

The duality of stability and change in organizations

Reflections on business opportunity and crisis

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Society, Innovations and Collaborative Economy

International Scientific Conference

The 8th international scientific conference New Challenges of Economic and Business Development–2016: Society, Innovations and Collaborative Economy has a particular focus on society, innovations and collaborative economy. The aim of the conference is to discuss results of scientific research in economic and management issues, identify the possibilities to merge it with practical matters and to establish new networks for future research co-operation.

WHAT IS CRISIS?

a : an unstable or crucial time or state of affairs in which a decisive change is impending;
especially : one with the distinct possibility of a highly undesirable outcome <a financial *crisis*>

b : a situation that has reached a critical phase <the environmental *crisis*>

WHAT IS CRISIS?



WHAT IS OPPORTUNITY?

- 1 : a favorable **juncture** of **circumstances** <the halt provided an *opportunity* for rest and refreshment>
- 2 : a good chance for advancement or progress



Creative Destruction is the essential
fact about capitalism.

— *Joseph A. Schumpeter* —

Opportunity or Crisis: A matter of perspective?

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... it depends...

On what?

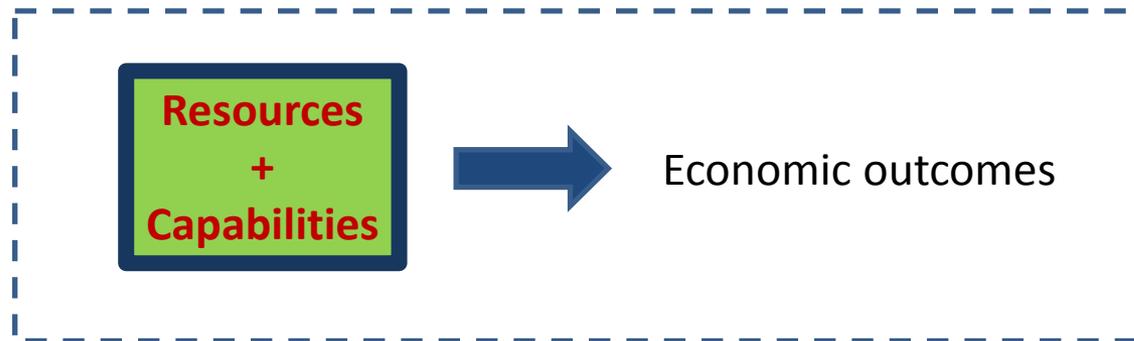
Perspectives on organizations

What is an organization?

What is a firm?

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What is a firm?

An economists' perspective



What is an organization?

What is a firm?

Organization theorist' perspective

How people work... *together... towards a purpose*

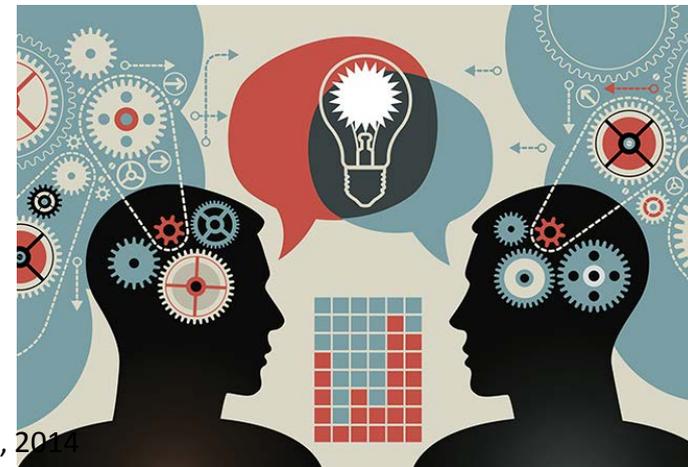


What is an organization?

What is a firm?

Social psychologist's perspective

The organization is an outcome of actions, which produce shared *understanding of what it is, and the environment in which it acts.*



What is an organization?

What is a firm?

An entrepreneurship perspective

Organizations are created in the process of entrepreneurs deploying their means in concert *with stakeholder's means which iteratively results in the creation of common goals and subsequently creates new markets*



What is an organization?

What is a firm?

Routine practice perspective

Organizations are an outcome of human agency altering the performance of repetitive operational routines endogenously leading to structural changes over time.



Major quandaries on **stability/change** & **opportunity/crisis**:

*Why is it sometimes so difficult for **well-established organizations** to change what they do and how they do even if environmental change stares in the face?*



Major quandaries on **stability/change** & **opportunity/crisis**:

*Why is it sometimes so difficult for **young firms** to stabilize and become efficient?*



Opportunity or Crisis: A matter of perspective

Stability leads to
Efficiencies
Order
Shared Meanings
Exploitation
Reaching goals
Predictability
Certainty

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...if the environment allows

...if not, then it may create the opposite

Change leads to
Innovations
Intended disruptions
New Meanings
Exploration
New Markets
New configurations
New possibilities

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*...if the organization is up to it
...if not, then it may create the opposite*

The simple recipe is:

Balance sufficient stability/exploitation of given
knowledge
with
sufficient change/exploration of new opportunities

BUT in practice this is not so simple

So we set out to understand different aspects of organizational change and stability:

How do new micro-organizations in global virtual teams establish order and efficiency?

(Zettinig & Einola, 2014)

So we set out to understand different aspects of organizational change and stability:

How do International New Ventures produce stability through networking and learning?

(Fuerst & Zettinig, 2015)

So we set out to understand different aspects of organizational change and stability:

How do Multinational Corporations induce change to develop new business models and markets?

(Kallio & Zettinig, 2016)

So we set out to understand different aspects of organizational change and stability:

How does a chemical industry cluster balance the processes capturing their scale economies with producing new business opportunities by widening their business ecosystem?

(Zettinig & Vincze, 2012)

So we set out to understand different aspects of organizational change and stability:

How are Japanese Shinise Firms able to weather storms over centuries?

(Sasaki, Zettinig & Sandberg, 2015)

**...these research explorations led to a
number of insights and interesting theses...**

(1)

Departing from *dualism* of stability and change
to
Arriving at a *duality* of stability and change

Stability and change are not mechanisms that are incompatible and mutually exclusive, but fundamentally interdependent – contradictory but also mutually enabling.

- **Stability needs change,**
- **change needs stability**
for survival.

(2)

Organizations, even the smallest, are complex and driven by human agency; influenced by individual's preconceptions, formed through constituting inter-subjectivity

Individuals' meanings emerge retrospective to actions and they feed into new actions that lead to collective accomplishments.

e.g. Weick, 1988

- **Organizations seek to establish order quickly; if they accomplish that**
- **will depend a lot on their ability to create common frames of references.**

(3)

Organizations, even the oldest, have continuities over their entire history, while the world around them and much inside them is entirely changing

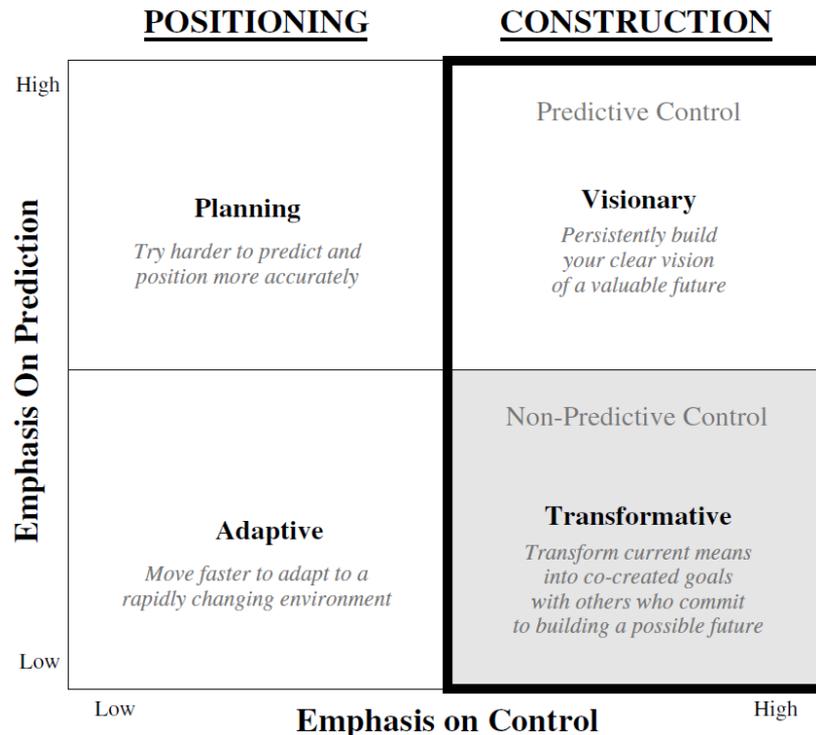
Organizational members constantly evaluate what is central, distinctive and enduring in their organization – forming an evolving synthesis of their organizational identity.

e.g. Ravasi & Schultz, 2006

- **Shared cognitive schemata evolve but persist independently of specific individuals or exogenous changes.**
-

(4)

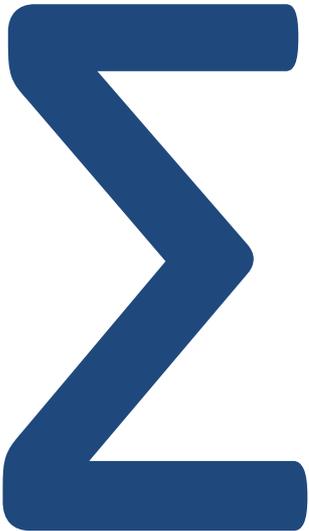
Individual and organizational mindsets can differ vastly within any organization, and knowing them can lead to balancing stability and change



To balance stability and change organizations might need to cultivate sets of diverse mindsets over time or empower them simultaneously.

Figure 1. Framework of prediction and control

Questions & Comments



Organizational stability requires adaptations to a changing world.

Organizational change/innovation requires stability.

Human agency and emerging structure are intertwined processes.

Whether a situation constitutes as a crisis or an opportunity might be a matter of perspective.