee participation and endogenous practices jointly build intrinsic motivation and lower resistance to adopt new behaviours (Allio, 2011; Pascale & Sternin, 2005). Originally conceptualised as a systemic constraint, resistance to change is now understood to be a complex individual psychological process comprising cognitive, affective and behavioural dimensions (Georgalis et al., 2015). I contend that both the behaviour-based and outcome-based approach to positive deviance present challenges to affective and cognitive elements of willingness to adopt. Turning first to the behaviour-based approach, intrinsic motivation has been shown to boost the propensity of individuals to positively deviate (Vadera et al., 2013). Recall that this view of positive deviance drops outcome as a necessary requirement, such that 1) positive deviants are individuals who break norms with the intent of producing benefit, and 2) positively deviant behaviours are non-normative behaviours intended to produce benefit (Mertens, Recker, Kohlborn, et al., 2016). Thus, intrinsic motivation encourages individuals to *discover* positively deviant behaviours. Intrinsic motivation of individuals to *adopt* deviant behaviours discovered by other individuals has not been investigated. This is a subtle, but important, difference. Namely, the former is an introspective decision whereas the latter is externally-focused; potentially giving rise to credibility issues grounded in affective and emotional resistance.

Namely, individuals asked to adopt positively deviant behaviours are presented with behavioural ideas which might bolster performance; rather than being presented with behaviours empirically shown to bolster performance. These ideas enjoy a certain amount of credibility, and thus buy-in, extended by virtue of the fact they are endogenously sourced and not exogenously imposed (Pascale & Sternin, 2005). However, they lack an empirical link to performance and therefore lack results-based credibility possessed by positive deviants, as described by humanitarians and outcome-based researchers. Namely,

positive deviants who produce exceptional outcomes are credible based on their performance record; and therefore, their behavioural suggestions are credible as a means of performance improvement to both managers and co-workers (Pascale & Sternin, 2005; Seidman & McCauley, 2008). This credibility can be seen in anecdotal methods to identify positive deviants; such as asking “If I have a problem in this area, are these the people I go to for a solution?” (Seidman & McCauley, 2008, p. 18) and “When these people tell me how to solve the problem, do I both believe them and act on their ideas?” (Seidman & McCauley, 2008, p. 18). This results-based credibility is absent in the behaviour-based view of positive deviance. Thus, individuals must make a judgement about the credibility of the source (how likely the source individual is to present a good idea) and the behaviour itself (how likely the behaviour is to pay-off). These judgements may invoke cognitive and/or affective resistance to change; limiting willingness to adopt (Oreg, 2006; Piderit, 2000). The implication for organisational science is that good ideas may be disregarded if they are not perceived as positive and/or the source is not trusted (Van Dam, Oreg, & Schyns, 2008); making them unable to generate intrinsic motivation and credibility. Namely, source trust worthiness has been shown to increase knowledge transfer of experiential learning within organisations, (Szulanski et al., 2004), alter recipient's behaviour (Hovland, Lumsdaine, & Sheffield, 1949; Perry, 1996), increase voluntary deference to organisational authority (Kramer, 1999; Tyler & DeGoey, 1996) and enhance innovation institutionalization in new settings (Kostova & Roth, 2002). The ramifications of source credibility for positive deviance can be demonstrated using the hypothetical example of Betty. Betty has worked for Starship Catering for 40 years cleaning dishes. She is quiet, shy and unassuming; clocking on in the morning and going home in the evenings without socialising or interacting with other staff members. During this time, she has trained many employees on how to work kitchens, including her current manager. One day, she presents an idea on how dishes can be cleaned and restacked much more efficiently. Her manager has never

thought Betty has much potential; remaining in the kitchens for over 40 years without seeking or being granted a promotion. Her co-workers are, for the most part, students who are working kitchens part-time. They too consider Betty too old to be working kitchens; unable to understand why she hasn't moved onto a higher skilled job. When her manager and co-workers hear her idea, they disregard it because they do not perceive that Betty could possibly discover a better way of doing things. That is, they do not view the source of the behaviour, and therefore the behaviour itself, as credible, and thus lack buy-in and intrinsic motivation to adopt the behaviour. Taking this argument one step further, Betty's behaviour ceases to be positively deviant when viewed under a reactive sociological lens; despite its ability to generate exceptional outcome. When taken together, these arguments suggest that behaviour-based positive deviance, despite indisputably bearing good will, may not generate willingness to adopt due to the absence of an empirical link to efficacy and the introduction of source judgements. In this way, the credibility of endogenous positive deviance innovations can be likened to exogenous innovations; with no greater credibility or likelihood of success from the adoptee perspective.

The challenge to willingness to adopt presented by outcome-based approaches is more obscure. Outcome-based approaches retain the tight coupling between behaviour and outcome; and thus, *prima facie*, retain claim to both results-based and endogenous credibility. However, the outcome-based approach executes the second and third steps of the original 5D methodology in a non-participative manner; for reasons of methodological rigor. Namely, the researcher systematically and analytically identifies deviant behaviours within the population and then subsequently asks individuals to adopt them; without having first involved the adoptees in the identification and selection process (Mertens, Recker, Kohlborn, et al., 2016). By removing this participatory element, researchers may also have unwittingly reduced willingness to change. Namely, change management literature shows that participation is an important factor in reducing resistance to change

and increasing psychological ownership through cognitive and affective elements (eg. Coch & French, 1948; Erwin & Garman, 2010; Georgalis et al., 2015; Giangreco & Peccei, 2005; Lines, 2004; Msweli-Mbanga & Potwana, 2006; Waddell & Sohal, 1998; Wanberg & Banas, 2000). In particular, early involvement in planning and selection steps of the change process are important to foster willingness to change (Msweli-Mbanga & Potwana, 2006). This early involvement is present in traditional methodology but absent in Mertens, Recker, Kolborn, et al.'s (2016) current recommendations for outcome-based methodology. Furthermore, as ownership has been demonstrated to encourage the occurrence of positive deviance (Chung & Koo Moon, 2011), and participation fosters ownership, reducing participation may also reduce the prevalence of deviant acts. One might thus conclude that the introduction of external-control and removal of participation limits willingness to change. Another perspective is that endogenous identification of behaviours, and their empirical link to efficacy, may overcome any reticence to change created through lack of participation. This argument is yet to be examined in the literature; with both explanations remaining plausible.

6.2.2.3 Organisational science challenges to ability to adopt

Positive deviance literature supposes that deviant behaviours can be inherently adopted within their organisation of discovery; due to commonality between context, resources and constraints (Cameron & Spreitzer, 2011; Pascale & Sternin, 2005). Assuming willingness to adopt has been achieved, ability to adopt remains a challenge for both behaviour-based and outcome-based approaches to positive deviance. Specifically, positive deviance assumes that positively deviant behaviours can be implemented by all organisational members owing to commonality in goals, resources and constraints. Put differently, the behaviours already exist in the setting in which they are to be implemented; therefore, all other things equal, the behaviours can be successfully disseminated across all members in that setting. Returning to the natural history of positive deviance (Section 2.1.1),

methodological changes in positive deviance mean that the setting in which behaviours are identified may not exactly mirror those in which the behaviour is to be implemented. For example, researchers such as Marra et al. (2013) and Krumholz et al. (2011) scan a range of institutions operating in the same sector for positively deviant behaviours. While they do not explicate it, they nonetheless make the assumption that sufficient commonality exists in goals, resources and constraints to make this a valid practice. Anecdotally, researchers operating within organisational science may question the validity of this assumption. Academically, one can also put forward reservations which may make adoption difficult, undesirable and/or impossible. Organisations have different cultures, governance structures, staff hierarchies, political structures, communication protocols, resources, leadership and norms; to name just a few factors that might influence the ability to successfully implement behaviours discovered in another setting. Consider the example of a risky and highly unconventional deviant behaviour discovered in a multi-organisational study. This behaviour might be condoned in one organisation and condemned in another organisation due to underlying differences in risk preference. Similarly, a deviant behaviour might require a high level of staff autonomy which exists in the source organisation but does not exist in the target organisation. The importance of context is widely recognised in the change management literature; with common causes of failure being divided into categorisations of context, implementation or both (Georgalis et al., 2015). The implication for positive deviance is that one cannot confidently assume that behaviours identified 1) outside of the target organisation can be easily adopted in another organisation, 2) within distinct organisational units can be easily adopted in other units of the same organisation and 3) within one organisational unit can be easily adopted by other individuals in the same organisation.

6.2.2.4 Organisational science challenges to ability to reward

If one assumes that positive deviance both generates willingness to adopt and ability to adopt, the question remains as to whether a heightened performance outcome will follow. In the behaviour-based approach, the outcome-behaviour link is dropped such that the researcher is no longer identifying behaviours proven to improve performance (Mertens, Recker, Kohlborn, et al., 2016). Thus, there is no empirical ground on which to offer an evidence-based link between behavioural change and performance; other than statistical reasoning that the probability of successful innovation will increase with the number of deviant acts. However, it is equally plausible that deviance may result in negative performance outcomes which negate and/or surpass those of successful attempts. Indeed, authors such as Spreitzer and Sonenshein (2004) acknowledge that the outcome of positive deviance is irrelevant; such that deleterious outcomes which fit their behavioural definition remain positive by virtue of intent and intent alone. I contend this represents a serious challenge to ability to reward; with endogenous innovation reverting to a risk state equivalent to exogenous forms of innovation. Furthermore, one might imagine that unfettered deviance may introduce a substantive resource burden to monitor a workforce who is empowered and incentivised to break the rules; potentially increasing the net cost of innovation and reducing gain from successful innovations.

In the outcome-based approach, the empirical link between behaviour and performance is limited in so far as that it is contextualised by individuals who enact it. I contend that individual level idiosyncrasies may account for behavioural success in the individual who coined the behaviours. For example, one might imagine that a certain persona might be required for a given behaviour to be viewed genuinely by customers. Attempts to adopt it by other individuals may be perceived differently and even negatively. Research in sociology and psychology suggests that perceptions of positive and negative do vary with individuals and individual level factors (eg. Baer & Brown, 2012; Heckert, 1998; Heckert &

Heckert, 2002; Irwin, 2003). On a more macro level, perhaps the behaviour resulted in exceptional outcomes simply because it was extraordinary; mass adoption may mean the behaviour is no longer unique and is therefore no longer successful at boosting performance. This links back to sociological work on normalisation and the view that deviance ceases to be deviance once contextualised (Warren, 2003). Similarly, research on competitive advantage shows that benefits from innovations only accrue so long until they are replicated by the market; at which point they normalise and cease to reap competitive advantage (Wagner & Hollenbeck, 2015). Positive deviance-specific evidence taken from other domains suggests that these concerns may be unwarranted; with many examples of successful diffusion of positively deviant behaviours and resultant performance improvements (eg. Bren, 2015; de Macedo et al., 2012; Ivanovic et al., 2015; Kraschnewski et al., 2011; Krumholz et al., 2011; Marra et al., 2013; Marra et al., 2011; Stuckey et al., 2011). However, as identified in my literature review, organisational science tends not to study diffusion of positively deviant behaviours. Thus, it is prudent to conclude that the complex nature of organisational environments, along with differences introduced in the organisational domain such as reference group expansion, may mean that exceptional outcomes may not necessarily follow behavioural dissemination of positively deviant behaviour.

6.2.2.5 Implications for positive deviance project execution

Figure 13 First, positive deviance can (but may not) generate initial excitement and buy-in through empirical behaviour/performance outcome pairings. This buy-in should be validated before implementation, and if necessary, boosted. Thought can be given to the suitability of action research methods, involving employees in the definition of exceptional performance and identification of deviant behaviours, in order to boost the likelihood of buy-in and commitment. Second, positive deviance methodology is not a panacea for project failure. Successful dissemination and normalisation of positive deviance has an

advantage over exogenous innovation in that it is more likely to generate initial excitement rather than reticence through increased inherent motivation and credibility. Nonetheless, implementation is vulnerable to traditional change pitfalls such as lack of top management support, lack of resources, lack of a change champion and so on. Attention should be given to critical success factors taken from conventional change approaches and the management method literature. Third, successful behavioural dissemination and normalisation may not necessarily be followed by intended performance improvements. Consideration must be given to organisational and individual factors which might limit the ability of behaviours to yield results and be treated accordingly.

6.3 Implications for Franchises: Adaptation or Replication?

My research can illuminate a long-standing debate in the franchise literature: the adaption versus replication debate. Namely, the types of norms involved (cognitive schema) and the underlying motivations (institutional agency) might help reconcile seemingly conflicting evidence about adaptation versus replication. I expand on this below.

Franchises license the rights and obligations to copy a unique retail positioning that profitably services a need for a viable customer segment (Kaufmann & Eroglu, 1999). In essence, they package and sell franchisees a proven comprehensive set of institutional norms. These institutional norms allow franchisees to successfully reproduce knowledge underpinning a system of complex, causally ambiguous and imperfectly understood productive processes (Kaufmann & Eroglu, 1999). While positive deviance is therefore intimately relevant to franchises, it has not, to my knowledge at the time of authorship, been directly studied in the franchise literature. However, considerable debate does exist in the franchise literature about whether deviance from the business model, and therefore from the set of institutional norms, has deleterious or advantageous outcomes; addressed under replication/adaptation theory. Specifically, franchises balance the conflicting needs of a strong, identifiable, predictable brand achieved through business model replication

against the need to evolve, allow market adaptation and avoid business model stagnation (Davies et al., 2011). These arguments are known as the replication and adaptation arguments, respectively. My research can arguably contribute to this debate by investigating whether the types or norms and/or institutional agency of norm breakers predictably impacts whether said deviance yields positive or negative outcomes; and hence supports adaptation or replication theorists. Each theory is expanded upon below.

Replication argument privileges stability of institutional norms and standardised customer experience (Cox & Mason, 2007). The replication argument precedes the adaptation argument and contends that franchisee deviance from one or more elements of the system inherently harms the franchise (Davies et al., 2011). The arguments underpinning this are pluripotent but converge on the homeostatic function of precociously packaged business rules (Szulanski & Jensen, 2008). When a franchisee alters the business model, they produce unknown multi-level ripple effects that may destabilise the business model itself (Szulanski & Jensen, 2008). Imagine, for example, your local McDonalds tampered with the Big Mac special sauce. Irrespective of the local reaction, customers who frequent multiple stores will experience reduced congruency. Reduced congruency weakens brand value and therefore weakens the franchise chain (Szulanski et al., 2004). Replication theory is supported by a wide body of research. For example, fast food franchises are more successful and have higher survival rates the more closely a format is replicated without deviation, especially in formative years of a franchise unit (Szulanski & Jensen, 2006; Jensen & Szulanski 2007; Szulanski & Jensen, 2008). Similarly, the survival chance of fast food franchise units significantly decreases with template departures in the early years of a network's existence (Winter, Szulanski, Ringov & Jensen, 2012). Relating replication theory to positive deviance in franchises, the cornerstone of successful franchise models is normative adherence; with deviance from institutional norms being unilaterally bad.

Replication theory is challenged by the adaptation argument which argues that normative adherence is instead a double-edged sword and that deviance may, in fact, be good (Cox & Mason, 2007). Specifically, franchises stagnate in the long-term unless they keep abreast of market knowledge and continually revitalise the business model (Lafontaine & Kaufmann, 1994). Franchisors are distanced from the market and therefore aren't in a position to accurately alter the business model (Porter, 1996; Rivken, 2001). In contrast, franchisees, when experienced, possess local and market knowledge and are best placed to successfully innovate (Lafontaine & Kaufmann, 1994). Adaptation theory is widely supported by franchise literature. For example, Winter et al. (2012) show that the propensity of franchisees to deviate varies with the franchisee's knowledge of the business template and the market; with more successful deviance occurring as franchisees accumulate knowledge. The results are suggestive that advanced deviance represents conscious corrections to shortfalls, deficiencies and missed opportunities in the business template; whereas juvenile deviance is uninformed and undermines the business template. Gassenheimer, Baucus, and Baucus (1996) similarly find that individual franchisee performance and overall franchise performance are improved when franchisees act on entrepreneurial tendencies; and that this effect is increased by participative communication. Lastly, Kidwell and Nygaard (2011) find that franchisees engaging in traditionally deviant behaviours, such as shirking and free riding, create a threat of forward integration which compels franchisors to continuously invigorate the business model with local knowledge; coining the term strategic deviance. Collectively, it would thus seem that normative deviance is a source of endogenous innovation in franchises. Returning to positive deviance, then, the cornerstone of a successful franchise model is one which balances the conflicting needs of normative adherence *and* normative deviance.

Prima facie, the replication and adaption arguments and empirical evidence are contradictory. The current body of positive deviance research suggests that skill and

expertise might partly explain this phenomenon. Namely, Mertens, Recker, Kummer, et al. (2016) found that deviance was successful when skilled employees engaged in deviance but failed when less experienced employees attempted to deviate. Similarly, Winter et al. (2012) found that template departures in the early years of a franchisee tended to fail whereas more experienced franchisees tended to deviate successfully. One interpretation is that deviance represents purposeful modification of sub-standard norms; of which intimate business knowledge, skill and experiences is required before it can be done successfully.

My research suggests another possible explanation as to why and when deviance is deleterious or advantageous; using the concepts of cognitive schema and institutional agency. Namely, my research found that organisations tolerate deviance differently depending on the interaction between cognitive schema and institutional agency; preferring informal deviance to formal deviance under conditions of high institutional agency and condemning all formal deviance stemming from low institutional agency. I trace the reasons behind these preferences to risk and resources: risk when institutional agency is low is unacceptably high and consumes considerable resources to police compliance. In the case of formal cognitive schema, deviance threatens franchise integrity by departing from important regulative and/or normative rules which embody the franchise business model. In the case of informal cognitive schema, deviance results in mediocrity and substandard template adherence; again weakening the brand. Hence, deviance performed by franchisees with low institutional agency advocates replication; whereby the franchisor attempts to minimise normative departures to avoid franchise harm. In contrast, high institutional agency tends to result in deviant acts that boost performance and are viewed positively by the franchisor. High institutional agency moderates the risk involved in formal deviance; but will still incur resources to implement change due to modification to the formalised rules. Informal deviance is also moderated

and tends to produce innovations with lower resource requirements; due to its operation in the informal space. Thus, deviance performed by franchisees with high institutional agency advocates adaptation; whereby the franchisor allows normative departures in the quest for endogenous innovation. My consensus, therefore, is at least some deviance is needed for long-term survival of the franchise business model; but deleterious effects must be carefully managed through contractual arrangements to reduce unauthorised innovation and evidence-based implementation of authorised business model changes. Positive deviance, and the constructs of cognitive schema and institutional agency, may offer a means to guide franchisors when to encourage and when to ameliorate deviance; when to adapt and when to replicate.

CHAPTER 7: CONCLUSION

7.1 Summary Contributions

My research makes several contributions to academia and practice alike. First, my research provides a thorough examination of the lineage of positive deviance from its inception to organisational science. Itemising and providing clarity to the conceptual and methodological variations that have arisen throughout this journey is an important contribution in itself. More importantly, it enabled me to examine the implications of these conceptual and methodological changes. I contribute the contention that positive deviance, as currently embodied in organisational science, might breach the three central assumptions on which it is founded: 1) it generates acceptance, intrinsic motivation and buy-in to behavioural change initiatives, 2) provides new, but existing, behaviours which others can readily enact owing to commonality between context, resources and constraints and 3) promises heightened performance outcomes through wider enactment of these new, but existing, behaviours. The contribution of this is twofold. First, from an academic perspective, researchers wishing to study positive deviance should include organisational participants in the study of positive deviance in order to generate acceptance, intrinsic motivation and buy-in to behavioural change initiatives which is achieved, according to Sternin, through the inclusion of community members who experience the problem and must enact the solutions. This applies to all research domains; from organisational science to healthcare to humanitarian applications. For example, information systems researchers seek to develop to-be process models which improve upon and better current as-is process models. Many approaches have been developed to aid organisations in this endeavour; with emphasis on approaches that offer an evidence-based approach which increase the likelihood of successful process innovations. Positive deviance offers information system researchers not only an evidence-based approach to process innovation and to-be model development, but an approach which is less likely to suffer from adoption and buy-in issues

provided that organisational participants are involved in discovering the to-be process following traditional positive deviance methodology. Second, from a practical perspective, violating these assumptions means it may be unreasonable and undesirable for organisations to enact positive deviance as a means of endogenous innovation and expect radical organisational change. Instead, endogenous innovation can be likened to exogenous innovation in so far as they are both vulnerable to traditional critical success factors associated with change efforts. The key benefit, therefore, of positive deviance is not necessarily risk elimination but the ability to generate initial excitement rather than initial reticence.

Second, my research contributes to our understanding of norms in the context of positive deviance and endogenous innovation. Namely, it shows 1) that norms can be broadly categorised into formalised and informal norms, 2) that the type of norm carries different levels of risk and resource burden, 3) that the type of norm influences the probability of achieving a positive or negative performance outcome, 4) that organisations have different tolerance for different types of norms and 5) provides a common language with which researchers can compare studies and build a body of research. Furthermore, it shows that 1) normative influence interacts with and is mediated by institutional agency by means of risk and resources and 2) different organisations have different absolute risk tolerance.

Collectively, these insights enabled me to develop an integrated view of positive deviance taking into account context, norms, individual agency and organisational preference captured in the PDP Matrix. The PDP Matrix is the first work to suggest how organisations might consciously harness positive deviant behaviours on a more strategic, macro level. In doing so, it lays a foundation for researchers wishing to explore the current research gap of how positive deviance can be implemented.

Thirdly, my research has contributed to the development of theory. Namely, it augments positive deviance theory through the inclusion of norm formality, cognitive schema and

institutional agency. Thus, it is able to go some way to closing the research gaps identified in norms and the positive. Likewise, it provides Institutionalists with a rigorous and structured way to identify how individuals shape their environment and thereby contribute to recursive renewal. These findings also inform adaptation/replication theory in franchise literature; by suggesting when adaptation is preferable to replication, and vice versa.

7.2 Future Research

I performed exploratory research in a reasonably immature field; and therefore my research raises more questions than it answers and gives rise to a myriad of future research opportunities which are too numerous to list exhaustively. Instead, I list research questions concerning deviance predilection, being the combination of cognitive schema and institutional agency, that especially appeal to my own interests for future research.

- To what extent is cognitive schema stable? Is it akin to a personality trait?
- Where does deviance predilection arise from and is it sufficiently institutionalised such that it outlives actors in an organisational unit (such as a franchisee); or does it fluctuate with actors? Can organisations purposefully manipulate cognitive schema and/or institutional agency; such that they move deviance predilection horizontally and/or vertically in the PDP Matrix?
- To what extent can deviance predilection be changed by adopting positively deviant behaviours; or must attitude precede behavioural change?
- Would the same actor exhibit the same deviance predilection throughout their tenure within an organisation; or does it fluctuate with intrinsic factors such as job satisfaction?
- Would the same actor exhibit the same deviance predilection across different organisations; or is it partly determined by extrinsic factors such as deviance disposition?

- How does deviance predilection relate to other research domains such as adaptations to, and agency in, the performance of organisational routines?
- What is the best way to include positive deviance participants in the research process (such as action research) and does their inclusion adequately address issues of buy-in and intrinsic motivation which traditionally lessen adoption of exogenous innovations.

7.3 Retrospective

I enjoyed my candidature journey and research apprenticeship. I learned much about the process of research by investigating my specific questions regarding the role of norms in both the outcome and acceptance of positive deviance; staying true to my objective of producing research which is engaging to both academics and practitioners. This process also left me thirsty to know more about my area of research; having raised several questions in my mind. Namely, I began my candidature viewing positive deviance as a low-risk alternative to traditional, exogenous, forms of innovation which was successful largely because it could isolate itself from contextual conditions by virtue of being endogenous. I completed my candidature viewing positive deviance as being highly subject to its organisational setting; necessitating a systems approach which encompasses the complexity of the organisational setting in which the deviance occurs. Put differently, my view changed from a statistical view of performance optimisation based on behavioural deviance to more of a systems approach.

Sections 4.5.2 and 5.5.2 highlight a number of limitations associated with the current research; explaining the reasons for which the limitations exist and the implications of each. Two notable limitations, on reflection, are the limited use of quantitative analysis and the lack of dual coders for qualitative analysis. It is important to note in my retrospective that while these limitations in no way invalidate the research, their inclusion

would strengthen the current research; as would use of qualitative data analysis tools such as nvivo. These limitations thus provide an opportunity for improvements for future research efforts.

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CHAPTER 8: REFERENCES

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CHAPTER 9: APPENDICES

Appendix 9.1: Defining Positive Deviance Presentation

Positive Deviance in [Franchisor]

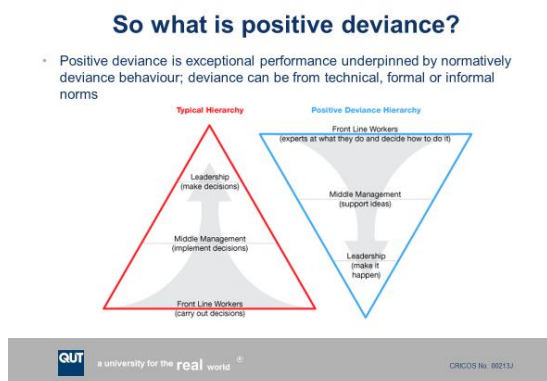
Facilitated by:
Lani Guy (QUT)

QUT
Queensland University of Technology

- #### What's the big deal?
- Positive deviance is a proven way to identify performance improvements that work in your own business
 - The best way to appreciate this is to look at where positive deviance came from ... Nepal
 - Some examples from closer to home ... positive deviance has
 - Reduced of childhood malnutrition by 30-50% in over 40 countries worldwide
 - Reduced antibiotic resistant bacteria in hospitals by as much as 62%
 - Increased primary school retention rates by 50%
 - Still a new concept in business; so the work you are doing is somewhat pioneering

- #### About me ...
- 15 years experience in corporates delivering business process efficiencies and effectiveness initiatives
 - Experience gained worldwide in Europe, North America and Australia
 - Qualifications include MBA, Bachelor of Business Management (Honours), Bachelor of Psychology, CBAP, PMP and Prince2 Practitioner
 - Serving Director on the IIBA
 - Currently undertaking a PhD at QUT

- #### How do we study positive deviance?
1. Define what exceptional performance is
 2. Identify the star performers using quantitative data
 3. Observe them and a control group (double-blind)
 4. Create a list of potential reasons
 5. Correlate findings to identify concrete behaviours associated with exceptional performance



What does positive deviance mean for you?

Appendix 9.2: Potential Positive Deviance Metrics

Category	Metric	Definition
Trade	TotalTradeTx	Provides the gross number of transactions billed to trade customer accounts for the entire data set.
Trade	UniqueTradeTx	Provides the gross number of transactions billed to unique trade customer accounts for the entire data set.
Trade	AvgActivityIndex	Provides a measure of how active a store's customer portfolio. A score of 1 for an individual trade customer means that they transact with Inspirations Paint once per month. The store score is how frequently the average customer transacts with Inspirations (not necessarily at that individual store)
Trade	TradeTxFreq	Provides a measure of how often trade customers transact at a given store by looking at the actual volume of monthly transactions for the entire data set per unique customer compared to the number of possible unique transactions for the entire data set that would occur if each customer transacted once a month at the given store
Trade	GrossLoyalTrade	Provides the gross number of unique trade customers who only shop at a given store for the entire data set
Trade	%LoyalTradeTx	Provides the proportion of unique trade customers who only shop at the given store for the entire period. This excludes transactions made at competitor outlets outside the Inspirations Chain.

Category	Metric	Definition
Trade	%NormalTradeTx	Provides the proportion of unique trade customers who frequent a given store that are classified as normal customers to the total gross number of trade customers who frequent the given store
Trade	%TextTradeTx	Provides the proportion of unique trade customers who frequent a given store that are classified as texture customers to the total gross number of trade customers who frequent the given store
Trade	%LargeTradeTx	Provides the proportion of unique trade customers who frequent a given store that are classified as large customers to the total gross number of trade customers who frequent the given store
Trade	%TradePCTx	Provides the proportion of unique trade customers who frequent a given store that are classified as protective coatings customers to the total gross number of trade customers who frequent the given store
Trade	%TradeCorpTx	Provides the proportion of unique trade customers who frequent a given store that are classified as corporate customers to the total gross number of trade customers who frequent the given store
Trade	%TradeTrdCashTx	Provides the proportion of unique trade customers who frequent a given store that are classified as trade cash customers to the total gross number of trade customers who frequent the given store
Trade	AvgTradeTx/Month	Provides the average number of trade customers who shop at a given store in any one month during the data set

Category	Metric	Definition
Trade	AvgTradeTxGrowth	Provides a measure of growth in the number of customers who shop at a given store averaged across each month during the data set
Trade	GrossNormalTradeTxS	Provides the gross number of unique trade customers who frequent a given store that are classified as normal customers for the entire data set
Trade	GrossTextTradeTxS	Provides the gross number of unique trade customers who frequent a given store that are classified as texture customers for the entire data set
Trade	GrossLargeTradeTxS	Provides the gross number of unique trade customers who frequent a given store that are classified as large customers for the entire data set
Trade	GrossTradePCTxs	Provides the gross number of unique trade customers who frequent a given store that are classified as protective coatings customers for the entire data set
Trade	GrossTradeCorpTxS	Provides the gross number of unique trade customers who frequent a given store that are classified as corporate customers for the entire data set
Trade	GrossTradeTrdCashTxS	Provides the gross number of unique trade customers who frequent a given store that are classified as trade cash customers for the entire data set

Category	Metric	Definition
Trade	NumberCustomers	Is the average number of trade customers who transact at a given store each month
Trade	CustomerIndex	Is the average number of trade customers who transact at a given store each month multiplied by the average customer loyalty index for trade customers who shop at a given store
Trade	GrossVolume	Is the average gross volume in paint each month transacted by a given store
Trade	GrowthVolume	Is the average month-to-month growth in monthly gross volume each month transacted by a given store
Trade	GrossAccessories	Is the average gross value of NCS each month transacted by a given store
Trade	GrowthAccessories	Is the average month-to-month growth in monthly gross NCS sales each month transacted by a given store
Trade	Total Volume	Provides the total volume of paint sold to trade customers by a given store for the entire data set
Trade	AvgPaintL	Provides the average volume of paint sold to trade customers each month averaged over the entire data set
Trade	AvgPaint\$	Provides the average dollar amount of paint sold to trade customers each month averaged over the entire data set
Trade	PaintASP	Provides the average selling price per litre of paint sold to trade customers each month averaged over the entire data set

Category	Metric	Definition
Trade	AvgComm\$	Provides the average dollar amount of commission earned on paint sales to trade customers each month averaged over the entire data set
Trade	AvgComm%	Provides the average percentage commission earned on paint sales to trade customers each month averaged over the entire data set
Trade	AvgNSC\$	Provides the average dollar amount of non-corporate stock (accessories) sold to trade customers each month averaged over the entire data set
Trade	AvgTotal\$	Provides the average dollar amount of total sales (paint and non-corporate stock) sold to trade customers each month averaged over the entire data set
Trade	AvgNCS:Paint%	Provides the average ratio of non-corporate stock sales to paint sales sold to trade customers each month averaged over the entire data set
Trade	AvgComm\$/L	Provides the average dollar amount of commission earned on paint sales per litre of paint sold to trade customers each month averaged over the entire data set
Retail	\$Avg/RetailTx	Provides the yearly average value of goods sold per retail transaction for the given store
Retail	\$Avg/RetailTxGwth	Provides the average yearly growth in the average value of goods sold per retail transaction for the given store

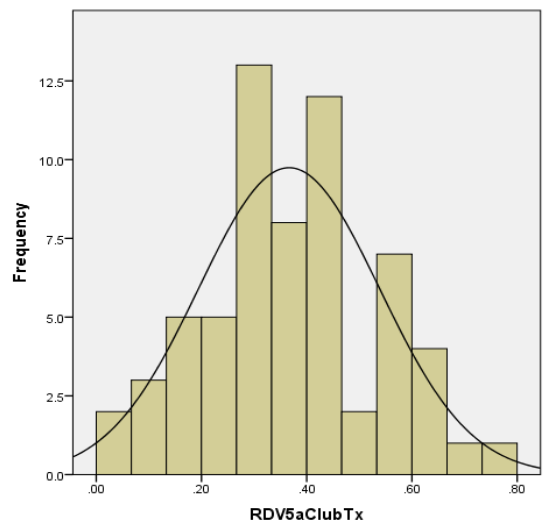
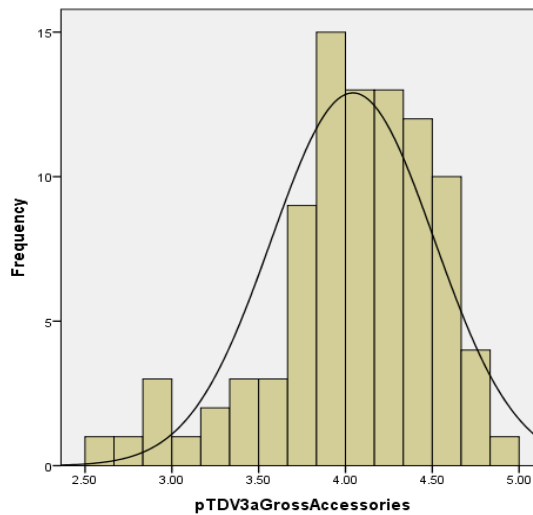
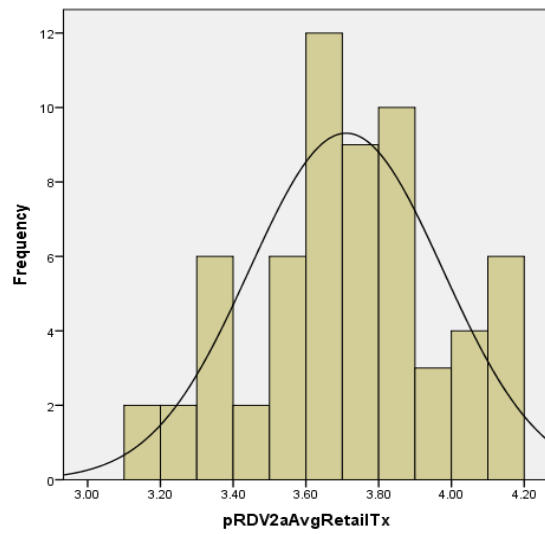
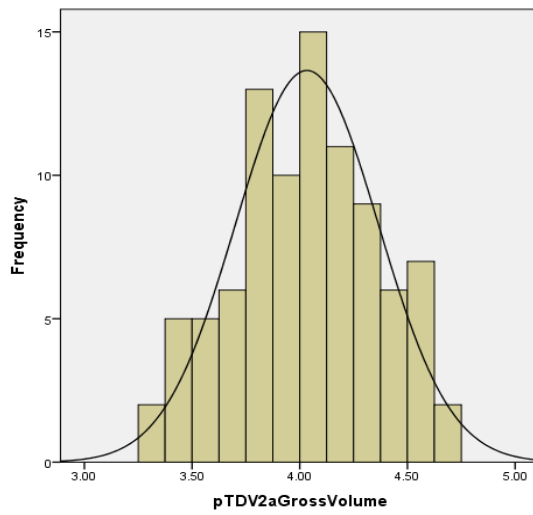
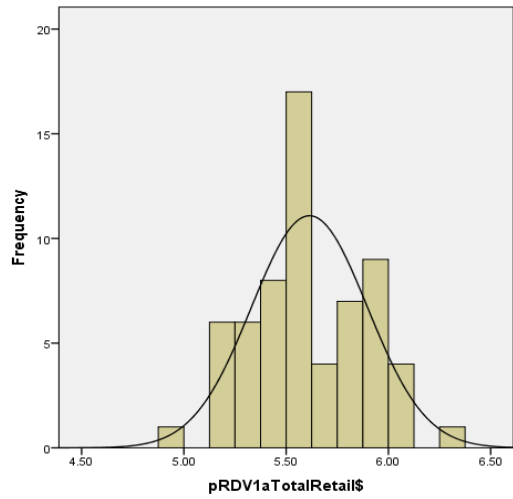
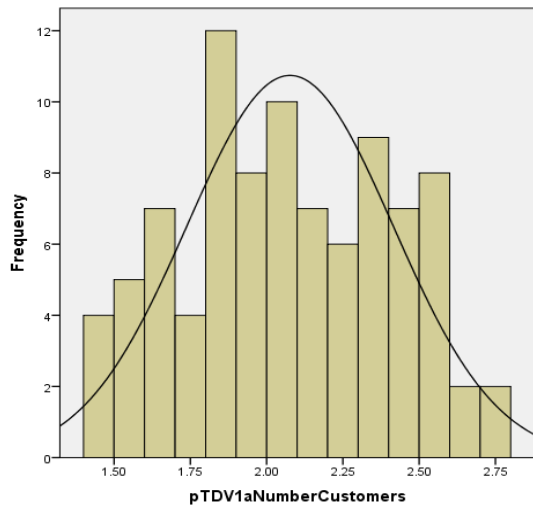
Category	Metric	Definition
Retail	TotalRetail\$	Provides the yearly average amount of sales to retail customers for the given store
Retail	TotalRetail\$Gwth	Provides the average yearly growth in the amount of sales to retail customers for the given store
Retail	AvgRetailTx	Provides the yearly average of retail transactions for the given store
Retail	AvgRetailTxGwth	Provides the average yearly growth in the average number of retail transactions for the given store
Retail	GMRetail\$	Provides the yearly average of percentage gross margin made on retail transactions for the given store
Retail	GMRetail\$Gwth	Provides the average yearly growth in the yearly average of percentage gross margin made on retail transactions for the given store
Retail	%ClubTx	Provides the yearly average of the percentage of retail transactions that are loyalty club members for the given store
Retail	%ClubTxGwth	Provides the average yearly growth in the yearly average of the percentage of retail transactions that are loyalty club members for the given store

Appendix 9.3: Descriptive Statistics

			Statistic	Std. Error
pTDV1aNumberCustomers	Mean		2.0768	.03543
	95% Confidence Interval for Mean	Lower Bound	2.0064	
		Upper Bound	2.1471	
	5% Trimmed Mean		2.0765	
	Median		2.0823	
	Variance		.114	
	Std. Deviation		.33794	
	Minimum		1.46	
	Maximum		2.73	
	Range		1.27	
	Interquartile Range		.56	
	Skewness		.011	.253
	Kurtosis		-.997	.500
	pTDV2aGrossVolume	Mean		4.0332
95% Confidence Interval for Mean		Lower Bound	3.9640	
		Upper Bound	4.1024	
5% Trimmed Mean			4.0341	
Median			4.0450	
Variance			.110	
Std. Deviation			.33229	
Minimum			3.34	
Maximum			4.73	
Range			1.39	
Interquartile Range			.45	
Skewness			-.041	.253
Kurtosis			-.579	.500
pTDV3aGrossAccessories		Mean		4.0425
	95% Confidence Interval for Mean	Lower Bound	3.9448	
		Upper Bound	4.1402	
	5% Trimmed Mean		4.0696	
	Median		4.0794	
	Variance		.220	
	Std. Deviation		.46909	
	Minimum		2.57	
	Maximum		4.87	
	Range		2.30	
	Interquartile Range		.59	
	Skewness		-.948	.253
	Kurtosis		.951	.500

		Statistic	Std. Error
TotalRetail\$	Mean	5.5949	.03571
	95% Lower Bound Confidence Interval for	5.5235	
	Upper Bound Mean	5.6664	
	5% Trimmed Mean	5.5927	
	Median	5.5609	
	Variance	.077	
	Std. Deviation	.27663	
	Minimum	4.93	
	Maximum	6.36	
	Range	1.43	
	Interquartile Range	.42	
	Skewness	.263	.309
	Kurtosis	-.054	.608
	AvgRetailTx	Mean	3.7004
95% Lower Bound Confidence Interval for		3.6324	
Upper Bound Mean		3.7683	
5% Trimmed Mean		3.7021	
Median		3.6990	
Variance		.069	
Std. Deviation		.26304	
Minimum		3.16	
Maximum		4.20	
Range		1.04	
Interquartile Range		.33	
Skewness		-.035	.309
Kurtosis		-.474	.608
RDV5ClubTx		Mean	.3695
	95% Lower Bound Confidence Interval for	.3256	
	Upper Bound Mean	.4134	
	5% Trimmed Mean	.3682	
	Median	.3638	
	Variance	.029	
	Std. Deviation	.16987	
	Minimum	.03	
	Maximum	.79	
	Range	.76	
	Interquartile Range	.19	
	Skewness	.185	.309
	Kurtosis	-.241	.608

Appendix 9.4: Histograms



Appendix 9.5: Contextual Data

Variable	Definition
Competitors	Indicates the number of competitors in the store's region
FTE	Indicates the number of FTE employed at the store
Employees	Indicates the gross number of employees employed at the store
SquareMeters	Indicates the square meterage of the store
ColourConsultant	Indicates whether the store has a colour consultant
MultipleStores	Indicates whether the store owner has multiple stores
ActiveOwner	Indicates whether at least one owner is active in the store's operations
Established	Indicates the year the store was established
AgeYears	Indicates the number of years the store has been operational
ConvertedStore	Indicates whether the store was converted from another brand
Metro	Indicates whether the store is in a metro or regional area
AdvRegion	Indicates the advertising region the store is allocated to
TerritoriesInAdvRegion	Indicates the number of territories in the advertising region the store belongs to

Variable	Definition
DuluxRep	Indicates the Dulux rep assigned to the store
2ndGeneration	Indicates whether the store has any second generation employees or owners
FemaleStaff	Indicates whether the store has any female personnel
State	The State the store is located in
BDM	The Franchise Business Manager allocated to the store
DuluxBDM	The Dulux Business Development Manager allocated to the store
FranchiseTerm	The current franchise term the store is in (terms are 5 years)
MonOpen	The time the store opens on a Monday
TueOpen	The time the store opens on a Tuesday
WedOpen	The time the store opens on a Wednesday
ThuOpen	The time the store opens on a Thursday
FriOpen	The time the store opens on a Friday
SatOpen	The time the store opens on a Saturday
SunOpen	The time the store opens on a Sunday
MonClose	The time the store closes on a Monday

Variable	Definition
TueClose	The time the store closes on a Tuesday
WedClose	The time the store closes on a Wednesday
ThuClose	The time the store closes on a Thursday
FriClose	The time the store closes on a Friday
SatClose	The time the store closes on a Saturday
SunClose	The time the store closes on a Sunday
MonOpHours	The number of trading hours on a Monday
TueOpHours	The number of trading hours on a Tuesday
WedOpHours	The number of trading hours on a Wednesday
ThuOpHours	The number of trading hours on a Thursday
FriOpHours	The number of trading hours on a Friday
SatOpHours	The number of trading hours on a Saturday
SunOpHours	The number of trading hours on a Sunday
WeedayHours	The number of weekday trading hours the store operates on
WeekendHours	The number of weekend trading hours the store operates on

Variable	Definition
TotalHours	The total number of trading hours for the entire week
#TradingDays	The number of trading days the store is open

Appendix 9.6: Store Contextual Data Survey

S

Store Contextual Data Survey

Please complete a tab for each store for which you are the FBM.

If you have a tab that is not your store, please contact Lani Guy on 0413519645 to correct the FBM.

If you are missing a tab one of your stores, please create a new tab and complete the required information.

An example of a completed form is shown below and each field has a tool-tip to explain what you need to do.

If you have any questions, please contact Lani Guy on 0413519645.

Store Information		Territory Information	
		Competitor	# in Territory
Store Name	Newmarket	Bunnings	1
Store State	QLD	Bristol	0
Date Joined Franchise	1/07/2007	Dulux Trade centre	0
Current Franchise Term	2	Home Hardware	1
Previous Branding, if relevant	Dulux Trade centre	Masters	0
Age at Conversion (Years)	12	Mitre10	0
Metro/Regional	Metro	Other Hardware	1
Advertising Region	Brisbane Metro	Other Independent Paint Specialist	0
Territory Name	Newmarket	Paint Place	1
Store Size (sqm)	450	Paint Right	0
Dulux Account Manager	DAM1	Taubman's Trade Centre	1
Franchise Business Manager	BDM1	Wattyl Solver Trade Centre	0

Colour Consultant Information											
	Colour Consultant	# Days at Store									
1	Employee identifier	3									
2											
3											

Staff Information - All Current Staff & Owners													
	Owner / Employee Name	Date Commenced with Inspirations	Date Commenced with Current Store	2nd Generation	Gender	Employment Status	FTE	Role					Comments/Other Information
								Owner	Manager	Retail Sales	Trade Sales	Back Office	
1	Employee identifier	1/01/1978	1/07/2007	No	M	Salaried	1	x					
2	Employee identifier	1/09/2008	1/09/2008	No	M	Salaried	1		x	x	x	x	Full Managers Rolls
3	Employee identifier	1/02/2011	1/02/2011	No	M	Casual	0.75		x	x	x	x	Purchasing & Stock Control
4	Employee identifier	4/07/2011	4/07/2011	No	M	Casual	0.75		x	x	x	x	Purchasing & Stock Control
5	Employee identifier	1/10/2007	1/03/2010	No	F	PPT	0.45		x	x	x	x	Purchasing & Stock Control
6	Employee identifier	8/07/2013	8/07/2013	No	F	Casual	0.75		x	x	x	x	Limited stock Control eg transfer between stores
7	Employee identifier	1/07/2012	1/07/2012	No	F	Casual	0.1		x	x	x	x	ICC in store 3 days
8													
9													

Appendix 9.7: Contextual variable correlations with trade metrics

		TDV1aNumberCustomers	TDV2aGrossVolume	TDV3aGrossAccessories	SquareMeters	Competitors	AgeYears	Established	AdvRegion	AvgTradeTx/Month	AvgTradeTxGrowth	Total Volume	AvgPaintL	AvgPaint\$	PaintASP	AvgComm\$	AvgComm%	AvgNCS	AvgTotal\$	
Number of Customers	Pearson Correlation		.814**	.928**	.380**	.444**	-.237*	.237*	-.073	1.000**	-.284**	.815**	-.257*	-.312**	.022	-.311**	-.047	.132	-.274**	
	Sig. (2-tailed)		.000	.000	.000	.000	.024	.024	.491	0.000	.006	.000	.014	.003	.838	.003	.660	.211	.009	
	N		91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91
Gross Volume	Pearson Correlation			.838**	.410**	.531**	-.143	.143	.110	.814**	-.237*	1.000**	.255*	.180	.092	.169	-.209*	.303**	.209*	
	Sig. (2-tailed)			.000	.000	.000	.177	.177	.299	.000	.023	.000	.015	.088	.386	.109	.047	.004	.047	
	N			91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91
Gross Accessories	Pearson Correlation				.332**	.481**	-.160	.160	.089	.928**	-.274**	.839**	-.091	-.130	-.051	-.124	-.065	.393**	-.069	
	Sig. (2-tailed)				.001	.000	.131	.131	.404	.000	.009	.000	.391	.219	.628	.243	.538	.000	.519	
	N				91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91

		AvgNCS:Paint%	AvgComm\$/L	TotalTradeTx	UniqueTradeTx	AvgActivityIndex	TradeTxFreq	GrossLoyalTrade	GrossNormalTradeTx	GrossTextTradeTx	GrossLargeTradeTx	GrossTradePCTx	GrossTradeCorpTx	GrossTradeCashTx	%LoyalTradeTx	%NormalTradeTx	%TextTradeTx	%LargeTradeTx	%TradePCTx
Number of Customers	Pearson Correlation	-.005	.092	1.000**	.917**	-.279**	-.179	.779**	-.116	-.066	-.075	-.037	-.039	-.117	-.378**	-.361**	-.229*	-.276**	-.363**
	Sig. (2-tailed)	.966	.387	.000	.000	.007	.089	.000	.273	.549	.491	.732	.744	.356	.000	.000	.029	.008	.000
	N	91	91	91	91	91	91	91	91	84	86	87	72	64	91	91	91	91	91
Gross Volume	Pearson Correlation	-.051	.093	.814**	.730**	-.294**	-.138	.752**	-.083	.002	-.065	.045	.028	-.153	-.253*	-.318**	-.207*	-.265*	-.314**
	Sig. (2-tailed)	.633	.381	.000	.000	.005	.191	.000	.436	.984	.550	.678	.813	.227	.016	.002	.048	.011	.002
	N	91	91	91	91	91	91	91	91	84	86	87	72	64	91	91	91	91	91
Gross Accessories	Pearson Correlation	.004	-.015	.928**	.819**	-.277**	-.094	.721**	-.110	-.051	-.134	-.029	-.034	-.156	-.319**	-.327**	-.213*	-.271**	-.315**
	Sig. (2-tailed)	.969	.889	.000	.000	.008	.377	.000	.298	.645	.220	.790	.779	.218	.002	.002	.042	.009	.002
	N	91	91	91	91	91	91	91	91	84	86	87	72	64	91	91	91	91	91

		%TradeCorpTx	%TradeTrdCashTx	WeedayHours	WeekendHours	TotalHours	MonOpHours	TueOpHours	WedOpHours	ThuOpHours	FriOpHours	SatOpHours	SunOpHours	MonOpen	TueOpen	WedOpen	ThuOpen	FriOpen	SatOpen
Number of Customers	Pearson Correlation	-.398**	-.395**	.456**	.350**	.506**	.455**	.455**	.455**	.455**	.455**	.578**	.167	-.480**	-.480**	-.480**	-.480**	-.480**	-.514**
	Sig. (2-tailed)	.000	.000	.000	.001	.000	.000	.000	.000	.000	.000	.000	.114	.000	.000	.000	.000	.000	.000
	N	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91
Gross Volume	Pearson Correlation	-.342**	-.363**	.468**	.272**	.452**	.469**	.469**	.469**	.459**	.469**	.537**	.088	-.509**	-.509**	-.509**	-.509**	-.509**	-.505**
	Sig. (2-tailed)	.001	.000	.000	.009	.000	.000	.000	.000	.000	.000	.000	.407	.000	.000	.000	.000	.000	.000
	N	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91
Gross Accessories	Pearson Correlation	-.359**	-.371**	.419**	.261*	.418**	.420**	.420**	.420**	.412**	.420**	.478**	.102	-.466**	-.466**	-.466**	-.466**	-.466**	-.538**
	Sig. (2-tailed)	.000	.000	.000	.013	.000	.000	.000	.000	.000	.000	.000	.337	.000	.000	.000	.000	.000	.000
	N	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91

		SunOpen	MonClose	TueClose	WedClose	ThuClose	FriClose	SatClose	SunClose
Number of Customers	Pearson Correlation	.242	.017	.017	.017	.026	.017	.459**	-.029
	Sig. (2-tailed)	.224	.872	.872	.872	.804	.872	.000	.886
	N	27	91	91	91	91	91	91	27
Gross Volume	Pearson Correlation	.245	-.001	-.001	-.001	-.004	-.001	.415**	.095
	Sig. (2-tailed)	.218	.994	.994	.994	.971	.994	.000	.638
	N	27	91	91	91	91	91	91	27
Gross Accessories	Pearson Correlation	.216	-.014	-.014	-.014	-.016	-.014	.332**	.001
	Sig. (2-tailed)	.280	.894	.894	.894	.882	.894	.001	.996
	N	27	91	91	91	91	91	91	27

* significant 0.05
** significant 0.001

Appendix 9.8: Contextual variable correlations with retail metrics

Correlations

		pRDV1a	AvgRetailTx	ClubTx	Competitors	AgeYears	TerritoriesnAdvRegion	AvgTradeTx/Month	AvgTradeTxGrowth	Total Volume	AvgPaintL	AvgPaint\$	PaintASP	AvgComm\$	AvgComm%	AvgNSC\$	AvgTotal\$	AvgNCS:Paint%	AvgComm\$/L	
TotalRetail\$	Pearson Correlation		.911**	.112	-.032	.164	-.082	.101	.149	.066	-.041	-.009	.083	-.022	-.097	-.077	-.019	-.151	.057	
	Sig. (2-tailed)		.000	.380	.804	.200	.522	.430	.244	.605	.752	.944	.518	.865	.448	.546	.885	.236	.654	
	N		62	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63
AvgRetailTx	Pearson Correlation			.180	-.189	.136	-.056	.119	.159	-.046	-.223	-.177	.074	-.174	.095	-.105	-.179	-.128	.105	
	Sig. (2-tailed)			.161	.141	.291	.665	.359	.216	.723	.082	.170	.569	.177	.461	.416	.165	.322	.416	
	N			62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62
ClubTx	Pearson Correlation				-.034	.201	-.208	.193	-.090	.043	-.362**	-.351**	-.191	-.341**	-.034	-.121	-.343**	.204	-.181	
	Sig. (2-tailed)				.790	.114	.102	.129	.484	.739	.004	.005	.134	.006	.791	.346	.006	.109	.155	
	N				63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63

		WeedayHours	WeekendHours	TotalHours	MonOpHours	TueOpHours	WedOpHours	ThuOpHours	FriOpHours	SatOpHours	SunOpHours	MonOpen	TueOpen	WedOpen	ThuOpen	FriOpen	SatOpen	SunOpen	MonClose
TotalRetail\$	Pearson Correlation	.130	.331**	.326**	.128	.128	.128	.136	.128	.197	.313**	.069	.069	.069	.069	.069	.061	.434	.383**
	Sig. (2-tailed)	.309	.008	.009	.318	.318	.318	.289	.318	.121	.013	.589	.589	.589	.589	.589	.633	.056	.002
	N	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	20	63
AvgRetailTx	Pearson Correlation	.074	.393**	.357**	.072	.072	.072	.083	.072	.183	.392**	.140	.140	.140	.140	.140	.075	.317	.412**
	Sig. (2-tailed)	.566	.002	.004	.581	.581	.581	.522	.581	.156	.002	.278	.278	.278	.278	.278	.564	.186	.001
	N	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	19	62
ClubTx	Pearson Correlation	.175	.101	.154	.179	.179	.179	.153	.179	.023	.111	-.063	-.063	-.063	-.063	-.063	-.082	.335	.219
	Sig. (2-tailed)	.170	.433	.228	.159	.159	.159	.231	.159	.861	.385	.625	.625	.625	.625	.625	.525	.148	.084
	N	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	20	63

		TueClose	WedClose	ThuClose	FriClose	SatClose	SunClose	FTE	Employees	SquareMeters	Established
TotalRetail\$	Pearson Correlation	.383**	.383**	.356**	.383**	.251*	-.081	.418**	.392**	.163	-.164
	Sig. (2-tailed)	.002	.002	.004	.002	.047	.735	.001	.002	.201	.200
	N	63	63	63	63	63	20	63	63	63	63
AvgRetailTx	Pearson Correlation	.412**	.412**	.385**	.412**	.237	.234	.283*	.331**	.087	-.136
	Sig. (2-tailed)	.001	.001	.002	.001	.063	.335	.026	.009	.500	.291
	N	62	62	62	62	62	19	62	62	62	62
ClubTx	Pearson Correlation	.219	.219	.157	.219	-.007	.098	.280*	.312*	-.116	-.201
	Sig. (2-tailed)	.084	.084	.221	.084	.959	.681	.026	.013	.365	.114
	N	63	63	63	63	63	20	63	63	63	63

* significant 0.05
 ** significant 0.001

Appendix 9.9: Interview and Observation Protocol

1. Attitude towards mandatory product lines.
 - a. Uptake/opinion/adoption attitude
 - b. Adoption approach – compliance, push back, product test key customers
2. Normative and system compliance
 - a. [Franchisor] systems, [Main Supplier] systems, franchisee-level systems?
 - b. How does the store work within the formalised system guidelines?
 - c. How does the store view the rules and systems ... optional guides, behaviour controls, opportunity to digress and find improvements etc?
3. Customer portfolio and recruitment
 - a. Are customers passively acquired through [Main Supplier] representative and sales efforts and/or [Franchisor] marketing efforts?
 - b. Do they do their own marketing and sales efforts?
 - c. Are staff given performance targets?
 - d. Is there a customer acquisition strategy they act on themselves?
 - e. How actively does the owner treat the business (passive recipient or active model)?
 - f. Staff KPIs, bonuses?
4. Customer portfolio management
 - a. How well do stores know their customers?
 - b. Do they track jobs and pipeline management for stock purposes?
 - c. Do they monitor accessory to paint ratios?
 - d. Do they try to find out what the painters do with other [Franchisor] and outside [Franchisor]?
5. What is the attitude toward the franchise?
 - a. Do they information share?

- b. Do they care if painters are buying at another store?
- 6. Push v pull business model
 - a. New product lines
 - b. Existing product lines
 - c. Buyer behaviour (eg, deliver to home, upsell accessories, try new lines)
- 7. Attitude toward [Main Supplier] business model
 - a. Amount of freedom granted?
 - b. Ways to increase own freedom?
- 8. Passive or proactive attitude to the business model?
- 9. Product lines
 - a. 100% [Main Supplier]?
 - b. Attitude toward other lines?
 - c. Who decides?
 - d. On what basis are they adopted (eg, 3 month trial/supplier take-back, customer recommendations, free QA trial with key customers before full adoption)?
 - e. Core brands?
 - f. How many alterations?
 - g. Frequency of new brand trials?
- 10. Advertising and POS
 - a. Posters, promotional product displays
 - b. Do they adhere to core initiatives?
 - c. Do they create their own?
 - d. What are the key messages and tactics?
 - e. Do they align with formalised guidelines?
- 11. Staff knowledge

- a. Product markets
- b. Upsell techniques
- c. KPIs
- d. Sales strategy

12. Customer engagement

- a. How does the store engage with customers?
- b. Do they follow formalised procedures like tradies breakfast?
- c. Why/why not?
- d. Do they do anything else (eg, account management)?

13. Perceived scope of responsibility

- a. What is the role of BDMs?
- b. What is the [Main Supplier] rep job?
- c. What is the store job?
- d. Who is the point of escalation?

14. Customer disputes

- a. How often?
- b. What about?
- c. How are they dealt with?
- d. Tracking and control systems. Eg, trade account authorisation, colour matching sign-off, order confirmation/mistints.
- e. Amount of mistints and mistakes; what is done with them

15. Rotation and stock control management

- a. Frequency off stock?
- b. Frequency ordering?
- c. Tracking technique?
- d. On the job rotations?

16. Willingness to break regulatory pillar norms

- a. Comply or fight with [Main Supplier]? Eg, order weekly versus daily from [Main Supplier], adopt promotions, minimum accessory orders, information requests and so on

17. Staffing

- a. FT
- b. PT
- c. Roster
- d. Bonuses
- e. Sales targets
- f. KPIs
- g. Empowerment
- h. Recruitment strategy
- i. Performance reviews

18. IT systems

- a. Availability of information?
- b. Can they get everything need ([Franchisor], [Main Supplier] and inhouse systems)?
- c. Do they get information anywhere else (eg, through relationships)?

19. Project tables

- a. Opinion of initiative?
- b. Where they consulted?
- c. Have they used it?
- d. Do they plan on using it?
- e. Logistics and reality?

20. Store focus

- a. Do they consider themselves trade or retail?
 - b. Trade off between them?
21. Extra product offerings
- a. Do they hire equipment?
 - b. Do they sell to tradies from the [Main Supplier] catalogue?
22. Price adjustments
- a. Do they offer trade discounts?
 - b. Do they seek [Main Supplier] permission first?
 - c. Do they know they can do without [Main Supplier] permission (will get a phone call but toothless tiger ... eg, much compliance is with an assumed norm and isn't a real control)?
23. Trade show
- a. Attend?
 - b. Thoughts?
 - c. Pre-sales strategies?
24. Colour matching
25. Store relationships and networking
- a. How much do they talk to other stores?
 - b. How much do they learn from other stores?
 - c. How much do they cooperate with other stores? Borrow stock etc?
26. [Main Supplier] representative interactions
- a. Passively accept [Main Supplier] rep activities and any business development they do?
 - b. Proactively demand things from the representatives?
27. Safety incidents, spills

28. Initiatives to increase customer spend and feel – eg, complimentary coffee machine, coffee cart, drink dispenser, fridge with snacks, drinks etc
29. Number retail customers during observation
30. General appearance of store
 - a. Shabby or neat?
 - b. Comply with guidelines?
 - c. Use of square meters?
 - d. Layout?
 - e. Kids area?
 - f. Retail area?
 - g. Emphasis
31. Frequency of stocktakes
32. Local history of area, store and staff

Appendix 9.10: Codebook Example

Behaviour	ID	Observation/Quote (O/Q)	Norm Formality	Open Code	Focussed Code	Case/s Observed In																
						1	2	3	4	5	6	7	8	9	10	11	12					
Tool hooks	84	O: The tinting area was fastidiously organised; with hooks to hang tools to open paint tins and rags to clean spills	Informal	Organised tint area	Housekeeping									x	x	x		x	x	x		
Rags	85	O: The tinting area was fastidiously organised; with hooks to hang tools to open paint tins and rags to clean spills	Informal	Organised tint area	Housekeeping									x	x	x				x	x	
QA posters	86	O: Quality assurance posters were hung behind the tinting machines which listed out a checklist of appropriate actions	Informal	Organised tint area	Housekeeping	x								x	x	x				x	x	
Tradies in tint area	87	O: Staff invited tradesmen into the tinting area (which was marked staff only) while they tinted their orders; continuing friendly	Formal	Trade enagement	Trade Customer Engagement									x	x	x				x	x	x

Appendix 9.11: Deviance Themes

Theme 1: Tailored Growth Strategy

- Formalised
- Active collaboration
- Customer-growth led
- Advertising
- Agile approach

Theme 2: Central Initiatives

- Customisation
- Early adopters/second adopters
- FAC

Marker 3: Housekeeping Skills

- Office
- Stock displays
- Additional branding
- Stock room
- POS area
- Tint area

Theme 4: Formal Norm Adherence

- Discounting
- Product adoption
- Initiative adoption
- QC measures

Marker 5: Networking, Learning & Information Sharing

- Network scope
- Information sharing
- Network driver

Theme 6: Management Style

- Employee focus
- Rapport-based environment
- Staff communication
- Staff characteristics
- Staff recruitment
- Staff incentives

Theme 7: Stock Innovation

- Product uptake
- Product expansion
- POS upsell

Theme 8: Trade Customer Engagement

- Trade engagement
- Trade atmosphere
- Trade ethos

Theme 9: Retail Customer Engagement

- Community sponsorship & engagement
- Complimentary value-add
- Retail atmosphere
- Retail ethos

Appendix 9.12: Facilitation Contextual Presentation

Positive Deviance in [Franchisor]

Facilitated by:
Lani Guy (QUT)

QUT
Queensland University of Technology

What's the big deal?

- Positive deviance is a proven way to identify performance improvements that work in your own business
- The best way to appreciate this is to look at where positive deviance came from ... Nepal
- Some examples from closer to home ... positive deviance has
 - Reduced of childhood malnutrition by 30-50% in over 40 countries worldwide
 - Reduced antibiotic resistant bacteria in hospitals by as much as 62%
 - Increased primary school retention rates by 50%
- Still a new concept in business; so the work you are doing is somewhat pioneering

About me ...

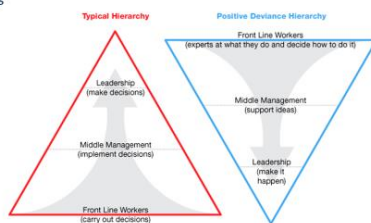
- 15 years experience in corporates delivering business process efficiencies and effectiveness initiatives
- Experience gained worldwide in Europe, North America and Australia
- Qualifications include MBA, Bachelor of Business Management (Honours), Bachelor of Psychology, CBAP, PMP and Prince2 Practitioner
- Serving Director on the IIBA
- Currently undertaking a PhD at QUT

How do we study positive deviance?

1. Define what exceptional performance is
2. Identify the star performers using quantitative data
3. Observe them and a control group (double-blind)
4. Create a list of potential reasons
5. Correlate findings to identify concrete behaviours associated with exceptional performance

So what is positive deviance?

- Positive deviance is exceptional performance underpinned by normatively deviance behaviour; deviance can be from technical, formal or informal norms



How was this done in your organisation?

- Positive deviants identified via statistical analysis of performance; accounting for moderating variables:
- Performance measures:
 - Trade: number of customers, gross volume, gross accessories
 - Retail: Total retail \$, average retail transactions, Paint Club transactions
- 12 store observations:
 - 6 positive deviants (top 5%)
 - 2 retail (both regional)
 - 4 trade (2 regional, 2 trade)
 - 6 control stores (average performance)
 - 2 retail (both regional)
 - 4 trade (2 regional, 2 trade)
- Stores matched on key measures statistically linked to performance variance
- Stores observed for one day each and key staff interviewed; initial observations double-blind with 2 researchers to establish inter-rater reliability

What did we find?

- All stores engaged in deviant behaviours; but not all behaviours led to positively deviant performance
- Stores with positively deviant performance shared a lot of deviant behaviours with other stores; but also did some things very differently
- These differences can be summarised into ten "markers"

Marker 1: Rules of Engagement <ul style="list-style-type: none"> Perceived ability to deviate Perceived need for deviate Business model interaction Positive brand attitude Unheard of sanctions 	Marker 4: Housekeeping Skills <ul style="list-style-type: none"> Office Stock display Additional branding Stock room POS area Till area 	Marker 7: Management Style <ul style="list-style-type: none"> Employee focus Regulation enforcement Staff communication Staff characteristics Staff recruitment Staff incentives
Marker 2: Tailored Growth Strategy <ul style="list-style-type: none"> Formalised Active collaboration Customer-growth led Advertising Right approach 	Marker 5: Formal Norm Adherence <ul style="list-style-type: none"> Discounting Product adoption Initiative adoption QC measures 	Marker 8: Stock Innovation <ul style="list-style-type: none"> Product update Product expansion POS speed
Marker 3: Central Initiatives <ul style="list-style-type: none"> Customisation Early adopter/second adopters FAC 	Marker 6: Networking, Learning & Information Sharing <ul style="list-style-type: none"> Network scope Information sharing Network driver 	Marker 9: Trade Customer Engagement <ul style="list-style-type: none"> Trade engagement Trade atmosphere Trade ethics
		Marker 10: Retail Customer Engagement <ul style="list-style-type: none"> Community awareness/engagement Complementary value-add Retail atmosphere Retail ethics

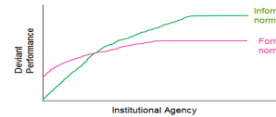


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Which types are better?

- Both high and low institutional agency can lead to excellent performance
- Both formal and informal cognitive schema can lead to excellent performance



- From a purely performance perspective, all types are potentially useful to your organisation



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What sets stores apart?

- Stores didn't just differ in terms of these ten markers
- Stores fundamentally differed on two factors: cognitive schema and institutional agency
 - Cognitive schema = formal or informal
 - Institutional agency = high or low
- Let's look at each in more detail



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Franchisee analysis: The process

- Each store will be given a value for cognitive schema and institutional agency
- We will rate the twelve pilot stores from the positive deviance study first
- We will rate the remaining stores in alphabetical order
- The BDM responsible for each store will lead the discussion; giving provisional ratings and reasons for their ratings
- The group, in collaboration with the lead BDM, will reach a consensus for each rating
- I will facilitate this process and answer questions about institutional agency and cognitive schema; but cannot help you decide on right rating for any given store
- I will collate ratings and give them back to you for verification at the end of the two days



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Understanding cognitive schema

- Norms can be divided into formal and informal norms
- Cognitive schema is "an underlying cognitive predisposition for action". It determines how an individual views formal and informal norms
 - Formal cognitive schema
 - believe it is acceptable to deviate from behaviours governed by formalised rules and regulations with which franchisees are expected to comply.
 - These stores will break rules like accounting procedures, franchise territories, advertising covenants, minimum performance KPIs, margin tracking, product line choices, sales scripts and other enforced processes and procedures.
 - Informal cognitive schema
 - believe that formalised norms should be complied with; and will do so pursuant to their interpretation of these norms.
 - manifests in areas which are not formally regulated; such as teamwork, networking, information sharing, and recruitment preferences
- Let's go through some real examples in your organisation. For each example, tell me whether you think it is formal or informal; and why.



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Franchisee analysis: Guiding questions

- Cognitive schema
 - Does the store have a formal [informal] cognitive schema?
 - Why does it have a formal [informal] cognitive schema?
 - Why doesn't it have a formal [informal] cognitive schema?
- Institutional agency
 - Does the store have high [low] institutional agency?
 - Why does it have high [low] institutional agency?
 - Why doesn't it have high [low] institutional agency?



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Understanding institutional agency

- When an individual deviates from institutional norms, they show agency
- Agency can help the organisation to achieve its goals; or can be exercised for other reasons (such as self-interest)
 - High is when stores identify with the franchisor as the reference group (deviance is bounded by a foremost desire to help the franchisor achieve its goals)
 - Low is when stores identify with someone else as the reference group (such as promoting self-interest over preventing harm to the brand)
- Let's go through some real examples in your organisation. For each example, tell me whether you think it is high or low institutional agency; and why.



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Appendix 9.13: Facilitation Guidelines

Institutional agency

- Does this store have high [or low] institutional agency?
- Why does this store have high [or low] institutional agency?
- Why doesn't this store have high [or low] institutional agency?

Cognitive schema

- Does this store have a formal [or informal] cognitive schema?
- Why does this store have a formal [or informal] cognitive schema?
- Why doesn't this store have a formal [or informal] cognitive schema?