

Some Questions on Evolutionary Approach to Firms and Innovation

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Context and Attention

What management aims at is complex, and attention is context dependent

The intensity of effort to realise the objectives is also context dependent it reflects transformation pressure

The competence to realise the objectives is path-dependent

Transformation pressure affects selection (births and deaths) as well as change within the surviving units

Transformation pressure is registered as exogenous to the single firm . But it is the outcome of what goes on inside many firms.

Composite management objective - goals with different time horizons

- Allocation (static efficiency)
- Re-allocation (flexibility)
- Growth on the basis of existing competences (innovation- Penrose)
- Developing new competences (learning org.)

Trade-offs between goals

- Temporary **optimal** allocation gets in the way for adaptation – without some slack adaptation is impossible
- The **completely fluid** adaptable organisation lacks strategic perspective on expansion on the basis of internal capabilities – respecting the 'core competences' keeps flexibility at bay
- Exploiting **fully** the capabilities for growth leaves no space for accumulation of new competences.

Context (=SECTOR???) matters

- In a static context **allocation** will be at focus – Schumpeter circular flow (static firms)
- In a context characterised by rapid incremental change **flexibility** will be at focus (flexible firms)
- In a context characterised by technological competition **innovation** will be at focus (innovative firms)
- In a context characterized by radical innovation, **innovation and competence building** will be at focus (dynamic firms)

What managers do

- Managers from time to time make decisions at recognizable cross roads
- Managers establish routines (resources, relationships and organisational procedures) and promote trajectories
- Over time good and rational routines and trajectories become bad habits and trajectories that are taken too far.
- Often it takes a combination of a serious crisis and new management to get rid of 'bad habits and bad trajectories'. But more reflection on routines??

Some more issues

- Knowledge Based or Knowledge Creating Firms
- Routines and Reflection (genetic engineering)
- Competition and Profit as Performance Indicator
- The Social Dimension as Context
- Diversity Dimensions and Performance
- Measuring Organisational Change - Meadow

The Acceleration Hypothesis

AH: There is a tendency that the population of firms gets more exposed to innovation based competition where speed in transforming new ideas into marketed products is a key to success. What are the implications?? Location of different types of activities in time and space?
Taxonomies?