

The embeddedness of selfish routinesⁱ: how routines are replicated in business networks

By

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INTRODUCTION

The notion of routines as a powerful metaphor for explaining organisational capabilities and the evolution of discretionary organisations has been widely accepted as a central issue in evolutionary economics (e.g., Dosi, 1999) as well as in the management literature (e.g., Winter, 1987; Foss, 1999; Nelson, 1991). Routines are normally seen as productive competences involving repetitive patterns of activities which are based on routine-specific investments in human and physical capital (Winter, 1990). So far, however, routines have chiefly been seen as distinct features of organisations. The prevailing idea is that routines are retained and inherited in some form of formal organisation. Essentially, organisational memory is limited to routines as organisations remember by doing (Nelson & Winter, 1982). Even though this idea intuitively holds explanatory power beyond the boundaries of the organisation, few attempts have been made to address the issue of routines from an inter-organisational or network perspective although references to the concept are occasionally made in the inter-organisational literature (e.g., Dubois & Gadde, 2000; Delmestri, 1998). The argument presented in this paper is that routines may also be embedded in a network context and that they provide key insights for our understanding of (a) important differences in the development of new business ventures and (b) the dissemination and exchange of knowledge among network actors. Routines are “selfish” in the sense that they may exist beyond the life span of an organisation and that formal organisations may sometimes be seen as nothing but one of several institutional carriers of routines.

The configuration and management of routines across organisational, and ownership, boundaries involves a range of specific managerial and strategic issues which are not addressed in the current literature on routines, in which ownership and the corresponding authority of management are not included. Instead, routines are seen as being interlinked only in a negotiated environment of business actors.

Below follows an overview of the routine concept as well as an argument for

applying the routine concept in a network embeddedness context. Next, two case studies are presented, covering examples from the Danish dairy and the Danish machinery industry. Finally, the paper discusses the prevalent managerial and strategic issues found in the case studies.

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