Optimal Distinctiveness: On Being the Same and Different

Eric Yanfei Zhao¹ and Mary Ann Glynn²

Abstract

Optimal distinctiveness is a theory that emphasizes actors’ drive to be both “the same and different at the same time” (Brewer, 1991: 475). Originating as an approach to explain individuals’ self-construals, the theory has expanded over time to embrace the organizational level and beyond, becoming prominent in theoretical explanations of organizational identity, strategic management, institutionalism, entrepreneurship, and social evaluations. We take a macro perspective, examining optimal distinctiveness at the collective level, and track developments in research over time, focusing particularly on theoretical approaches. We observe a variety of perspectives and note three major themes in contemporary optimal distinctiveness research—contextual contingencies, temporal dynamics, and benchmarks—based on which we advance a series of conversation starters to guide future research.

Keywords: optimal distinctiveness, distinctiveness, conformity, legitimacy, strategic balance, institutional theory, strategic management, entrepreneurship, international business

¹ Kelley School of Business, Indiana University, Bloomington, IN, USA
² Carroll School of Management, Boston College, Boston, MA, USA
Organizations confront competing pressures to be simultaneously similar to and different from their peers (Deephouse, 1999). On the one hand, being similar is predicated upon organizational conformity to normative expectations, industry templates, and/or categorical prototypes and practices. This conformity, in turn, facilitates organizational legitimacy and prevents performance penalties associated with deviance (DiMaggio & Powell, 1983). Being different, on the other hand, renders organizations distinct or unique from their peers. This differentiation enhances organizations’ likelihood of gaining advantageous positions and competitive benefits (Porter, 1996). However, being both similar to and distinct from other organizations in a market space is challenging. In an attempt to reconcile these competing pressures, organizations engage in strategies to achieve optimal distinctiveness (OD). Generally speaking, such engagement results in their conveying moderate degrees of distinctiveness (e.g., Deephouse, 1999; Haans, 2019; Lounsbury & Glynn, 2001; Lounsbury & Glynn, 2019; Navis & Glynn, 2010; Navis & Glynn, 2011; Zhao et al., 2017; Zuckerman, 2016).

Since the launch of OD scholarship—initially in the psychology literature (Brewer, 1991) and later in the management and organization literature (Deephouse, 1999)—studies have advanced to encompass a broad swath of theoretical lenses, including (but not limited to) organizational identity, strategic management, institutionalism, entrepreneurship, and social evaluations. Further, OD has been studied under an umbrella of terms, including strategic focus versus strategic plurality (Glynn, Barr, & Dacin, 2000), strategic similarity (Deephouse, 1999), competitive conformity (Chen & Hambrick, 1995), strategic conformity (Finkelstein & Hambrick, 1990), and legitimate distinctiveness (Navis & Glynn, 2011).

Prominent in these various expressions of OD is the presumption that sameness (or conformity) is generally driven by institutional pressures for isomorphism, and differentness (or
differentiation) is generally driven by strategies that foster competitive uniqueness or advantage (e.g., Lounsbury & Glynn, 2001; Navis & Glynn, 2011). However, despite this acknowledged affinity between institutionalism and strategic management, there has been little cross-fertilization across theoretical streams. In other words,

A key problem inhibiting the development of optimal distinctiveness knowledge is that institutional theory and strategic management have been somewhat polarized in their focus on either conformity or differentiation. While this polarization provided the initial theoretical tension for trying to bridge institutional theory and strategy, we suspect that the perceived theoretical divide between these two camps has been too vast to encourage a more integrative effort (Zhao, Fisher, Lounsbury & Miller, 2017: 95).

In this paper, we highlight the need for fuller theoretical synthesis when studying OD, and importantly, we more wholly articulate the interface between institutional theory and strategic management. In particular, we aim to open up fertile areas for researchers to pursue questions of contextualization, temporality, and benchmarking in relation to OD.

We begin with a brief overview highlighting historical perspectives on OD and then interrogate more contemporary views on this topic. In doing so, we examine publications subsequent to and citing a recent comprehensive review of the OD literature (Zhao et al., 2017), tracing them to reveal the different theoretical threads embedded in OD research. Grounded in an analysis of and reflection on these theoretical threads, we suggest possible directions—conversation starters—for future research.

**The Historical Grounding of OD Research**

The genesis of research on OD lies in Marilynn Brewer’s classic work (1991: 477) on individual self-construal: “Social identity,” she wrote, speaks to “a fundamental tension between human needs for validation and similarity to others (on the one hand) and a countervailing need for uniqueness and individuation (on the other).” Extending this framework to the organizational
level, Deephouse (1999: 153) articulated strategic balance theory, proposing that firms face “a trade-off between conforming and differentiating” and resolve this trade-off by being “as different as legitimately possible” (147). Deephouse’s reasoning shows how OD reflects an alignment between institutionalism and strategic management as well as how accomplishing a balance of both through strategic isomorphism legitimates.

At the time that Deephouse was writing, scholarly interest in institutionalism was on an upward trajectory. Provoked by the question, “What makes organizations so similar?” (DiMaggio & Powell, 1991), the response—institutional isomorphism—became synonymous with OD’s notion of sameness. Glynn and Abzug (2002) extended the strategic to the symbolic, showing that OD in organizational names can also be a source of legitimacy (also see Zhao, Ishihara & Lounsbury, 2013).

Although institutionalism set the stage for the conforming aspects of OD, strategic management addressed the differentiating aspects. The latter offered a stark counterpoint to the homogenizing forces emphasized by institutionalism in that it focused on how organizations distinguish themselves from their peers by exploiting what makes them distinctive, unique, and valuable (Barney, 1991).

Noteworthy in this stream is work by Oliver (1991, 1997), who advanced the theoretical integration of the institutional and strategic perspectives, arguing that strategic management would restrict organizations’ range of strategic responses to institutional forces. Similarly, Navis and Glynn (2011: 480) identified comparable guard rails when they postulated that entrepreneurial identities become legitimately distinctive when “they consist of legitimating claims that align the entrepreneurial endeavor with expectations arising from institutionalized conventions and consist of distinctiveness claims that distance it from such institutionalized
conventions in ways that are meaningful.” Thus, as these studies demonstrate, throughout the concept’s evolution, theories of OD have emphasized the trade-offs between the two seemingly contradictory poles of sameness and differentness while advocating that a balance must be struck between the opposing pressures.

One area in which OD has flourished is that of entrepreneurship. For example, in their theorization of cultural entrepreneurship, Lounsbury and Glynn (2001: 552) explicated OD’s role in enabling entrepreneurial wealth creation: “Entrepreneurs strive for ‘optimal distinctiveness’ . . . to balance the need for strategic distinctiveness against that of normative appropriateness . . . and other industry-level structural factors that may cause organizations to become more homogenous.” They argued that the primary vehicle for achieving OD is through identity, manifested in the entrepreneurial story. However, they also argued that “the extent to which these imperatives should be balanced . . . may vary over the life course of a firm and industry” (559), thereby raising the question of how OD might vary with regard to the lifecycle of a firm or industry.

Similarly, Navis and Glynn (2010: 462) explored this dynamic in their study of two satellite radio firms, finding that “initially firms cooperatively built the category in their public discourse, fixing and stabilizing the collective identity, and, with this accomplished, began to compete more outwardly, differentiating themselves within the new market space thus established.” In terms of OD, their work shows that, for a nascent field, the emphasis is on organizations’ sameness, but, with growth and legitimation comes differences and organizational individuation. Their findings harken to those of Zuckerman (1999), who showed that external audiences engage in a two-stage valuation process when making organizational evaluations,
assessing organizations for conformity to peers and subsequently for distinctiveness from those peers.

OD thus represents a common problem that organizations wrestle with at different times and in different contexts of organizational and industry maturation. Despite the demonstrable findings we have highlighted, there are also some issues in the development of this literature: notably, the proliferation of different labels to describe OD, mixed and contradictory findings regarding the relationship between OD positioning and performance, and challenges to the validity of strategic balance theory. In a recent and comprehensive review of the OD literature, Zhao and colleagues (2017) analyzed relevant studies up to 2015 and elaborated on these various concerns. Our goal here is to pick up where Zhao et al. (2017) left off and offer an update on OD scholarship. We pay particular attention to author responses to Zhao et al.’s (2017) call for future research, most of which center on embracing organizations as complex, multidimensional entities; identifying the approaches organizations use to reconcile the tension between conformity and differentiation; addressing the multiplicity of stakeholder expectations; and aptly modifying optimal positioning strategies to succeed in dynamic environments.

**Mapping the Terrain: Contemporary OD Research in Organizational Scholarship**

We used a combination of two approaches to identify the body of contemporary OD studies. First, following Zhao et al.’s (2017) review protocol, we identified all articles in the Web of Science database that were published in the five leading management journals (i.e., Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Strategic Management Journal, and Organization Science) from 2016 onward and cited either Brewer (1991) or Deephouse (1999). This step generated 45 articles. To complement this initial
search, we further identified publications citing Zhao et al. (2017) in the same database (without restricting the journal outlets). This step yielded 43 articles, of which 35 were published in management, entrepreneurship or sociology journals. After removing duplicates, we ended up with a sample of 74 articles for our final analysis. We carefully read each of the articles to discover patterns in OD research with regard to methodology, empirical setting, theorization, operationalization and the major themes along which contemporary OD research has been conducted.

Most studies did not use OD as a standalone framework; rather, it was paired with other theoretical frameworks, especially categories/categorization, institutional logics and institutional theory, identity/identity work, family business, and cultural entrepreneurship. Excluding editorial and review articles, we found that of the studies that explicitly modeled OD, the majority treated OD as an independent variable and used it to predict a range of outcomes, including entrepreneurs’ legitimacy building (e.g., Hamid, O’Kane & Everett, 2019), new venture resource acquisition (e.g., Micelotta, Washington & Docekaloa, 2018; Tracey, Dalpiaza & Phillips, 2018), product ranking and sales (e.g., Askin & Mauskapf, 2017; Zhao et al., 2018), stakeholder attention and evaluation (e.g., Zhang, Wang & Zhou, 2019; Zhao et al. 2018), and organizational survival and performance (e.g., Jourdan, 2018; Haans, 2019). Other outcomes focused on the field level and included field emergence and stabilization (Garud, Lant & Schildt, 2019) and the creation and growth of new ecosystems (Snihur, Thomas & Burgelman, 2018).

A smaller number of studies examined antecedents of OD, such as hierarchical position in ascribed versus achieved status (Prato et al., 2019), identity buffers associated with being an insider (Syakhroza, Paolella & Munir, 2019), gender-based identity work (Grimes, Gehman & Cao, 2018), and ownership and governance structures (Ge & Micelotta, 2019; Miller et al.,
2018). Compared with quantitative studies that modeled OD as either an outcome or independent variable, qualitative studies tended to theorize OD as a mechanism or process in which entrepreneurs and organizations engage to facilitate resource acquisition, identify opportunities, and (re)evaluate firm activities (e.g., Tracey, Dalpiaz & Phillips, 2018).

Methodologically, we found the majority of articles used quantitative methods, primarily linear models, count models, survival analysis, and structural equation modeling. Some new methods are emerging, including topic modeling (e.g., Haans, 2019) and qualitative comparative analysis (e.g., McKnight & Zietsma, 2018). Qualitative studies primarily used individual or multiple cases, analyzing data gathered from semi-structured interviews and archives. Most studies sampled American organizations, although studies of Chinese organizations are on the rise. The remainder examined organizations from a variety of countries, including those from Australia, Europe, and South and Southeast Asia. Latin American organizations are notably absent from the current body of research on OD.

Most quantitative studies operationalized OD using a conformity/differentiation index to calculate the degree of a focal organization’s conformity and deviation from category prototypes, industry norms, or exemplary entities on certain substantive technical features of strategic dimensions, such as corporate social responsibility practices (e.g., Zhang, Wang & Zhou, 2019); sonic features and genres (e.g., Askin & Mauskapf, 2017); strategies related to risk, innovation and operational efficiency (e.g., Miller et al., 2018); and topics derived from large amounts of text data (e.g., Haans, 2019).

Our review suggests that OD research has attracted significant scholarly attention in the past few years and that with it, that there is both good news and bad news. The good news: significant advancements in studying OD are clearly evident. Not only has the literature
burgeoned, but it has also gained in sophistication, nicely complicating the OD puzzle in interesting and important ways. Researchers have illuminated the relationship between OD and performance by accounting for the underlying legitimacy and competitive pressures, the different sources and strengths of these pressures, and how the sources and strengths of these pressures vary across contexts and over time.

The bad news: the shortcomings in the OD literature observed by Zhao et al. (2017) still linger. There continues to be a lack of consensus in OD research, perhaps due to OD’s positioning not as a stand-alone theory but rather as a companion to other organization theories, such as categories, institutional theory, organizational identity, competitive positioning, market entry, and others. This lack of consensus has resulted in obscuring the clarity of OD as a theoretical lens, which is not uncommon for such broad umbrella concepts that are subject to both advocacy and policing (Hirsch & Levine, 1999). Our view is that both the good and bad news have some validity in describing the field of OD research. However, we take the long view and hold out optimism for its future development. Toward that end, we offer some reflection on the major themes that our review uncovered and the possibilities they suggest for future research directions.

**Major Themes and Conversation Starters**

We surfaced three major themes in contemporary OD scholarship: 1) the contextual contingency of OD and the polarities of sameness and differentness, 2) the temporal dynamics of OD, and 3) benchmarks for gauging OD. We discuss each of the three themes and use them as touchstones for identifying conversation starters—questions that frame opportunities for future OD research. Our ideas pivot on the sameness-differentness distinction that is at the heart of OD.
The Contextual Contingency of OD and the Polarities of Sameness and Differentness

Contextual contingencies influence the nature and relative strengths of the poles underpinning OD—namely, sameness/legitimacy and differentness/competitive pressures—which in turn affect the relationship between strategic positioning and performance. These contingencies can range from micro-level individual or personal characteristics, such as status (Prato et al., 2019; Syakhroza, Paolella & Munir, 2019), to more macro-level organizational characteristics, such as ownership (Ge & Micelotta, 2019; Zhang, Wang & Zhou, 2019) and governance structures (Miller et al., 2018), to even higher-level structures, including market categories (Barlow et al., 2019; Haans, 2019).

What these studies of contextual contingencies have in common is that they attend to how heterogeneous contexts affect the conformity versus distinction pressures organizations face and consequently shape the distinctiveness-performance relationship. For instance, Gehman and Grimes (2017) found that organizations are more likely to promote their B Corp certification in industries and regions with stronger environmental, social, and governance concerns. Haans (2019) found that the distinctiveness-performance relationship has a U-shaped effect in homogeneous market categories (with highly similar and undifferentiated members) and no effect in heterogeneous categories (with wider variations among members). Barlow and colleagues (2019) found that in platform markets (e.g., Google Play), the strategic benefits of aligning with the category prototype are minimized, whereas the strategic benefits of differentiating from the prototype are amplified. Further, these studies reveal the tendency to model conformity as oppositional or even antithetical to distinctiveness as distinct polarities on one organizational dimension.
However, emerging research advocates for a more multidimensional conceptualization of OD, as evident in four distinct approaches to the tension between conformity and differentiation. One approach is to show how conformity and differentiation can be orchestrated across multiple features within the same practice, e.g., the breadth versus depth of corporate social responsibility activities (Zhang et al., 2019). A second approach focuses on the compensating and complementary effects of different types of strategic practices. For instance, Miller and colleagues (2018) showed that family firms conform to industry financial norms to compensate for the potential illegitimacy discount associated with family governance (e.g., Miller et al., 2018). A third approach examines how firms combine strategic practices with symbolic gestures to become optimally distinct, as evident in Younger and Fisher’s (2020) study of new ventures’ image formation. A final approach examines how organizations can manage firm-level strategies (e.g., collaboration with peers) in combination with broader environmental conditions (incumbent strengths) so as to optimally distinguish themselves and enable success (McKnight & Zietsma, 2018).

Despite these progresses, another approach for resolving the conformity/differentiation tension which has been less explored is that of hybridity (Battilana & Lee, 2014), which we believe holds great promise for stimulating future OD research. Hybridity, as it is typically conceptualized, involves managing inherent trade-offs between economic and social aspects of an organization’s identity. This theme redounds in research on social enterprises (e.g., Golden-Biddle & Rao, 1997; Battilana, Sengul, Pache, & Model, 2015; Wry & Zhao, 2018; Smith & Besharov, 2019), including those that balance financial interests against social concerns as broad as community service (Almandoz, 2014), social interests (Yan, Ferraro, & Almandoz, 2019), and religious concerns (Gümüşay, Smets, & Morris, 2019). Given their apparent internal
incompatibility, hybrid identities often cultivate conflict. For instance, Glynn (2000) revealed such hybridity-induced conflict in her study of the 1996 Atlanta Symphony Orchestra strike, where the inherent incompatibility of the organization’s utilitarian and aesthetic elements precipitated the musicians’ work stoppage.

However, conformity and differentiation can coexist in a hybrid organizational identity, which consists of elements that ordinarily do not go together (Albert & Whetten, 1985). The notion of “legitimate distinctiveness” hints at this possibility in organizational identity: “A legitimately distinctive entrepreneurial identity is paradoxical because it embeds both conformity and deviance, containing identity elements that are contradictory or oppositional” (Navis & Glynn, 2011: 480). Following this lead, we can speculate that the initial emphasis on the incompatible and frictional nature of hybrids might arise from the fact that studies on hybridity have generally focused on the nascent or founding stages of organizational development when polar differences might be starker. We redirect attention to more mature organizational or industry stages when hybrids are embedded in contexts that may, with some effect, institutionalize the hybrid form and legitimate it.

Indeed, with their increasing prevalence, some hybrid forms are becoming more common, more easily recognized, and more widely viewed as legitimate—essentially, institutionalized and sanctioned, both internally and externally by key audiences. Anchoring on Scott’s (1995) conceptualization of institutions as composed of cultural-cognitive, normative, and regulatory pillars, Glynn, Hood and Innis (forthcoming) theorized that the degree of institutionalization in the hybrid field affects the legitimacy of hybrids. By extension, we propose that the institutionalization of hybrid forms in the organizational field can serve as a touchstone for judgements of sameness and difference in OD. This is because cognitively, institutionalized
exemplars or prototypes can serve as sensemaking standards against which sameness (and
difference) can be evaluated. Normatively, institutionalized expectations and rules can reduce
ambiguity and eliminate (or significantly lessen the impact of) the penalties associated with
deviations or differences. Finally, regulatory mandates can formally recognize and legalize forms
so as to credential sameness. The latter includes forms like B Corporations, which Cao, Gehman,
and Grimes (2017) pointed to as claims that an organizational identity is simultaneously
distinctive and legitimate.

The institutionalization of hybrid identities across the cultural-cognitive, normative, and
regulatory spectrum offers legitimate templates against which organizations can either enhance
their conformity or dampen the penalties associated with differentiation. Moreover, examining
the role of institutionalization in assessing OD helps clarify how organizations manage hybridity
during more stable periods, a topic that has received limited attention thus far (Glynn et al.,
forthcoming). Focusing on hybridity at differing levels of institutionalization points scholars to
examine later, more mature organizational and industry stages to understand OD and hybridity in
organizations’ life cycles.

Overall, examining OD in the context of contextual contingency, organizational
multidimensionality, and the growing institutionalization of hybridity is consistent with Zhao et
al.’s (2017: 93) recommendation that we approach OD by conceptualizing “organizational
environments as more multiplex, fragmented, and dynamic” and their urge to retreat from seeing
“competitive differentiation as a trade-off along a single organizational attribute.” To further
encourage studies along these lines, we propose the follow conversation starters to guide future
research:
**Conversation Starter 1:** What if we model conformity and differentiation not simply as polar opposites but attend more to contextual contingencies and multidimensionality in theorizing OD?

**Conversation Starter 2:** What if we conceptualize OD as part of a hybrid organizational identity that is increasingly institutionalized and less conflictual?

**The Temporal Dynamics of OD**

Increasingly, researchers have moved away from early static conceptualizations of OD and have turned their attention to the temporal dynamics of this concept. Some scholars have suggested that organizational age attenuates the relevance of OD—namely, that being optimally distinct from competitors is more important for the survival of newer ventures than for that of older, more established ventures (e.g., Goldenstein, Hunoldt & Oertel, 2019). More specifically, newer ventures, compared with older ventures, have a stronger need for legitimacy due to the liability of newness (Stinchcombe, 1965) as well as a stronger imperative to escape vulnerable, head-to-head competition with established rivals.

Broader market category and field evolutionary stages are also important temporal contingencies. For instance, Zhao and colleagues (2018) analyzed 78 new proto-categories in the U.S. video game market and found that, in the early stage of proto-category emergence, conformity is positively associated with new entrants’ sales. As the proto-category evolves, however, a moderate level of differentiation becomes optimal for enhancing sales. Investigating the emergence, collapse, and renewed growth of the “new media” field, Garud and colleagues (2019) argued that OD best describes narrative-discursive possibilities when fields stabilized, whereas generative imitation and strategic distancing better describe possibilities during growth.
and decline periods. In particular, generative imitation enables entrepreneurs to gain legitimacy in the growth period by establishing a relationship between the symbols in narratives, while strategic distancing allows entrepreneurs to disassociate their ventures from stigmatized cultural symbols during field decline. In general, this emerging body of work on the temporal dynamics of OD has shown that the evolutionary stages of organizations, fields, industries, and markets all matter in determining what constitutes an optimally distinct positioning strategy over time.

Despite these recent advancements, our knowledge remains limited regarding how organizational OD processes change over time and in response to contextual and societal shifts. Past studies have approached OD as a process but have generally stopped short of identifying the underlying mechanisms that precipitate a shift from conformity to differentiation or vice versa. Navis and Glynn (2010), for instance, showed that creating a collective understanding or identity for the new market category of satellite radio precipitated the subsequent strategic differentiation of firms as they crossed the legitimacy threshold. However, they acknowledged that the more micro-level mechanisms underlying this shift were left unspecified. Noteworthy among the few researches on such mechanisms is the study by Zhao and colleagues (2018), in which the authors explicitly theorized and tested the mechanisms underlying the shift in optimal competitive positioning. They found that three mechanisms explain the shift to differentiation in a crowded category space: expanding knowledge of the exemplar, increasing satiation among consumers, and intensifying competition among members of a category. The authors noted that in this process, the mediating and evaluative role of critics also becomes increasingly salient, serving as an important force pushing towards more differentiation.

Building on and extending these pioneering works, a dynamic approach to OD might more fully explore the micro-foundations of the processes. The following are important
questions to ask: What are the triggers that motivated OD shifts? Do these triggers arise externally from industry templates or from broader economic, cultural, or political sentiments, or do they arise internally from firms’ competitive positioning or changes in the firms themselves? Identifying such mechanisms is an important first steps in articulating a more dynamic view of OD.

To this end, a recent study by Mathias et al. (2018) showed that smaller, craft-based organizations sustained the cohesion and cooperation within their community even as their collective identity became established and mature. They were able to do so because various field-level forces, such as the existence of a strong, oppositional collective identity (i.e., mass producers) and a mutual-help mentality, delayed their transition from cooperation to differentiation and competition mode.

Beyond these field-level forces, broader cultural and societal expectations may also affect organizations’ likelihood and pace of transition from conformity to differentiation. By and large, most OD research to date has focused on organizations in the United States, with a sprinkling of work examining organizations in Chinese, Australian, European, and South and Southeast Asian settings. This broadening of empirical contexts is encouraging, but without a set of more robust studies, we do not yet have a strong basis for considering the cultural embeddedness of OD or the cultural shaping of OD dynamics. Indeed, the construct equivalence of OD across geographies, cultures, and societies is an open question, so cross-cultural comparisons in the construal of organizational OD await. As Triandis (1982: 139) observed, “While most theories of organization are applicable to the cultures in which they are developed, they are not adequate to explain organizational behavior in other cultures because of cultural variations in organizational perceptions, in the use of information, and in patterns of action.” More generally,
“institutionalists remind us that no organization can be properly understood apart from its wider social and cultural context” (Scott, 1995: 151).

To better understand the potential heterogeneity of OD dynamics across different cultures and nations, scholars can draw from research in cultural psychology to discern how cross-cultural differences might be salient to OD. Cultural psychologists have shown that differences in individuals’ self-construal lie along the independent-interdependent dimension, which bears a strong similarity to the differentiation-conformity dimension of OD. Societal cultures differ in the emphasis they place on individuation of the self, with it being higher in the United States, where the self is treated as a bundle of distinct, positive, and largely idiosyncratic attributes (Markus & Kitayama, 1991), and lower in countries like Japan and South Korea, which tend to emphasize interdependence and connectedness. For instance, in European-American contexts, the individual and the group are often conceptualized and experienced as separate entities, and the primary task of the self is more likely to revolve around maintaining independence from others and discovering and expressing individual unique inner attributes (Markus & Kitayama, 1991). By contrast, in Korean cultural contexts, “individuals may experience themselves as tightly linked to the collective and [experience] the collective as such an integral part of the self that distinctions between the two may not always be regarded as relevant” (Markus et al., 1997: 38). Thus, in cultures that stress the interdependence of the self, the primary task of the self is more likely to revolve around connecting, fitting in, and assimilating (Markus & Kitayama, 1991).

Although we caution against creating a cross-level fallacy by inferring organizational dynamics through individual tendencies (Rousseau, 1985), we redound to the origins of OD in theories of the self (Brewer, 1991) to discern such international variations. Scholars can
speculate whether the functional relationships among independent-interdependent cultural
dimensions have a parallel to the differentiation-conformity dimensions of OD across countries.
To this end, observations from cultural psychology hint at intriguing possibilities that might
guide future research. We might speculate, for instance, whether OD in Japanese and Korean
firms mean the same thing as in U.S. firms. One could hypothesize that the former countries
might place greater emphasis on the conformity dimension than on the differentiation dimension.
Alternately, one could propose that cultural differences may cause a delay in the transition from
conformity to differentiation in entrepreneurial firms in nascent industries. Perhaps what we have
observed in extant research is primarily the American urge to craft an organizational identity
emphasizing independence, autonomy, and individuation. We expect this intellectual exercise to
open up exciting research opportunities at the intersection of OD and international business
scholarship, which remains an untapped terrain. Following the preceding arguments, we propose
the following conversation starters to guide future research:

**Conversation Starter 3:** What if OD is modeled more explicitly as a dynamic equilibrium
that changes over time and in response to internal and external shifts?

**Conversation Starter 4:** What if OD is not culturally generalizable? How do the
temporal dynamics of OD vary across different countries?

**Benchmarks for Gauging OD**

OD loses meaning without considering the benchmark against which it is gauged. Overall,
studies have tended to use category prototypes or industry norms as the default benchmarks
against which firms’ optimally distinct positioning strategies are evaluated (e.g., Haans, 2019;
Miller et al., 2018). Going beyond the prototype-based model, Zhao and colleagues (2018)
introduced the exemplar model and proposed that exemplars—highly salient and successful product offerings or organizations—can serve as important alternative benchmarks for focalizing audience attention, anchoring social evaluations, and shaping market outcomes. The exemplar model may be particularly suitable for studying emerging and constantly evolving markets in which prototypes have yet to emerge and stabilize. Subsequent research has demonstrated the effectiveness of exemplars for new venture image formation (Younger & Fisher, 2020) and for shaping market entry strategies and outcomes (Barlow, Verhaal & Angus, 2019).

Other types of benchmarks have also emerged. For example, Garud and colleagues (2019) found that when there is a lack of consensual understanding of field-wide symbols, new ventures tend to use other relationally salient ventures and their symbols as references. Compared to these externally derived benchmarks, Conger and colleagues (2018) proposed that instead of being driven by purely external evaluations, OD might be shaped by entrepreneurs themselves as their own expectations and identity-driven self-reflections may balance with external evaluations (also see Grimes, 2018; Zuzul & Tripsas, 2020). On balance, research examining the benchmarks used in gauging OD have tended to rely primarily on external standards, while approaches using internally driven standards are beginning to emerge.

More explicitly identifying and conceptualizing benchmarks for gauging OD can open up exciting research opportunities. Here we highlight two promising avenues for future research. First, most studies to date have assumed one benchmark (either explicitly or implicitly) in their conceptualization and measurement of OD. However, the more interesting scenario is when multiple distinct benchmarks co-exist and are equally relevant in audiences’ evaluations. In this case, various questions arise: How do audiences pick which benchmark to use in attending to and evaluating an organization? Is there a sequence in terms of how audiences apply these alternative
benchmarks? If so, in what order do they apply them, and what determines the order? In light of these alternative benchmarks, how do organizations position themselves to be optimally distinct? Will an organization’s conformity (versus differentiation) against one benchmark impact audience perceptions and evaluations or vary depending on its conformity (versus differentiation) against another benchmark? Addressing such dual or multiple benchmark challenges will generate important insights regarding the complexity of organizations’ strategic moves and the corresponding audience responses.

Second, one limitation of existing studies is that they have tended to take a passive stance about OD benchmarks. Although this assumption of static benchmarks enables more parsimonious theorization and tests of OD, it is, at best, an incomplete reflection of reality. Given that actual competitive engagement occurs at the action-response level (Chen & Miller, 2012), scholars need to think about OD not simply as a singular focal firm decision but instead as a decision embedded in the interactive competitive dynamics between a focal firm and a benchmark organization.

To expand our research horizons, future research can begin to conceptually and empirically examine a series of dyadic organizational actions by asking the following questions: What is the most relevant benchmark a firm chooses to optimally position itself? Is this benchmark internally derived from entrepreneurs’ identities, values, and beliefs, or externally derived through observations of prototypes, exemplars, or relationally salient others? Given this benchmark, what constitutes an optimal positioning strategy? When a benchmark is externally derived, what is the benchmark organization’s mettle and capability in responding to the focal firm’s positioning strategy? What determines the number, speed, and strength of such responses?
Further, how do these responses in turn shape the focal firm’s optimal positioning strategy and associated performance outcomes?

Attending to these questions will help advance the OD research agenda by building a bridge between the OD and competitive dynamics literatures, which is largely absent today. Some recent studies in OD have demonstrated the advantages of conforming to (and perhaps later deviating from) category exemplars—highly salient and successful members of a category—in new market entry (Barlow et al., 2019; Younger & Fisher, 2020; Zhao et al., 2018). The argument is that conforming to category exemplars helps entrants gain legitimacy, garner attention from key stakeholders, and enhance their appeal. Compared with these benefits, potential challenges of positioning close to category exemplars have been largely underplayed. Social comparison scholars, however, have demonstrated that social evaluations do not occur in isolation but through comparisons between an actor and a reference group (e.g., Festinger, 1954; Goodman & Haisley, 2007). By conforming to category exemplars and gaining more attention from key stakeholders, firms also place themselves in the position to be evaluated and compared with the exemplars by stakeholders (Audia, Brion & Greve, 2015; Smith & Chae, 2017). Therefore, when a firm positions itself near a category exemplar, it risks being compared against an exceptionally well-performing firm. This close scrutiny and evaluation may not always be advantageous.

Moreover, exemplars are not passive receptors of strategic actions but may actively respond to new entrants’ strategic moves. Although exemplar firms may be less likely to initiate competitive moves due to complacency and inertia, they are typically more responsive when they sense a threat from new entrants, thus triggering the need to protect their reputations (Chen & Hambrick, 1995). Exemplar firms’ responses are especially likely and especially strong when
new entrants benefit from flexibility and rapidity, and they are normally faster implementers of the competitive actions (MacMillan, 1980). Exemplar firms may also announce their countermoves quickly so as to clearly signal to stakeholders and competitors that they are not passive and to prevent further attacks (Chen & MacMillan, 1992; Chen & Hambrick, 1995).

Therefore, new entrants and exemplar firms not only need to optimally position themselves in the market against their own peer groups but also need to take into account each other’s competitive actions and counteractions to constantly adjust their positioning strategies. New entrants also need to be conscious of how their positioning strategies affect the comparison set they are put in by audiences in their assessment as well as what resource profile will not only enable their initial entry but also enhance their post-entry performance (Zhao, Ishihara & Jennings, 2020). We see ample opportunities for OD scholars to engage more seriously the large body of research on competitive dynamics, and vice versa. Summarizing our preceding arguments, we propose the following conversation starters to guide future research:

**Conversation Starter 5**: How do organizations pursue optimal positioning strategies when they are evaluated against multiple distinct benchmarks?

**Conversation Starter 6**: How does an explicit consideration of competitive dynamics between a firm and its benchmarks inform our study of the firm’s optimal positioning strategy?

**Conclusion**

We have taken up the notion of OD—namely, actors’ drive to be simultaneously the same and different from others—and have offered a macro-perspective drawn from both the theoretical foundations of OD as well as more recent research. We found that OD has fostered a generative
research agenda with a diversity of views on theorizations and empirical modeling and has been studied in a variety of contexts. Drawing from this body of work, we discussed three major themes—contextual contingencies and the polarities of sameness and differentness, temporal dynamics, and benchmarks for gauging OD—that characterize contemporary OD research. Based on these themes, we proposed six guiding research questions, what we call conversation starters. We hope these conversation starters will inform future research and integrate work from a variety of fields, leading to mutually generative conversations among strategy, organization theory, entrepreneurship, and international business scholars on this important topic.

Acknowledgement

The authors contributed equally to the development of this article, which was truly a collaborative effort. We thank Joel Gehman and Eva Boxenbaum for their superb editorial guidance as well as Pin Chen for his assistance in completing the reference list.
References


Hamid, H., O’Kane, C., & Everett André, M. (2019). Conforming to the host country versus being distinct to our home countries: Ethnic migrant entrepreneurs’ identity work in


Author Biographies

**Eric Yanfei Zhao** is the Institute for Entrepreneurship and Competitive Enterprise Faculty Fellow, Associate Professor of Management and Entrepreneurship, and Co-Chair of the PhD Program at the Kelley School of Business, Indiana University. Eric’s research sits at the interface of strategic management, organization theory, and entrepreneurship, pushing the boundaries of conversations around topics like optimal distinctiveness, institutional logics, and social entrepreneurship. His research has been published in journals such as *Academy of Management Journal, Academy of Management Review, Organization Science*, and *Strategic Management Journal*. He is currently working on a book *Optimal Distinctiveness: A New Approach to the Competitive Positioning of Organizations and Markets* for Cambridge University Press.

**Mary Ann Glynn** is the Joseph F. Cotter Professor of Management & Organization, Professor of Sociology (by courtesy), and Research Director of the Winston Center for Leadership and Ethics at Boston College. Mary Ann’s research combines micro-level cognitive processes (such as learning and creativity) and macro-level cultural influences (social norms and institutional arrangements) and uses both qualitative and quantitative methods. Her research has been published in journals such as *Administrative Science Quarterly, Organization Science, Academy of Management Journal, Academy of Management Review*, and *Strategic Management Journal*. Her latest work is *Cultural Entrepreneurship: A New Agenda for the Study of Entrepreneurial Identity and Institutions* (with M. Lounsbury, 2019). She received the MOC Distinguished Scholar Award and IDEA Thought Leader Award (twice) in the Entrepreneurship Division. Mary Ann is a Fellow and Past President of the Academy of Management.