



The DRUID Society Conference 2011

INNOVATION, STRATEGY, and STRUCTURE

ORGANIZATION, INSTITUTIONS, SYSTEMS AND REGIONS

Copenhagen Business School, Denmark, June 15 - 17, 2011

Winner

of

DRUID Best Paper Award 2011

Karin Hoisl: “Adaptation at Full Speed - Regulatory Changes in Fast Moving Industries”



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Abstract

Prior research provides rich insights into the mechanisms to enhance an organization's ability to adapt. Even though human resources have been found to play a key role to enable organizations to reply to environmental opportunities and threats, evidence at the individual level is scarce. A comprehensive understanding of the determinants of adaptation is particularly important in fast moving industries, where organizations typically do not get a second chance to make up for a failure to adapt. This paper aims at filling this research gap. It uses a unique data set on Formula One motorsport constructors. A pre-post experimental design with exogenous regulatory change allows for the operationalization of adaptation as well as a causal interpretation of the results. The findings indicate that whereas domain-specific experience at the level of the individual decreases the adaptive ability of an organization, experience from moderately distant technological fields increases it. To exploit experience from more distant fields, absorptive capacity is needed. Additionally, results provide first evidence that learning matters with respect to the determinants of adaptation.