

Organizational Routine and Performance: Theoretical and Methodological Considerations from an Evolutionary Perspective of the Firm

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Abstract

The general question addressed is how plausible explanations of causal relationships between organizational routines and performance could be produced (Feldman, 2000; Howard-Grenville, 2005) applying a specific view of representation and theory (Giere, 2004). Performance is considered an important area of interest of management and organizational scholars. Represent a theoretical and methodological development from an evolutionary perspective, aiming to examine organizational events. Framing organizational path as unit of knowledge production, event as unit of selection and routine as unit of analysis, we believe to have made a contribution to a more multidimensional understanding of organizational performance causation (Durand & Vaara, 2009).

1 INTRODUCTION

The general question this theoretical essay addresses is how plausible explanations of causal relationships between organizational routines and performance could be produced (Feldman, 2000; Howard-Grenville, 2005) applying a specific view of representation and theory (Durand & Vaara, 2009; Giere, 2004). The aim is to present a theoretical and methodological development, from an evolutionary perspective, aiming to examine a set of organizational events that, over time, impacted the performance. The event selected, not necessarily the routines or organizational path connected, is almost always related with organizational learning, innovation or change. Organizational routine has received increasing attention as an object of study (M. C. Becker, 2004, 2008), specifically when it comes to the search for the performance underlying causes, is considered the most important area of interest of management and organizational scholars (Combs, Crook, & Shook, 2005; March & Sutton, 1997; Richard, Devinney, Yip, & Johnson, 2009; Venkatraman & Ramanujam, 1986). Even so, they have not so far received joint analytical treatment.

There are certain theoretical commonalities between these notions which have drawn our attention and interested us in this endeavor; specifically the idea that both organizational routine and organizational performance can be defined, in their best conceptualizations, as inherently multidimensional constructs (Barreto, 2010; Richard, et al., 2009; Schienstock, 2011). As some analysts have underscored, this turns their study into one of the most complex and thorny questions to address. March & Sutton (1997) make this case quite eloquently when it comes to organizational performance. They particularly highlight the difficulties extant when we are dealing with aggregate assessments which try to appraise “overall organizational effectiveness” (March & Sutton, 1997, p. 698). This is so because inferences about firm performance are drawn from ambiguous histories which are “notoriously difficult to interpret” (p. 699). The authors give emphasis to three fundamental problems.

First, information about apparent determinants of differences in performance diffuses through a population of competitors and thereby tends to eliminate variation in both the determinants and their effects. Second, the theoretical ideas and analytical models that are normally used ignore a variety of feedback loops that are likely to be important. Third, the data that are used to record organizational histories often rely on retrospective recall of informants, recall that is likely to reconstruct the past to make it consistent with subsequent performance results, conventional story lines, and current beliefs. (March & Sutton, 1997, p. 699)

We assume these very same impediments to understanding inferences and causal structure of performance phenomena are present in the studies of organizational path. However, the manner in which they have been dealt with in their respective literatures has not been the same. When it comes to organizational performance, there have been limited attempts to address these problems directly and, as a whole, the performance literature hasn't truly taken them on (March & Sutton, 1997). On the other hand, the literature on organizational paths has given strong consideration to issues of diffusion (Djelic, 2008), positive feedback (Jörg Sydow, et al., 2009) and the construction of organizational narratives (Geiger & Antonacopoulou, 2009) and other issues. Using only parts of this broad literature, we will here take just a few initial steps in the road of explicitly tackle the common challenges of the study of organizational performance and organizational routine. We will here focus specifically on delineating a very general frame for a theoretical and methodological approach which may be able to specify the role that an organization's routines has in influencing its performance over the time. With this objective, we will employ of the neo-schumpeterian evolutionary perspective (Nelson & Winter, 1982, 2002; Witt, 2008).

Thematically, we are principally inspired by the second of the problems March & Sutton (1997) call attention to: the role which feedback loops and other related organizational

processes may have in organizational performance. They specifically emphasize different potential feedback loops through which past performance may have an effect on future performance. For example, positive or negative performance assessments may trigger cognitive and behavioral processes through which these very same results are reinforced. The reverse may also take place, as “success or failure in organizational performance creates countervailing tendencies” (March & Sutton, 1997, p. 700), leading to opposite performance outcomes to those previously obtained. And both of these mechanisms may be present simultaneously in the same organization, with each one having different effects in the short and long run. We interpret this brief presentation of the potential role that feedback loops may have in mediating the effect of performance in performance itself as an illustration of a broader argument: the role that endogenous organizational processes may have in constituting an organization’s performance trajectory.

Our interest in the relationship between organizational performance and organizational routine arises from previous empirical studies. In recent research, quantitative results were found which supported the idea that past performance may influence future organizational performance (Loebel & Zambaldi, 2011).

We will sketchily contextualize these results within the evolutionary and capability framework to propose a research approach integrating the notions of organizational routine, event and path in order to provide further explanation about the relationship between organizational routines and performance. Here we will present in a brief and general way manners in which organizational routines may affect performance. We will outline different forms in which these notions have been defined, underscoring how different organizational paths may be composed by organizational members’ interpretation and sense making. To do this, we will specify how different temporal structuration have been found within the causal factors which shape an organization’s performance trajectory. A key notion here is the concept of routine and its influences on organizational performance (Pentland, Hærem, & Hillison, 2010; van Driel & Dolfma, 2009). Through this concept we will discuss how to explain the influence of organizational routines on performance insofar as it is understood in the context of an organizational path. Doing so, we expect to contribute to the effort of a better understanding of the causal models which underlie our inferences on organizational performance. Then we will specify theoretical and methodological concerns which we believe are of particular interest in the study of an organization’s path. Conclusions follow presenting contributions, limitation, and further research.

2 EVOLUTIONARY PERSPECTIVE OF THE FIRM

One good point of departure for understanding the evolutionary perspective of the firm lies primarily in understanding the evolutionary processes of variation, selection, retention and competition (Aldrich & Ruef, 2006).

Any deviation from routine or tradition is a variation and this may be intentional or blind (Sammot-Bonnici & Wensley, 2002). Regarding the universe of organizations, sources of intentional variation include formal programs of experimentation and imitation, direct or indirect incentives offered to workers and the encouragement of blurry variation. Organizations often try to explore variations institutionalized by experimentation that lend themselves to encourage creative and innovative behavior (Breslin, 2008). Blind variation include the daily variation generated by the members of the organization, involving judgments, mistakes (forgetting the standard routine, e.g.), passions, misunderstandings and even curiosity (Aldrich & Ruef, 2006; Campbell, 1994; Durand, 2006).

Forces that selectively eliminate certain types of variations generate this second evolutionary process. Some variations help organizations acquire resources or legitimacy and are therefore selected. Selection criteria are defined by the operation of market forces,

competitive pressures, and institutional norms, among others. Thus, the positively selected variants end up if you enter in a context in which it operates the retention mechanism for the maintenance of the positively selected variables.

The third component occurs when changes are preserved, duplicated, or reproduced so that the selected activities are repeated over time. As a result, retention allows capture groups and organizations value from the existing routines perceived to be beneficial. Finally, the evolutionary process integrates other components of capital importance, namely the competition. Basic selection pressures and the search for effective variations clash with the scarcity of resources in organizations. In this respect, fights occur in organizations where members pursue their individual goals to a greater extent than organizational goals. (Aldrich, 2008; Aldrich & Ruef, 2006; Durand, 2006; Hodgson, 2004; Nelson, 2005; North, 2005).

This theoretical development also falls within the theoretical context of resource-based view. Nelson and Winter (1982, p. 21) positioned on the evolutionary theory of the firm considering it as part of a broader set of theories based view called “organizational capabilities and behavior”. This approach assumes the existence of structures and limitations of the firm as a result of a combination of individual and joint resources - skills and knowledge acquired pre - stimulated and maintained in some form, by the organization. Exponents of this theoretical concept, as Penrose (1959) and Richardson (1972), consider that this part is able to provide more appropriate theoretical models to understand the technological and organizational changes within the firm, especially when compared to neoclassical economic models in which representations emerge still more of the business reality, especially as the ability to capture and understand these technological and organizational transformations.

The precursors of evolutionary theory, especially Penrose (1959), perceive the division of labor and management as crucial to the development of skills for the firm, and give it more rational. This would involve singular achievements in terms of knowledge and technique.

In this scope, the idea emerges from the current resource-based view that considers different companies may have different features, even if they are in the same industry, and that this difference in resources between companies can be durable (J. Barney, Ketchen, & Wright, 2011; J. B. Barney, 2001). This is the basis for evolutionary theory notion of competition and industrial development that allows us to understand the creation of competitive advantage in its broadest sense (Durand & Vaara, 2009).

We presuppose that the literature of the evolutionary and capability-based is the most well developed approach which has given pride of place within its analytical framework to organizational processes and similar notions (Augier & Teece, 2008, 2009; Barnett & Burgelman, 1996; Breslin, 2008; Dosi & Marengo, 2007; Dosi & Nelson, 1994; Eisenhardt & Martin, 2000; N. Foss, 1993; N. J. Foss, 1998; Hodgson, 1998; Nelson & Winter, 1982, 2002; Schreyögg & Kliesch-Eberl, 2007; D. Teece & Pisano, 1994; D. J. Teece, 2007; Witt, 2008).

While there are several evolutionary and competence perspectives within the literature, here we will focus on the so-called “neo-schumpeterian interpretation” (Witt, 2008, p. 567), as it is the one which has produced the most significant insights so far. As Witt (2008) underscores in his recent literature review, most scholars consider it as the evolutionary perspective which has obtained the most relevant findings in the greatest amount of subject areas: issues such as innovation and technological change, the evolution of institutions and norms, learning behavior, knowledge creation and use, the role of the variation and selection mechanism in the market, diversity and population thinking, industry evolution and life cycles, path dependence and non-equilibrium market dynamics.

Crucially for our ends, a neo-schumpeterian evolutionary perspective is based on two fundamental ideas: that organizations develop their competences through cumulative processes of learning and that the market selection process “is always in a transient phase,

groping toward its temporary target” (Nelson & Winter, 2002, p. 26). As our conceptual focus is on the effect of organizational trajectory on performance, we will concentrate on the former of these two basic notions. For our ends it is enough simply to say that an evolutionary perspective defines the market as always being in an out-of-equilibrium state and that technologies and industries go through processes which may exhibit, for example, ex-post life cycle like characteristics which may delimit the conditions of possibility of organizational processes.

For neo-schumpeterians the path of capability development is based on processes of ongoing experimentation and trial-and-error learning which are guided, in its classic presentation, by different forms of short-term feedback and, in more recent theoretical developments, by more complex and deliberate cognitive processes (Gavetti, 2005, 2011; Zollo & Winter, 2002). Organizations have bounded rationality and face radical uncertainty. Within this context, organizations develop processes which have an inherently and relatively autonomous dynamic nature (Nelson & Winter, 2002) upon which capabilities are sustained. High competence is obtained through practice and experience which is then embedded in routines and other higher-level processes (Winter, 2003). This means that a firm’s trajectory is, at least in part, determined by endogenous mechanisms. These processes have particularly relevance when it comes to performance because they influence the ability to discover and create profit opportunities (Pitelis & Teece, 2009; Winter, 2003). Different paths of capability development can lead to different or the same results; e.g. competence enhancement, competence destruction, competence traps, etc. As Witt (2008, p. 557) mentions, these paths of capability development serve as the basic “units of selection”.

The specific decisions resulting from the routines applied are taken as the analogue to biological phenotypes. The latter are supposed to affect the firms’ overall performance. Different routines and different decisions lead to differences in the firms’ growth. On the assumption that routines which successfully contribute to growth are not changed, the firms’ differential growth can be understood as increasing the relative frequency of successful “genes-routines”. In contrast, routines that result in a deteriorating performance are unlikely to multiply, so that their relative frequency in an industry decreases (Witt, 2008, p. 557).

Some might find a problem within this picture: a form of determinism at the routine level; if certain routines are given, a set of results follow, and just those results. This is not the position of the evolutionary perspective for two fundamental reasons. First, they include within their framework the possibility of endogenous processes of routine change, be it, for example, in the process of trial and error itself or through mechanisms such as recombination or limited imitability (M. Becker, Knudsen, & March; s. C. Becker, Lazaric, Nelson, & Winter, 2005; Dosi, Faillo, & Marengo, 2008; Feldman, 2003; Feldman & Pentland, 2003; Pentland & Feldman, 2005; Pentland, et al., 2010; Zollo & Winter, 2002). Also, they give a role to higher cognitive process, used either deliberately (Romme, Zollo, & Berends, 2010; Zollo & Winter, 2002) or more improvisationally (Schreyögg & Sydow, 2010). Here the focus would be in how routines and creativity interact:

Some the pattern may be learned and contribute positively to effectiveness, and in that sense be akin to a skill or routine. In organizational improvisation, as in jazz, creative achievement typically rises from a foundation of patterned and practiced performance, a fund of micro patterns that are recombined and sequenced in creative ways. (Winter, 2003, p. 993)

We suppose that it is in this combination of structural reproduction (more structural factors) and creativeness (more agential factors) where the major strengths of the evolutionary perspective. Specifically, they allow us to conceptualize an organizational path as co-

constituted through, to tentatively borrow a term another perspective, a continuous process of structuration (Giddens, 2003). Even if this conceptualization allows us to define the basic processes which constitute an organizational path, we are still more in the realm of a specific view of representation and theory, whereby “scientists generate models using principles and specific conditions” (Giere, 2004, p. 744).

3 ORGANIZATIONAL PATH AS UNIT OF KNOWLEDGE PRODUCTION

A neo-schumpeterian evolutionary perspective differentiates, within a broadly defined continuum, between organizational processes which are grounded in established patterns and those which have a greater degree of novelty or creativity involved in them. We distinguish one basic constitutive unit of organizational paths: organizational events (Barry & Elmes, 1997; Durand & Vaara, 2009; Peterson, 1998). It could be defined as “a distinguishable happening, one with some pattern or theme that sets it off from others, and one that involves changes taking place within a delimited amount of time” (Conkin & Stromberg, 1989, p. 173).

Following this concept, we can partially understand an organizational path as a sequence of interrelated organizational events observed at different levels. This would imply that organizational events form the basic plot of an organization’s history (Clark & Rowlinson, 2004). It could also be inserted within the description of a larger context, be it sector or wider environment, indicating interdependence or interaction with other organizations (Pfeffer & Salancik, 2003).

Although organizational events can sketch the organizational history, it cannot fully explain the organizational path neither can clarify its influence on organizational performance. This is because events cannot easily explain their own origins neither becomes feasible resolution of the issues related to causation. This is why the notion of organizational routine would be very helpful for our purpose.

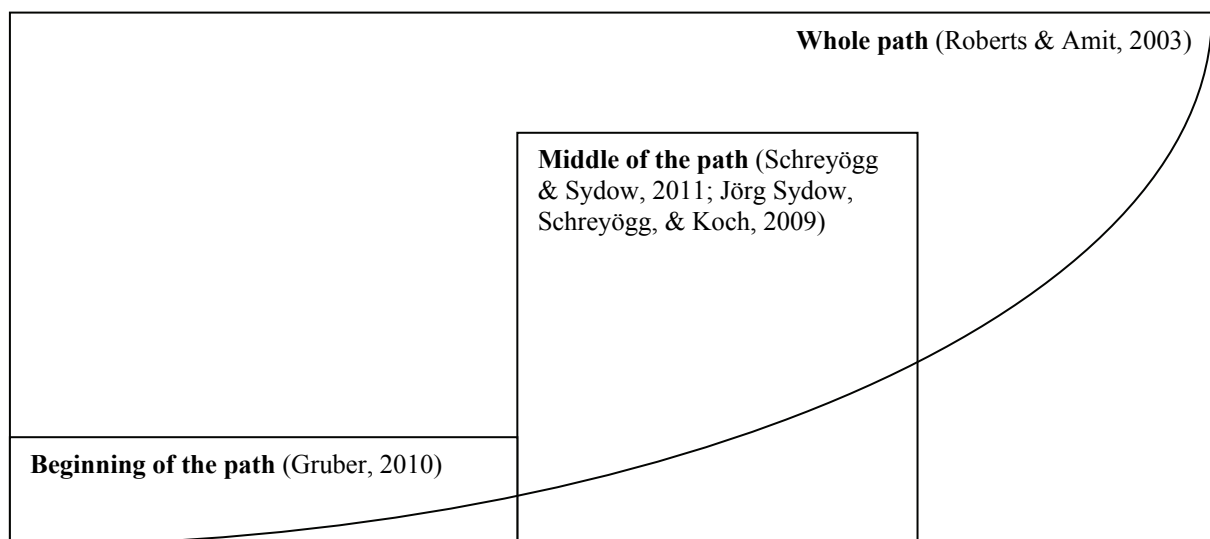


Figure 1 – Temporal structuration of organizational path.

Figure 1 represents the three basic forms of conceptualizing an organization’s path. We propose that one of the key concepts which may allow us to jointly study an organization path and its influence on performance is the notion of organizational events as a representative of organization’s historical trajectory. There are in the literature on organizational paths three basic forms of conceptualizing an organization’s historical trajectory, three main ways of establishing the relevant temporal structuration of the significant events: (1) studies which prioritize factors at the beginning of the trajectory, or path creation (Garud & Karnoe, 2001a,

2001b; Garud, Kumaraswamy, & Karnøe, 2010; Gruber, 2010); (2) those studies which focus on factors at middle of the trajectory, or path dependence (David, 2007; Goldstone, 1998; Ron Martin, 2010; R. Martin & Sunley, 2006; Page, 2006; Schreyögg & Sydow, 2011; Vergne & Durand, 2010, 2011); (3) and those which prioritize the trajectory as a whole (Roberts & Amit, 2003), or path structuration.

Following Sydow et al. (2005), Gruber (2010) suggests that the theory of path creation differentiates between four basic path phases: path creation—selectivity/momentum, in which deliberate search is characteristic; path creation—shaping, in which resources are tried to be acquired and legitimacy obtained for an specific course of action; path dependence, in which actors are able to depart from a set path within the limits of a restricting corridor; and path breaking, in which paths are intentionally or unintentionally unlocked. Focusing on these processes, Gruber (2010) analyzed data from 446 founders of product-market firms in the city of Munich. He presented 4 hypotheses on the role that individual-level factors have in the formation of an organizational path. Results supported these hypotheses suggesting that “individual’s knowledge and experience endowments, his aspiration level and his personality are all important factors to consider when explaining organizational path creation processes” (Gruber, 2010, p. 1159). Even more significant are his findings that, contrary to extant theoretical approaches to path creation (Garud & Karnøe, 2001a),

many agents do not consider alternatives for product-market path creation prior to embarking on a specific path with their emerging firms. Notably, this result can help improve current conceptualizations of path creation in that alternative generation and evaluation may only play a minor role in the early stages of path creation (Gruber, 2010, p. 1160).

Analyses which emphasize the importance of the middle of the organizational path tend to fall under the general rubric of path dependence (Schreyögg & Sydow, 2011; Jörg Sydow, et al., 2009; Vergne & Durand, 2011). These studies define an organization’s trajectory as having three stages: preformation, formation and lock-in phases. While the three phases are of importance, studies based on organizational path dependent processes give, in general, greater analytical weight to the second of these periods, in which four self-reinforcing mechanisms, understood as the main engines of the process of path construction, may start operating: coordination effects, complementarity effects, learning effects, and adaptive expectation effects. It is in this phase in which the main features of the following stage of lock-in are defined (Ron Martin, 2009; Page, 2006).

There are studies which have understood an organizational history as being constituted throughout the entirety of its path and in which performance is impacted consistently during the whole trajectory. Roberts and Amit (2003) on new product and process adoption in Australian retail banking from 1981 to 1995 found that in a context of very low barriers to imitability a firm’s particular record of constant innovation during its entire history was crucial for the development of competitive advantage. Highlighting the combinative nature of firms’ overall competitive positions, they underscore how organizations which engaged in innovation had a tendency of showing better financial results.

We consider the potential existence of equifinality in the constitution of organizational path. At least at this level of abstraction, many possible forms of path can obtain an overall comparable (high) performance result and

the concept of equifinality has come to mean that the final state, or performance of an organization, can be achieved through multiple different organizational structures even if the contingencies the organization faces are the same. Equifinality thus implies that strategic choice or flexibility is available to organization designers when creating organizations to achieve high performance (Gresov & Drazin, 1997, pp. 403-404).

In this sense, it is conceptually possible that actors, with the objective of creating the conditions for obtaining their goals, may prioritize a specific section of an organization path as their main object of attention; be it a generalized initial phase, in which the consideration of alternatives and the attainment of resources and legitimacy may be crucial; a second phase, in which the emergence of self-reinforcing mechanisms would set the conditions for further stages; or the complete trajectory, in which a steady stream of novel actions is potentially important. In the analytical process is useful to identify the emphases in each case because the theoretical and analytical implications. In other words, it is possible to decide whether the empirical case at issue refers to a path of innovation, structural reproduction or structuration.

4 ORGANIZATIONAL EVENT AS UNIT OF SELECTION

The first analytical stage is to speculate, in a participatory manner, on how certain happenings could be connected with organizational performance to then develop plausible conjectures on which happenings may be identified as organizational events, as changing-making occurrences. The event selected, not necessarily routines connected, is almost always related to organizational learning, innovation or change, since the discussion tilts to how organizations successfully acquire resources and differ from each other.

Once potential events have been identified, these can be categorized according to their basic characteristics. Specifically, as we are interested in patterns of resource development and interactions, we are probably to focus on how a proposed event might have modified the ways in which an organization obtains and enacts its resource-base (Feldman, 2004). Also, we could try to place the conjectured events of interest within a chain of broader happenings, to see if they can be hypothesized to be either its cause or effect. Griffin (1993) suggestions with regards to the utilization of the tools offered by event-structure analysis can be of great assistance in this endeavor.

Once the proposed events of interest have been identified, we are to try to understand the causal mechanisms which may explain the posited importance of these events for organizational performance. In this sense, a crucial element within the context of this paper is to try to identify if an organizational event is, eminently, (1) part of an organization's path (or endogenous mechanisms of organizational development); (2) part of the organization's dynamic interaction with the broader environment (the relationship between an organization's path within wider patterns of interdependence); (3) both or (4) neither. To do this it would be useful consider the event-typology outlined in Figure 2.

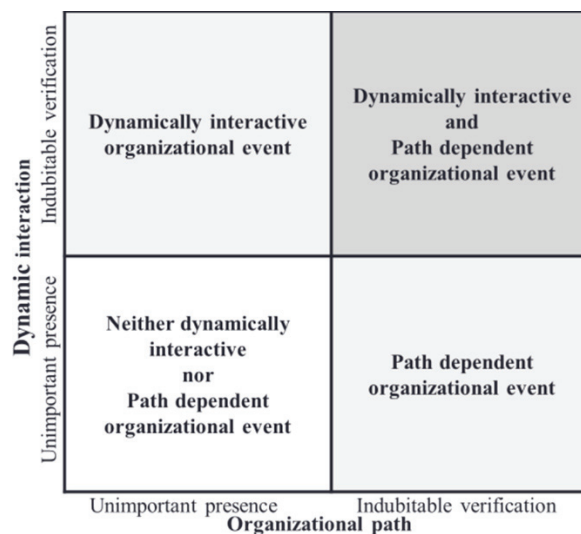


Figure 2 – Two-dimensional organizational event typology.
Source: the author.

Once events have been placed within a quadrant, Runde and de Rond's (2010) questions to test an specific event explanation are of special use to see if they have been placed appropriately. We are to ask if the factors proposed as having caused a certain event were actually present or not in the case of study; if they were causally effective; and if they are sufficient to position the event in one or another quadrant. The tests proposed by Bennett (2008) (straw in the wind, smoking gun, hoop and double decisive) are probably the best available to judge among rival hypothesis when it comes to specifying the mechanisms of an organizational event.

Dynamically interactive organizational event is a type of event in which the patterns of dynamic interaction are most prominent would be one in which there are explicit changes in the configuration of interdependencies in which the organization is placed. This might involve, for instance, a new set of valuable resources which have been appropriated by an organization in the environment, transforming the basic ways in which power balancing and counter-balancing is performed, be it through dynamic capabilities or any other of the mechanisms we have mentioned. In such a situation, an organization might find it useful to activate capabilities which were in practice but which were partially latent or stored. Capabilities which were used to a very limited extent within the broad stream of activities of the organization, somewhat dormant until this time within wider organizational processes, may be put to greater use to try to face a new set of interdependencies with the environment.

Path dependent organizational event is an event type within a specific section of the organization path, be it its beginning, mid-section, or a recurring event within the path as a whole. For example, we would be interested in the triggering factors of processes of learning which can be of great relevance in the study (Easterby-Smith & Prieto, 2008; Prieto & Easterby-Smith, 2006; Romme, et al., 2010; Zollo & Winter, 2002).

Dynamically interactive and path dependent organizational event is a type of events both processes of dynamic interaction and path dependence are found to have been relevant. Combining the aforementioned examples, a change in the pattern of interdependencies may bring about a new set of relatively autonomous learning mechanisms or, on the other hand, a process of learning may bring forth a new set of valuable resources which reconfigures the network of power relationships within the environment.

Neither dynamically interactive nor path dependent organizational is a type of event that would include occurrences which produce relevant changes in an organization's performance while also not modifying its path or its set of interdependencies, be it by reinforcing or undermining them. Such an event could arise, for example, from some kind of ad hoc problem solving which is then not reintegrated within the organizations broader routines and processes; which is not taken up as part of any kind of learning mechanisms; nor modifies the organization's structure of relations.

5 ORGANIZATIONAL ROUTINES AS UNIT OF ANALISYS

Taken as a core unit of analysis routines can help to understand how firms and economies develop, besides providing a large extent, the understanding of economic and organizational changes (Nelson & Winter, 1982).

From the standpoint of routines characteristics, as shown by the history of the concept, the notion of standards is central to the understanding of this idea. One important definition is gives an account of routines as "pattern of behavior that is followed repeatedly, but is subject to change if conditions change" (M. C. Becker, 2004, p. 644). The notion of routines as patterns also appear in Nelson and Winter (1982), Heiner (1983), Teece & Pisano (1994), Cohen et al (1996), Grant (1996), Teece, Pisano and Shuen (1997), Dyer and Singh (1998).

On patterns, emerge four different terms that allow us to understand about his concept: action, activity, behavior and interaction. There are salient differences between these terms,

especially in the economic literature and business. Therefore routine is mainly understood as a collective phenomenon (Grant, 1991; Hodgson, 1993; Nelson & Winter, 1982).

Although there are different understandings of patterns (regularity), they all orbit around the term activity. That is, routines are seen as patterns of activity, except for the cognitive approach to the subject (Cohen, 1991; Cyert & March, 1963; Simon, 1947/1997). The literature recognizes considerable differences between behavioral and cognitive regularity. Cognitively, routines are seen as rules, standards, procedures, operation and not only recurring patterns of interaction as a behavioral viewpoint. It can be said that the term routine refers to a broad range of regularities in the economy (Becker, 2004).

From the standpoint of the effects of routine in organizations, they enable the organization to do four things. Firstly, routines allow coordination, basic balance between the interests of participants. Second, routines provide some degree of stability behavior with implications about the possibility of forming assumptions of behavior (Feldman, 2000, 2003). Third, when tasks are routinized, you can run them via the subconscious with the economy of the limited cognitive resources. Finally, routines invent the technique, besides being a crucial aspect of implementation. For these reasons, routines can be considered as building blocks of the organizational skills, since

an organizational capability is a high-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organization's management a set of decision options for producing significant outputs of a particular type. (Winter, 2003, p. 991)

Recent approaches to organizational routines (Feldman, 2000, 2003; Feldman & Pentland, 2003; Luciana, 2008) are based on the notion of performativity (Callon & Muniesa, 2005; MacKenzie & Millo, 2003) and emphasize the relevance of agency to understand the creation and reproduction of new institutionalized practices (Howard-Grenville, 2005). They have examined organizational change and new practices creation through the mutual adaptation between formal rules, artifacts and divergent performances (Labatut, Aggeri, & Girard, 2012; Pentland & Feldman, 2005).

Such approaches rely heavily on so-called evolutionary theory of the firm as well as the perspective of the firm's capabilities as discussed in the following topic (Dosi, et al., 2008; Grant, 1996; Macher & Mowery, 2009; Narayanan, Colwell, & Douglas, 2009; Winter, 2003; Zollo & Winter, 2002).

6 METHODOLOGICAL CONSIDERATION

As we have suggested, our main research object is the analysis of an organizational event and routines having an impact (positive or negative) on organizational performance. According to this line of argument, and following in part Durand and Vaara (2009), the first step is to hypothesize how events and routines are associated to certain performance effects, and therefore, to be able to identify which of them constitutes an relevant event. This event can be of many different types, in the sense that may occur, for instance, in the way an organization acquires it resources or in the way it enacts them (Feldman, 2004) and it may take place in different parts of an organization's overall path. They may, analytically, be also differentiated between those which are caused by or cause other organizational events. We believe that Griffin's (1993) proposals for the use of event-structure analysis tools is of particular relevance at this, more descriptive, stage of analysis.

The next step is then to try to understand what mechanism is the underlying component of an event (Durand & Vaara, 2009), something which may not be directly observable (Mayntz, 2004; Stinchcombe, 1991). To access the underlying mechanisms a process of analysis and interpretation of data is needed by which meanings are consolidated through theoretical sampling, abduction, analytic induction, members and public consensus and

triangulation. For this purpose, we recommend the use of theoretical and emerging analytical categories. Potential events and routines would be categorized following a multidimensional coding strategy which tracks closely the structure of the case, following the abductive and inductive principles of grounded theory (R. Richardson & Kramer, 2006). It would in particular be theoretically important to specify if the event is the product of essentially endogenous causes, such as organizational processes, or if they are part of a wider set of interactions (dynamic interactions with the broader environment). All of this would help in establishing the performance effects of an organizational event or an organizational path understood as a sequence of organizational events. George and Bennett's (2005) work on process tracing and causal inference and Runde and de Rond's (2010) on the explanation of an specific event are of special interest.

Having gone through these investigative stages, we believe that the analyst should be ready to propose a specific, plausible and systematic narrative of how an organization routine in the conditions of an organizational path and performance are (co)constituted. This narratives would be open to being tested by others analysts in either the initial or other cases, taking therefore the offered inferences to other situations which exist within the scope conditions of the proposed theory meeting the expectations of broader generalization examining appropriately procedures of triangulation (Flick, 2009; Richard, et al., 2009).

7 CONCLUSION

In this paper we have taken on the analytical challenge on organizational performance and organizational routine which lie in its joint study (March & Sutton, 1997). Through the notions of organizational event, path, and routine identifying their temporal structuration within an organizational path, and proposing certain methodological considerations for their analysis we believe to have made a contribution to a more multidimensional understanding of organizational performance. We consider that the proposed use of methodological considerations helps us to specify the events while their potential causal connections can be identified through process tracing and related techniques (George & Bennett, 2005).

The proposed conceptualization of organizational routine allows portraying an analytical depiction of an organization as a complex trajectory of routines and more emergent and contingent occurrences; one within which events interrelate in time in different ways depending on the specific structure of the organizational path. This image of organizations coincides with what we judge to be the most promising evolutionary perspectives of the firm, such as Matthews (2010, p. 238) Lachmannian developments on the neo-schumpeterian approach, in which the entrepreneur combines and recombines resources, activities and routines, trying to build and attain complementarities, increasing returns and learning effects with the objective of exploiting gaps between the "valuation possibilities available for the firm" and "the possibilities available for other firms" in different ways depending on the underlying capital structure of the economy.

The present study has limitations among which are the absence of a more extensive methodological and theoretical elaboration on organizational routines, event and path. Also, a discussion on epistemological issues is necessary concerned to the research setting, and not present therein. It also does not cover the framework of the proposition as a case study. This recommendation points represent future developments.

We consider that our analytical and methodological considerations, integrating organizational events, path and routines, may be a fruitful approach to develop theories of firm performance.

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