

This research studies how organizational adoption of three different types of change – change in products, in technological processes and in administrative processes – is influenced by environmental factors such as industry regulation and market concentration and by the prior adoption of different types of change. We tested our hypotheses in the service sector, examining a sample of bank holding companies in the USA for the period 1975–1995. We found that (1) environmental factors influence rates of change in products, in technological processes and in administrative processes differently; (2) changes in products are followed by changes in both technological and administrative processes; and (3) the three types of change exhibit momentum, as firms are more likely to implement changes similar to those they have recently undertaken. We discuss the implications of our findings for the theory and management of change in organizations.