

# **Adapt or die: a dynamic approach to entrepreneurship and innovation**

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## **Abstract**

How can a company remain competitive and innovative, whilst simultaneously maintaining its flexibility and adaptability – that is the main question that will be explored in this paper. Companies struggle with what is called “the productivity dilemma” (Abernathy, 1978), the dilemma between exploitation and exploration (Tushman & Reilly, 1997) or the “innovators dilemma” (Dodgson 2000). This refers to the dilemma of established firms which on the one hand strive for productivity, whilst on the other hand they want to be innovative. A quest for productivity stifles the innovative capacity of a firm is the message. Organizing is aimed at retaining a status quo (Meeus, 2003), whilst innovation and entrepreneurship are aimed towards change and breaking with the status quo. Companies struggle with phenomena like structural inertia (Nelson & Winter, 1982) whereby growth of a company leads to the freezing of routines, practices, procedures and other structural mechanisms, which account for a lack of overall adaptability and innovative capacity. How can a company break with this threat and make change, learning and adaptability part of its everyday business?

Research shows that innovation is related to the extent to which individuals can behave autonomously (Harkema, 2004) – then there is enough room for an individual to experiment and for exploitation. A balance needs to be struck between an individual wish for autonomy and an organizational need for control. Practice shows that many companies are unable to cope properly with this dualism, either leading to a strong emphasis on structure and control mechanisms or to a focus on the role of the individuals within organizations. This dichotomy has its fundamentals in the predominant scientific paradigms that determine organizational behavior, and which can be traced back to the thoughts of Newton and Descartes.

In his paper an approach based on complex adaptive systems (CAS) theory is brought forward to bridge the gap between individual and structure. The essence of a complex adaptive systems is its interconnectedness and interdependence. CAS theory suggests that behavior in a system is non-linear and dynamic and emerges from localized micro-actions at the individual level in a process of self-organization. The future is not a mere extrapolation of the past, as suggested by a rational-mechanistic paradigm, but simple actions can lead to a variety of outcomes some of which are disproportionate in size to the action itself. Based on a recent research within a large multinational, the outlines of a dynamic approach to entrepreneurship and innovation will be brought forward, and its implications for companies discussed.

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