

Harmonizing Habits and Self-Determination: When Personalism Meets Dynamic Capabilities

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ABSTRACT

After decades of advancements, research on capabilities dynamization has come to two antagonistic positions. The first one understands dynamic capabilities as higher-order collective routines (e.g., R&D, product development, post-merger integration), premised on a central role of individual habits. It is criticized by those scholars who see learned, semi-automatic routines as insufficient to engender the radical regeneration in organizational capabilities required in dynamic environments (e.g., Schreyögg & Kliesch-Eberl, 2007; Teece, 2007). The second position understands capabilities dynamization as the outcome of rapid learning and the tailored and logically-structured solutions advanced by organizational leaders (e.g., ad-hoc problem solving, improvisation, single and cognitively sophisticated solutions). It is premised on a central role of managerial autonomy and self-determination. This position is criticized for doing away with the proven routine-based selection patterns and operating rules that allow organizations to both observe and handle environmental developments (e.g., Helfat et al., 2007; Winter, 2003). We claim that this conundrum results from somehow incomplete “models of humans” espoused by each position. We propose a new model, based on Personalism, which provides the foundations for parsimoniously integrating the two opposite positions by harmoniously integrating habits and self-determination. We describe the basic elements of capabilities dynamization premised on this alternative “model of humans” and call for a Person-centric view of strategy and organizations (Ghoshal, 2005; Ghoshal, Bartlett & Moran, 1999).

Keywords: Evolutionary theory; Strategic and organizational change; Dynamic Capabilities.

The quest about the sources of capabilities dynamization has been at the center of managerial research over the last decades. Yet after countless valuable contributions, discussion around the sources of capabilities dynamization currently faces a difficult conundrum dividing researchers and hindering advancements in the field. On one side, a group of scholars argues that dynamic capabilities are “a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness” (Zollo and Winter, 2002: 340; Helfat & Winter, 2011; Winter, 2003). This group thinks of dynamic capabilities as a specific, and actually quite rare, type of innovation routine for capabilities dynamization. On the other side, a second group finds it impossible for existing routines to radically update a firm’s capabilities endowment (Eisenhardt & Martin, 2000; Schreyögg & Kliesch-Eberl, 2007; Teece, 2007). This second group sees capabilities dynamization as attainable only by means of ad-hoc solutions based on improvisation and sophisticated cognition (Eisenhardt, Furr & Bingham, 2010). This second approach seems better suited to explaining radical capabilities renewal. However, it has been criticized for being inconsistent with the incontestable prevalence of routine functioning of organizations, and the strategic benefits of learned selection patterns and operating rules (Vergne & Durand, 2011; Zollo & Winter, 2002).

The purpose of this manuscript is to redress this conundrum. In our view, the two opposite positions are made incompatible by lack of a single shared “model of man”¹ that may allow to blend their opposing predictions. Lacking this model of man, the two opposite views will continue along their parallel paths to offer disparate, conflicting predictions and, as a consequence, directions for managerial practice. We suggest an alternative model of man that incorporates the main elements of previous studies and potentially fits both perspectives: Personalism. By providing an integrated view of the underlying organizational agent, or “model of man”, we provide the foundations for integrating the two opposite views and hence develop a common, integrated perspective of how organizations can systematically renew their endowment of resources and capabilities in pursuit of competitive advantage.

Personalism provides three central concepts that may lead the capabilities dynamization conundrum to a solution: integration, intersubjectivity and participation. First, *integration* is the individual process that simultaneously accounts for cognition, habits and emotions, incorporating them in a process that may eventually lead to individual (radical)

¹ In line with Simon (1957), by *man* we refer to the nongender-specific reference to human beings in general, i.e., both women and men. An alternative, though less practiced, term would be “model of humans”.

self-determination (Cohen, 2007). Therefore, Personalism accepts the habit-base structure of human beings as a necessary condition for explaining the existence of organizational routines (i.e., it incorporates the key requirements of the first position). Yet Personalism also allows for the existence of cognitive and emotional processes that may eventually alter this habit-base structure (i.e., it incorporates the key requirements of the second position). Second, *intersubjectivity* is the process by which self-determination accounts for and incorporates another “self” in individual decisions. Therefore, intersubjectivity offers the basic structure through which innovative changes devised by individual organizational agents are proposed and espoused at the interpersonal level. Finally, *participation* expands this change process at the organizational level, allowing for successful renewal of obsolete organizational routines and capabilities. As a consequence, the proposed Personalistic model of man explicitly integrates the micro (individual action), meso (interpersonal) and macro (organizational) levels in a way that is consistent with both continuity (habits based structure) and radical change (cognition and emotions).

Conceptual development will follow two stages. First, we will present the main elements of Personalism as a model of man. This will allow us to set the theoretical and anthropological assumptions for building theory. Next, we will move towards building a managerial explanation for capabilities dynamization. Developing a full-blown theory based on Personalistic assumptions goes beyond the scope of a single manuscript. Rather, we will highlight key constructs and relationships that may provide the cornerstones for future developments. Along this process, we will make references to constructs present in organizational theories for which we see fit with Personalism (Corley & Gioia, 2011). By taking this theory-building approach, we try to build a reach dialogue between Personalism—a philosophical current—and extant organization and management research.

The manuscript offers several theoretical and managerial contributions. First, it provides the basis for the integration of what, to date, have evolved as two irreconcilable positions in explaining capabilities dynamization. Therefore, it has strong implications for future theory development. Our proposed approach is in line with current, though disparate, attempts at giving center stage to the “self in action” – the organizational agent who is capable of being self-aware of his or her action while performing it, and of attaining integration and self-determination from self-awareness and intrinsic motivation (e.g., Deci & Ryan, 2008; Frey & Osterloh, 2002; Yanow & Tsoukas, 2009). A second contribution is the explicit incorporation of emotions in the capabilities dynamization process, which positions the manuscript in line with recent attempts at including psychological and affective dimensions

into dynamic capabilities (Hodgkinson & Healey, 2011). Third, the suggested model of man parsimoniously integrates the micro, meso and macro levels, in line with recent calls for a multi-level interpretation of routines and the dynamics of organizational capabilities (Salvato & Rerup, 2011). Finally, we derive basic relationships that provide practical managerial guidance in the definition of an organizational context conducive of participation, and in shaping a role of leadership that places the person and inter-subjective relationships at center stage in the value creation process (Ghoshal, 2005; Ghoshal, Bartlett & Moran, 1999).

HABITS VS. SELF-DETERMINATION: ECLECTIC “MODELS OF MAN” IN THE EXPLANATION OF CAPABILITY DYNAMIZATION.

Organizational capabilities—a firm’s abilities to perform particular tasks or activities (Helfat et al., 2007: 1)— are recognized as a major source for the generation of sustainable competitive advantages (Barney, 1991). Yet due to their path-dependent character, capabilities are subject to erosion processes in volatile markets characterized by uncertainty and change. Over time, action patterns and solutions that proved successful under previous technological and market regimes may hamper adaptation to different competitive landscapes (Eisenhardt & Martin, 2000). For this reason, attention has gradually shifted from the idiosyncratic features of capabilities determining competitive advantage, to a firm’s ability to change and quickly develop new organizational capabilities as the key prerequisite for building and sustaining new competitive advantages (Helfat & Peteraf, 2003).

The dominant concept in this debate is ‘dynamic capability’. The dynamic capabilities view offers an explanation of *capabilities dynamization* (Schreyögg & Kliesch-Eberl, 2007)—how organizations systematically renew their capability endowment by creating new capabilities, shedding old ones, renewing or altering the mix of both internal and external capabilities (Eisenhardt & Martin, 2000; Helfat et al., 2007; Teece, Pisano & Shuen, 1997). In this view, dynamic capabilities allow firms to avoid that the capabilities currently determining a competitive advantage (Barney, 1991) turn into core rigidities—once valuable factors that have lost their value-creating potential, lacking appropriate capabilities dynamization (Leonard-Barton, 1992; Tripsas & Gavetti, 2000).

Despite substantial agreement on this characterization of dynamic capabilities, contemporary discussion features a lively debate between proponents of apparently contrasting views of how capabilities dynamization is accomplished. In our view, conflicts

result from the stark contrast between the two qualities on which different dynamic capability views are premised (Eisenhardt, Furr & Bingham, 2009; Schreyögg & Kliesch-Eberl, 2007; Vergne & Durand, 2011; Winter, 2008): first, the *patterned architecture* of capabilities, which assumes human behavior as predominantly driven by habits and learned responses to external cues; second, the postulation of *flexible adaptation*, which assumes human behavior as predominantly driven by self-determination—the fully autonomous and deliberate choice of desired outcomes.

This contrast between habits and deliberate choice resulted in the emergence of what—to ease the characterization of an articulated conceptual landscape—we see as two apparently divergent approaches to explaining how organizations obtain a profound dynamization of their capabilities. The two approaches make an eclectic, at times contradictory use of these two different “models of man”. The main features of the two approaches illustrated in this section are summarized in Table 1.

--- TABLE 1 ABOUT HERE ---

A first view, that we here label “Patterned capabilities dynamization”, is premised on late Schumpeterian and on evolutionary economics (Nelson and Winter, 1982; Schumpeter, 1976), and on the psychological dimensions of human habits and procedural knowledge (Dewey, 1922; Polanyi, 1967). It sees capabilities dynamization mainly as the result of path-dependent processes and innovation routines (Teece, Pisano & Shuen, 1997; Zollo & Winter, 2002). The underlying assumption is that renewal of organizational capabilities can actually be ‘patterned’, reliable and systematic, and that routines and capabilities conducive of dynamism—i.e., ‘dynamic capabilities’—exist and can actually, though rarely, be observed.

In this approach, the capacity to reconfigure capabilities is hence an organizational, or collective-level ability that becomes increasingly efficient with repeated behavior (Teece et al., 1997: 521; Winter, 2003). The primary focus of the “patterned approach” is hence on an *organizational level*—capabilities dynamization is performed by a “collective” such as a team or function—and a *behavioral driving logic* of capabilities dynamization—capability renewal activities are premised on trial-and-error learning and a backward-looking logic of experience (Gavetti & Levinthal, 2000; Levitt & March, 1988) (Figure 1, top-left box Ia).

--- FIGURE 1 ABOUT HERE ---

The assumptions on which the “patterned approach” is currently premised are at odds with those needed to explain radical change under shifting environmental conditions. The “model of man” necessary for dynamic capabilities to function—predicated on the efficiency

of reliable habits and recurrent behaviors—diverges from the “model of man” needed when discontinuities must be faced through discontinuous acts performed by creative individuals. As the assumptions on which organizational designs are premised deeply shape the behavior of organizational actors, these two opposing “models of man” can hardly coexist. Therefore, the patterned approach overemphasizes the role of habits, while underemphasizing the role of cognition or deliberate choice. In addition, it overemphasizes the role of collective entities, while underemphasizing the role of individuals, underscoring the logical support for radical change. Consequently, this approach requires, as we suggest, the development of a complementary view of the acting person allowing to incorporate both the reliable change behavior that dynamic capabilities systematically perform—premiered on individual habits and routines—and the fully conscious, creative performances that are essential when radical discontinuities are needed—premiered on individual freedom and self-determination.

A second view, that we tag “Flexible capabilities dynamization”, is premiered on organization theories and strategic management (Bourgeois & Eisenhardt, 1988; Mintzberg, 1979; Weick, 1977). It stresses the intentional, creative and flexible intervention of key organizational agents in altering a firm’s resource base to generate value-creating strategies (Eisenhardt & Martin, 2000; Eisenhardt, Furr & Bingham, 2009; Schreyögg & Kliesch-Eberl, 2007). The underlying assumption is that capabilities renewal results mainly from un-patterned, conscious decisions of individuals, rather than systematic and reliable collective processes. This view is hence partially opposed to the idea of a ‘dynamic capability’ proposed by the previous approach, especially in highly dynamic environments (Eisenhardt & Martin, 2000). In this approach, dynamism resides in intentional problem solving activities performed either by organizational leaders at the top (Eisenhardt & Martin, 2000; Eisenhardt et al., 2009), or by separate organizational functions as in ambidexterous organizations (e.g., O’Reilly & Tushman, 2008; Reisch & Birkinshaw, 2008) and dual systems for capability monitoring (Schreyögg & Kliesch-Eberl, 2007; Schreyögg & Sydow, 2010).

The primary focus of the “flexible approach” is hence on an individual level—capabilities dynamization is performed by key individuals and leaders in the organization—and a cognitive driving logic of capabilities dynamization—capability renewal activities are premiered on “off-line” experimentation and a forward-looking logic of consequences (Gavetti & Levinthal, 2000) (Figure 1, box IIa). Therefore, the flexible dynamization approach overemphasizes the role of deliberate choice while underemphasizing individual habits and organizational routines. In addition, it overemphasizes the role of individuals while

underemphasizing the role of collective entities, underscoring the logical support for sustainability of competitive advantage.

In our view, conflicts within and between the two alternative approaches result from the substantial lack of shared assumptions about the role of the individual in organizational change activities. These assumptions are essential in carrying out the multi-level work that is necessary to understand capabilities dynamization (Rousseau, 1985). We contend that resolving these contradictions would favor a reconciliation of the two opposing views and the development of a coherent approach to understanding capabilities dynamization and the sustainability of competitive advantage.

To summarize, the two dominant approaches to capability dynamization present a conundrum that has been overlooked: the model of man implicitly assumed by each approach leads to severe problems of internal consistency when trying to explain processes of capability dynamization that may become a source of sustainable competitive advantages. Ad-hoc solutions to this conundrum would not be fully satisfactory. We claim for the adoption of a different model of man in order to improve the internal consistency of the argumentation.

TOWARDS A NEW MODEL OF MAN FOR CAPABILITIES DYNAMIZATION

In this paper we argue that the problems of internal consistency of both the “patterned” and “flexible” approaches to capabilities dynamization can only be solved by grounding them in a different model of man. To overcome current inconsistencies, this model must meet and integrate four requirements. We first analyze the four partial requirements and next illustrate Personalism, the model of man that may offer an integrated solution.

Four requirements for an alternative model of man for capabilities dynamization.

First requirement: The “requisite individual” has both a habit-based structure of action, and the ability for deliberate choice. The first requirement is the assumption of a model of man that is simultaneously suitable for having a habit-based structure and capable of implementing variations in this structure as individuals receive new environmental stimuli. The requisite model of man should hence allow a habits-based structure, but also be consistent with deliberate choice in the most radical possible characterization. Previous solutions (e.g., Dewey, 1922) while adequate for highlighting the habit-based structure, seem insufficient for incorporating deliberate choice. However, solutions centered on ad-hoc deliberate choice display a weak treatment of habits. Here, individuals are depicted as having

pure cognition, being completely free to radically renew their inner structure, with an almost a-historical behavior that has no memory at the habit level. It is hard to see how such individuals could generate sustainable competitive advantages. Moreover, this view is not consistent with the observation that humans tend to have a habit-based inner structure.

Second requirement: Emotions are incorporated as a central part of the dynamization process, because cognition and habits do not provide a comprehensive explanation of the antecedents of creative human action. While the cognitive dimension is fundamental for recognizing the need of a capability update, the habit structure imposes conditions of inertia that cannot be relaxed without the impetus of emotions.

Third requirement: The requisite individual is capable of simultaneously practicing and reflecting on practicing and its consequences. Articulating the habit-based, cognitive and emotional structures to yield self-determination requires establishing a certain level of “integration” of these three dimensions of human nature. Self-determination is neither cognition, habits or emotions alone, but it needs all three to operate. The requisite model of man for capabilities dynamization should incorporate these elements as a different but articulated structure of human decision. Therefore, the challenge is not only to integrate habits to self-determination but also cognition and emotions as different but interdependent human structures. In other words, the third requirement is that practicing (i.e., habits and emotions) and reflecting on practicing (i.e., cognition) are conceptually and practically integrated for explaining self-determination. This is possible when we establish a model of man that allows for the individual to simultaneously be object and subject of decision. In that way, the person can simultaneously recognize the value of the current habits structure, but also the need for radical change.

Fourth requirement: The requisite individual is capable of incorporating intersubjectivity in the process of practicing and reflecting on practicing. The model of man that incorporates the above conditions should meet a further requirement: it needs to parsimoniously explain organizational (vs. individual-level) change. The fourth requirement is hence that the model of man should be in the conditions to explain individual self-determination together with inter-personal relationships and organizational routines working and dynamization. Ontologically, this model of man should acknowledge the existence of something that goes beyond the individual as a separate entity: the model of man should also incorporate intersubjectivity in the process of practicing and reflecting on practicing.

Imposing these conditions in an ad-hoc fashion to the models of man on which the existing approaches to capabilities dynamization are premised (Table 1) would make these

models internally inconsistent. Therefore, we propose an alternative model of man that simultaneously meets all four conditions: Personalism. In the remaining part of this manuscript we first sketch the Personalistic perspective and next we articulate the process of capabilities dynamization consistent with Personalism.

The Personalistic Model of Man

Personalism is a broad philosophical current that was mainly developed during the 20th Century. It has evolved from the initial work of American and European philosophers such as Borden Parker Bowne, Edmund Husserl and Emmanuel Mounier to the most recent work of authors such as Peter A. Bertocci and Karol Wojtyła (Williams & Bengtsson, 2011). Although Personalism exists in different versions, it is usually regarded as an approach or system of thought which considers the person as the ultimate explanatory, epistemological, ontological, and axiological principle of all reality. Personalism simultaneously emphasizes the significance, uniqueness and inviolability of the person, as well as the person's essentially relational or communitarian dimension. It is hence in line with both old and recent attempts at placing the person at center stage in organizational studies (e.g., Argyris, 1954; Weiss & Rupp, 2011). The simultaneous consideration of both individual and community makes Personalism a promising avenue for solving the conundrum around the model of man behind capabilities dynamization. Our intention here is not to offer an extensive review of this philosophical school. Rather, we simply intend to consider its most valuable insights for the process of capabilities dynamization. Table 2 summarizes the main contributions of Personalism to capabilities dynamization illustrated in the following paragraphs.

--- TABLE 2 ABOUT HERE ---

Personalism understands human beings as structured into three vital processes: cognitive, habit-based, and emotional, hence integrating all three necessary elements for capabilities dynamization. The central role of the habits-based process makes Personalism compatible with the model of man on which the “patterned” approach to capabilities dynamization is premised (Cohen, 2007; Dewey, 1922; Hodgson, 2008). The equally relevant role of cognitive processes and deliberation makes it compatible with the “flexible” approach premised on deliberate choice (Bourgeois & Eisenhardt, 1988; Weick, 1977).

Despite these similarities, Personalism departs from the models of man on which current approaches to capabilities dynamization are premised. First, emotional processes – which have been overlooked by current approaches to capability dynamization (Hodgkinson & Healey, 2011) – are explicitly incorporated as a constitutive dimension of action. Second,

and more importantly, the three processes are integrated in the personalistic model of man. According to Personalism, each of the three processes (cognitive, habits-based, emotional) taken individually is not powerful enough to fully determine the output of innovative human actions. Cognition, habits and emotions are hence seen by Personalism as necessary but not sufficient ontological antecedents of self-determination.

This departure from the stimulus-response pattern typical of a habit-based model of man is made possible by Personalism because it sees the individual as capable of being simultaneously object and subject of decision. As the “object” of decision, the individual keeps the habit-based structure allowing him/her to react in a semi-automatic way to external stimuli, as in experience-based models of innovation. As the “subject of decision”, the individual can drastically alter such habits-based structure, hence providing unexpected and creative responses to external stimuli, as in cognition-based views. According to a Personalistic view, human action provides the central moment of integration in which cognition, habits and emotions are incorporated into conscience—the inner structure in which the person is simultaneously object and subject of decision and is hence capable of both practicing and reflecting on practicing. Through conscience, the individual has the chance of “returning” to the self, critically observing current habits and behaviors, deciding whether to follow the response suggested by the current structure of habits or, on the contrary, to alter it.

Therefore, the power of Personalism, as a model of man for capability dynamization lies in the recognition of *the value of habits within a structure of radical self-determination*. Personalism acknowledges that habits are the rule, not the exception, in human action. Yet habits are neither the only, nor the most fundamental inner process of human action. The fact that individuals have a human structure that is constantly scrutinized by conscience implies a dynamic relationship between the self and action. Conscience is not constituted by a set of immutable rules and values—i.e., it is not “pure” in the Kantian sense. Rather, every decision about action is necessarily a decision about the self. Personalism meets the third requirement that practicing and reflecting on practicing should be conceptually and practically integrated.

In addition to the central role of habits, Personalism also recognizes emotions as essential in triggering action. Without emotions, individuals would hardly be capable of autonomous action, and would hence be often paralyzed. Self-determination implies a moment of indetermination not only about “something” (the action to be taken in response to the external trigger), but also about “the self”. By consciously altering the stimulus-response pattern implied by existing habits, the individual changes something about him/herself.

Consequently, self-determination within the personalistic framework is always embedded with profound emotions and hence experienced with particular intensity.

At an even more fundamental level, emotions play a central role as enablers of interpersonal relationships. The person does not only experience the self, but s/he also recognizes in the other individuals the same inner structure. This experience of the others' "self" is fundamentally different from the experience of things of the world that do not fit in the category of "self". However, even though the person experiences the others as having his/her same inner structure, Personalism acknowledges that s/he can establish two alternative types of relationships with them. One possibility is relating with other persons as with "objects", the other is relating with them as "subjects". The practical consequences of these positions substantially diverge. In the latter case ("self-self" or "I-You" relationship), intersubjectivity emerges and the resulting dyadic relationship becomes the adequate context for the update of the capability base: individuals feel free and safe to both propose and accept alterations in current habits and capabilities. Here, the role of emotions is critical, since they are the "glue" that allow for communicating the inner feeling of the other as a "self". In the former case, when the other is approached just as another object ("I-it"), intersubjectivity is inhibited and the creative process of capabilities dynamization becomes much more difficult.

To sum up, the model of man proposed by Personalism organically articulates the main elements that allow to explain, first, continuity and change without arbitrary assumptions, and, second, multilevel analysis in the process of capabilities dynamization. In the next section we develop propositions aimed at incorporating the Personalistic viewpoint into a multilevel approach to capabilities dynamization that incorporates both habits and self determination into a coherent whole.

TOWARD A NEW APPROACH TO CAPABILITY DYNAMIZATION

After having highlighted the most important elements of Personalism as a model of man in the previous section, we now turn towards developing a new approach to capability dynamization. It should be noted that this means moving to a different conceptual plane, by shifting from the establishment of theoretical assumptions, to the development of theory premised on these assumptions. However, developing a full-blown theory of capability dynamization would exceed the scope of this manuscript. Rather, we here limit ourselves to providing an outline of the cornerstones on which a complete Personalistic theory of capability dynamization should be built. In this process, we will make reference to constructs that belong to different managerial concepts and theoretical positions that are consistent with

the Personalistic model of man (e.g., Self-determination Theory, Mindfulness, Reflexive practice, Identity threats). By doing this, we are not taking an eclectic position; rather, we are building bridges with current theoretical schools in management, in order to facilitate theory construction (Corley & Gioia, 2011). In the last section we expand on these relationships.

The direct consequence of adopting a model of man with a Personalistic structure is that the locus of capabilities dynamization is neither mainly at the collective level – (second-order routines, or dynamic capabilities, as in the “patterned” approach (e.g., Zollo & Winter, 2002), nor mainly at the individual level (“ad-hoc” deliberate decision making by key organizational agents, as in the “flexible” approach, e.g., Eisenhardt & Martin, 2000). On the one hand, a Personalistic approach acknowledges that routines and capabilities are at the core of organizational life and can be sources of competitive advantages. Yet the process of updating capabilities cannot emerge from other capabilities and routines in a strict sense, as this approach is not compatible with the individual freedom to act required by capabilities renewal. On the other hand, this process cannot proceed only through “ad-hoc” decision making, because renewal detached from the current endowment of routines and capabilities implies such a rupture with the current competitive position that it empties the concept of sustainable competitive advantage. Rather, Personalism suggests that capabilities dynamization *simultaneously* involves the organizational, individual and interpersonal levels. Therefore, the propositions developed in this section characterize the structure of the process of capability dynamization at these three levels of analysis, and relate it to sustainable competitive advantage. According to our proposed view, the need for capability dynamization is first detected and espoused at the individual level through autonomous acts of self determination that question the current structure of habits and routines (Propositions 1 and 2). Next, inter-subjectivity allows these sensed opportunities for change be transformed into proposals for capabilities renewal that are spontaneously accepted by proximate organizational agents (Propositions 3 and 4). Finally, the overall organizational context conducive of spontaneous individual creativity and assimilation of proposed innovations – a context we term “participation” – allows these change proposals be transferred into renewed routines and capabilities at the organizational level (Proposition 5). The structure of our propositions is synthetically illustrated in Figure 2.

-- FIGURE 2 ABOUT HERE --

Micro Level: The integration of action in the organizational agent.

According to Personalism, innovation and creativity enabling a deep renewal of current habits and routines emanate from an individual's self-determination. Self-determination is hence essential to capabilities dynamization, which often requires significant alterations in organizational routines and a disruption of the feeling of safety resulting from "how we currently do business here" (Winter, 2003). In turn, self-determination results from an individual's deep awareness of his or her acting as resulting from an integration of cognition, habits and emotions. To be clear, within Personalism integration is not a necessary condition for action. In multiple circumstances human actions do not stem from an integrated process, but result mainly as a reaction to habits and emotions, or as the outcome of nearly-pure cognition. This occurrence is apparent in management science (Gavetti & Levinthal, 2000). However, the radical departure from existing routines required by capabilities dynamization presupposes an act of freedom of the organizational actor that simultaneously accounts for his or her habits, cognitions and emotions.

Integration of individual action is difficult for organizational agents because each inner process (cognition, habits, and emotions) has a certain level of autonomy and is, alone, inherently capable of determining action. For instance, logically-structured deliberation triggers ad-hoc problem solving (Winter, 2003), inferential learning (Miner & Mezias, 1996), and search (Levitt & March, 1988); habits provoke routinized individual answers to external stimuli (Nelson & Winter, 1982; Hodgson, 2008); emotions spur automatic bodily and cognitive reactions (Hodgkinson & Healey, 2011). Yet cognition, habits and emotions are necessary but not sufficient antecedents of self-determination. Each inner process alone is not capable of raising self-determination, which requires their integration through action.

How is integration attained within organizations? According to Personalism, an individual accomplishes integration of habits, cognition and emotions when s/he is capable of being simultaneously the *subject* (the one who performs the action), and the *object* of action (by observing and reflecting upon his or her own actions). When the agent is simultaneously object and subject of decision and action, s/he can, at least temporarily, break the relationship between external or internal stimuli and agent reaction. In Personalism this "pause" is made possible by the intervention of the *conscience*, the locus where the individual "objectivizes" the acting subject and reflects on the proximate and distal consequences of his or her action. Although conscience and moral cognition are not common conceptual entities in strategic management research (Hannah, Avolio & May, 2011), processes of self-awareness are increasingly recognized as central in understanding the adaptation of organizational routines

and practices (e.g., Levinthal & Rerup, 2006; Sandberg & Tsoukas, 2011), and in motivating individual actors to autonomously challenge the status quo (Brown, Ryan & Creswell, 2007; Frey & Osterloh, 2002; Ryan & Deci, 2006).

Organizations as interpretive systems differently handle events that may trigger autonomous reflection and action by individual agents. Different organizational conditions – including power, political dimensions and arenas for developing explicit knowledge on occurring practices (Durand & Calori, 2006; Zollo & Winter, 2002) – may either facilitate or constrain the integrative awareness of individual participants: “Making oneself permeable is not a metaphysical trick but the expression of an attitude that is pragmatically shaped in particular organizational environments” (Yanow & Tsoukas, 2009: 1360). Therefore, integration and resulting self-determination are not dichotomous states—either an individual has it, or not. Rather, integration and self-determination have degrees within organizations, and across hierarchical levels (Gavetti, 2005). Each organizational agent, regardless of his or her position and role, has a potential for full self-determination, although not every action discloses autonomy and self-determination at the highest level. Organizations that foster high levels of integration will hence prompt higher levels of self-determination among organizational agents, by warranting that neither habits, nor cognitions or emotions *alone* will be the sole determinants of participants’ actions. Hence:

Proposition 1. Organizations that foster higher degrees of individual integration (of cognition, habits and emotions) will prompt higher degrees of individual self-determination among organizational agents.

Although self-determination is an individual-level characteristic, it has organizational consequences. Capability dynamization requires deep rethinking of current routines and practices by organizational agents at some level in the organizational hierarchy (Gavetti, 2005). This “pause” in the established functioning of routines and capabilities requires that at least some members of the organization break the semi-automatic answers built at the habits level and perform autonomous, self-determined choice.

As we mentioned above, the opportunity to propose an improvement in current capabilities requires integration of habits, emotions and cognition. First, the proposing agent must be embedded in current routines – and build on them – in order to be able to suggest an improvement that may potentially increase the firm’s competitive advantage. Second, s/he must be emotionally permeable to occurring “surprise” or “backtalk” that would not otherwise matter enough to engage in the renewal challenge. Finally, s/he must be in the conditions to

cognitively reflect on the puzzling occurrences and come up with possible alternative solutions. When these conditions are integrated, the resulting tension dissolves and the individual is capable of autonomously proposing an alteration of current practice. This process is rendered possible by self-determination.

As Personalism explicitly acknowledges, the conscious state implied by self-determination is not a common occurrence in human action. According to a long-lived tradition in social psychology, consciousness is not necessary for a great deal of what organizational agents perform, think and feel (Jaynes, 1976; Skinner, 1953). Social psychological phenomena are hence often automatic and habits-based, whereas conscious choice is not always necessary for an effect (Bargh, 1997). Moreover, habits and routines are indeed adaptive, as literature within the “patterned approach” to dynamic capabilities implies (e.g., Zollo & Winter, 2002). However, according to Personalism a small but very important portion of organizational life – radical capabilities dynamization, in particular – depends on conscious free choice, particularly when self-determination allows to override automatic response patterns that happen to be unsuitable in shifting competitive circumstances.

The process through which self-determination leads to change proposals has been the object of significant efforts in the literature on behavioral psychology. Integrative mindfulness implied by self-determination promotes a regulation of individual behavior that optimizes wellbeing and human flourishing in a way that may significantly empower individuals (Ryan & Deci, 2000). More specifically, the receptively observant processing of information that characterizes self-determination provides choice alternatives that are informed by thinking, feelings and fit with existing habits and routines (Brown et al., 2007). Therefore, the fuller awareness implied by self-determination minimizes automatic, habitual, or impulsive reactions by facilitating more flexible, adaptive responses to events. Behavior becomes disengaged from its usual single causes (Baumeister & Sommer, 1997).

This line of work in behavioral psychology suggests that the capacity to override automatic or well-learned response patterns through integrative awareness is highly adaptive and conducive of positive outcomes (Baumeister, Heatherton & Tice, 1994). An individual’s integrated awareness of his or her recurrent behavior, and of the organization’s proven capabilities, can break a link in the causal chain that normally leads straight from current cognitions and routines to behavioral responses. Promoting integrated awareness can hence greatly increase an organizational ability to survive and flourish by overriding established, automatic response patterns when they are not optimal. Self-determination of organizational agents is especially valuable for coping with the rapidly changing and unpredictable contexts

in which dynamic capabilities are most required (Eisenhardt & Martin, 2000): “As long as life remains fixed amid stable relationships and a fixed routine, automatic response patterns may be quite sufficient to get by, and consciousness is not needed. But in a complex social world where relationships wax and wane or are replaced ... where rapidly changing circumstances require frequent departures from routines and familiar procedures, and where norms and expectations are subject to change, consciousness will be invaluable because the automatic response patterns cannot keep up” (Baumeister & Sommer, 1997: 78). In this sense, self-determination encourages organizational agents’ capacity to respond in ways that address the specific needs of the situation at hand, rather than to react in terms of habits, overlearned responses, or reactions to situational cues (Leary, Adams & Tate, 2006), hence allowing individuals to fulfill themselves in action.

Proposition 2.1: Organizations fostering higher degrees of individual self-determination will increase the likelihood of individual agents proposing creative changes of existing routines and capabilities

Within a Personalistic framework, self-determination does not only increase the likelihood of organizational agents *proposing* improvements to established routines, practices and capabilities (Proposition 2.1). It also prompts them to more readily *espouse* improvements advanced by others, whether at higher, lower or same hierarchical level.

Research on strategic renewal has long demonstrated that the shift from deploying existing capabilities to developing new ones requires a shift in the roles that managers play, as well as in the relationships between those roles (Floyd & Lane, 2000; Hodgkinson & Healey, 2011). These role shifts raise the perception of social and identity threats in organizational agents affected by proposed capabilities renewal (Petriglieri, 2011). The integrated awareness – or mindfulness – on which self-determination is premised reduces the perception that organizational agents have of proposed changes in capabilities as social threats and threats to their individual identities.

When self-identity is threatened, organizational actors respond in defensive ways. When facing change situations, individuals tend to relate the real or imagined consequences of proposed changes to their own self, by engaging self-related thoughts and feelings that will ultimately feed back to influence the way they behave in response to change. This happens when proposed changes are perceived as bad, but it may also happen when they are perceived as good. In the former case, change events will be treated as harmful, something that one has to oppose in some way. In the latter case, as events and experiences judged as positive will

inevitably end, or as the likelihood of their successful implementation is uncertain, they will again be regarded as threatening or harmful when personal identity is projected into the future (Brown, Ryan, Creswell & Niemiec, 2008).

Defensive responses to the social threat determined by change proposals are manifest as cognitive, emotional and behavioral reactions to change events. This evaluative reactivity is often nonconscious because, over time, organizational members' reactions can become habitual and automated (Bargh & Chartrand, 1999). Thus, the appropriateness of response to change may be compromised without notice and without an apparent cause. Experimental work has shown how such conscious or unconscious defensive responses preclude the experience of individual autonomy and are associated with pressure, tension, and lower vitality (Brown et al., 2007). The organizational agent may hence withhold a more "authentic", unbiased response to renewal proposals (Kernis & Goldman, 2006).

The way out of these ego-centered and potentially harmful reactions to change submitted by Personalism is self-determination. The integrated self-awareness on which self-determination is premised permits an immediacy of contact with actions as they occur, in which neither thought patterns, nor emotional reactions or habitual behavioral tendencies prevail, because they simultaneously become self-aware. As suggested also by theorists informed by both Buddhist and organismic psychologies (Leary et al., 2006; Ryan, 1995), organizational agents who can get a clear grasp of their ways of thinking, feeling and acting "in the moment" are able to provide responses to threatening change with more choice instead of in reaction to identity-based productions. Self-determination improves psychological safety of individuals, who are hence able to interiorize external cues and motives, hence reacting to change proposals with a motivation that emanates from the self (Deci & Ryan, 2000).

Self-determination is hence associated with less ego-defensive responsiveness under the risk of identity-threatening change. Mindfully integrated actors appear less likely to be regulated by ego-concerns, and are thus more likely to provide integrated, authentic responses to change initiatives that support personal and social well-being (Brown et al., 2008). As Ryan and Brown (2003) noted, a person "acting in an integrated mindful way seeks not self-esteem, but rather, right action, all things considered" (p. 75). Therefore:

Proposition 2.2: Organizations fostering higher degrees of individual self-determination will increase the likelihood of autonomous acceptance of proposed changes in routines and capabilities by organizational agents.

Meso Level: Inter-personal Action and the proposal and espousal of renewal.

In the previous section (Propositions 1, 2.1, 2.2), individual integration and self-determination were proposed as determining individual-level outcomes. Yet according to Personalism, integration and self-determination are also essential in shaping inter-subjective relationships between individuals, conducive of capabilities dynamization. These relationships are an essential mediator in transforming renewal proposals autonomously advanced and espoused by individuals, into organizational-level adapted capabilities (Fig.2).

In Personalism, human action directly refers to other individuals while it only indirectly refers to collective entities (Wojtyla, 1979). The person experiences the others with particular intensity (as other “I”), while s/he experiences the collective in a more remote way (the “collective” always acts through particular individuals). An airline passenger, for instance, does not directly experience the in-flight service routine set up by the company, but the (usually dyadic) relationships with individual flight attendants. Therefore, in a Personalistic approach to capability dynamization the first step is the relationship of the person with his or her action (Propositions 1, 2.1, 2.2), but the second logical and ontological step are the inter-personal relationships at the dyadic level that are the focus of this section. Here, again, the integration of emotions, cognitions and behaviors is key to explaining underlying processes.

Emotions and feelings play a particularly salient role in creating a context for intersubjectivity in strategic change processes. Emotions determine the intensity through which the person experiences “the other”. When suggesting a sharp change in a suboptimal capability, the organizational agent can anticipate the problems these suggestions may generate in others. This is usually not only a cognitive anticipation. According to Personalism, a change in the way organizational agents perform actions will not only have an impact on their behavior, but more deeply on them as “persons”, as integrated entities of behavior, cognition and emotion (Voronov & Vince, 2012). Differences in the way an organizational agent acts and reacts to proposed changes will hence determine differences in him/herself “as a person”. Therefore, in Personalism the acting person is capable of anticipating the process of habits and capabilities change with unusual intensity.

This emotional intensity provides the ontological precondition for intersubjectivity. However, for Personalism this inner experience is a necessary but not a sufficient condition for intersubjectivity. Intersubjectivity needs the emotional experience, but it does not terminate at this level. Paying careful attention to the other is only an initial enabler of intersubjectivity. Yet development of productive intersubjective relationships requires that

both agents (the one who proposes an alteration in current practices, and the one who is supposed to espouse such change) should warrant respect for the other “self”. Emotions are the “door to the other”, the first step towards intersubjective relationships. However, accepting the other as an equivalent self, rather than as an object of manipulation, is not a dichotomous choice. Feelings of subjective worth versus objective manipulation often appear mixed within the agent. Consequently, as integration and self-determination, intersubjectivity has degrees, ranging from instrumental relationships to the creation of a relationship that belongs to both inner spaces of the proposing and the accepting agent, i.e., to both subjectivities. Therefore,

Proposition 3: The higher the level of personal integration and self determination, the greater the degree of inter-subjectivity within the organization.

Intersubjectivity empowers the creative process as well as the dyadic adoption of the proposed changes. Regarding the creative process, it is worth reemphasizing that, for Personalism, thinking about something always refers to thinking about somebody. Thinking about new needed routines is thinking about the subjects affected by those changes. Therefore, intersubjectivity facilitates this creative process since the incorporation of “others” into the change equation allows to simultaneously think about means and ends (Uzzi, 1997). Therefore,

Proposition 4.1. Organizational arrangements favoring higher levels of inter-subjectivity will increase the likelihood of creative alterations of existing capabilities proposed by organizational agents (at any hierarchical level).

When “others” are explicitly accounted for within the creativity process that leads to proposing new capabilities, adoptions of renewal proposals is easier because the requested change in the habit base is perceived by the receiver as meaningful to him or herself, and not just as cognitively suitable for enhancing organizational-level collective purposes (Voronov & Vince, 2012). Moreover, when individuals affected by the new proposed routines feel protected by a deeply-rooted intersubjective process, their attitude towards the future is more likely to be positive and collaborative than when they perceive that they are handled as objects or just as mere means for an external purpose (Brown et al., 2008).

In addition, the presence of perceived non-instrumental intersubjectivity significantly contributes to the motivational quality of the acting agent. When manipulation dominates action, motivations remain external to the engaged agents. On the opposite, when organizational actions aimed at generating new routines are the outcome of an intersubjective

process, it is more likely that more powerful sources of motivation are in place, such as intrinsic and transcendental ones (Deci & Ryan, 1985; Frey & Osterloh, 2002; Gottschalg & Zollo, 2007). This provides further emotional impetus to the process of change, which proves to be critical when the habits structure of affected agents will be altered by proposed capabilities renewal. Therefore,

Proposition 4.2. Organizational arrangements favoring higher levels of intersubjectivity will increase the likelihood of organizational agents autonomously accepting changes in capabilities proposed by other agents (at the same or different hierarchical level).

Organizational level: From interpersonal relations to Capability Dynamization

The last stage of capability dynamization is the link between personal and interpersonal relationships on one side, and changes in the routine endowment of the organization on the other. As we suggested, the relationship with collective routines is indirect in contrast to the direct experience the person has of individual organizational participants. However, this indirect relationship is fundamental within a Personalistic view and has important implications. The movement from the individual and intersubjective levels to the organizational one (from micro/meso to macro-level in capability dynamization) implies the inclusion of all those agents who were not necessarily involved in the initial stages of the capability dynamization process. Since the person has a more remote experience of the collective entity, elements linking individual actions with capability dynamization are located at the contextual level. When the organizational favors intersubjectivity, Personalism refers to such an organizational environment as a context for *participation* (Wojtyla, 1979). Again, participation has degrees, which depend on the Personalistic qualities operating at the micro and meso levels (integration, self-determination and intersubjectivity), but also on the particular arrangements at the organizational level. Lack of participation due to organizational contexts that foment individuals' perceptions of being instrumental to exogenous purposes may for instance halt the dynamization process. Therefore,

Proposition 5. Organizations that foster higher degrees of participation will prompt higher degrees of capabilities dynamization.

DISCUSSION AND CONCLUSIONS

In this paper we argue for the need of a new “model of man” in strategic management, to explain radical capabilities dynamization. In our interpretation, the two currently prevailing approaches provide partial and at times contradictory explanations of how firms may

systematically adapt their capabilities endowment to shifting environmental conditions. The “patterned approach” – premised on a central role of higher-level routines or “dynamic capabilities” (e.g., Zollo & Winter, 2002) – places individual habits and learned behavior at center stage in describing how capabilities are adapted. However, it falls short of providing a convincing description of how the requisite individual autonomy and self-determination may emerge from patterns of rote, semi-automatic conduct, when radical departure from existing capabilities is needed. On the opposite, the “flexible approach” – premised on a central role of individual ad-hoc decisions and conscious choice (e.g., Eisenhardt & Martin, 2000) – gives primacy to cognition and deliberation. Yet it fails to provide a compelling answer to how renewal and sustainable competitive advantage can be detached from the current endowment of routines and capabilities.

We propose Personalism as an integrative approach to human nature that may allow to integrate the two contradictory approaches to capabilities dynamization. In line with a number of recent developments in economics, organization theory and strategic management, Personalism describes an organizational agent who is at times capable of productively integrating habits, cognition and emotions to reach significant levels of autonomy and self-determination. Individual-level self-determination, coupled with non-instrumental, embedded interpersonal relationships, allow the individual – at any level in the organizational hierarchy – to both autonomously propose and espouse significant alterations in the current structure of routines and capabilities. This overall (individual- and interpersonal-level) context for self-determination is defined *participation* in Personalism, and it is highly conducive of organizational-level capabilities dynamization. Our framework (summarized in Figure 2) has significant implications for both strategic management and organization theory.

Implications for strategic management: A “Person-Centric” view of strategy.

In our opinion, there is a need for a more person-centric, or Personalistic view of strategic management. The person in all of his or her subjectivity – behavior, cognition and emotions simultaneously – needs to be the center of attention. Prevailing approaches to how capabilities and their development may yield competitive advantages place significant emphasis on the organizational actor and his or her individual features. Within the Resource Based View (RBV) of strategy (e.g., Barney, 1991), for instance, human capital resources are essential firm attributes that may enable firms to conceive of and implement value-creating strategies. Assets such as the training, experience, judgment, relationships and insight of individual managers and workers are treated as separable properties of people that can be measured, placed in between-subject or between-firm frameworks, and analyzed as parts of

structural models of associations. Similarly, within the evolutionary approach to capabilities-based competition (e.g., Nelson & Winter, 1982), individuals are seen as recipients of reliable habits and generators of valuable and difficult-to-imitate tacit knowledge. Both perspectives fall short of fully accounting for the integration of the person, because they address organizational participants as entities with stable properties, differing from each other or, on average, across firms. In both approaches a collective purpose – i.e., competitive advantage or capabilities dynamization – not the people themselves are the starting point for capabilities-related research problems. Who sets the collective purpose (e.g., competition, owners, executives, the members themselves) is mostly irrelevant to the current paradigm in strategic management. The underlying assumption is that members of the organization can be motivated to behave in line with organizational goals, regardless of how they are established (Gottschalg & Zollo, 2007: 420).

Personalism offers a complementary perspective. In line with existing views, properties of organizational agents – such as cognitive skills, behavioral attitudes and affective commitment – are considered as essential in determining valuable outcomes in a large number of strategically relevant situations, and they are the basis of how a firm “earns a living today” (Winter, 2003). Individual properties – such as pure cognition (Gavetti & Levinthal, 2000), habits-based second-level routines (Zollo & Winter, 2002), “hot cognition” and emotional commitment (Hodgkinson & Healey, 2011) – may even successfully drive or significantly affect some change processes. However, whenever radical strategic renewal is needed, Personalism suggests that only the deep integration of habits, cognition and emotions at the individual level, coupled with non-instrumental interpersonal relationships, can induce the requisite levels of self-determination.

Integration of habits, cognition and emotions is accomplished by organizational participants through a deep awareness or mindfulness of their own actions. Self-determination theory (SDT; Deci & Ryan, 1985) has probably contributed the framework of self-awareness that better matches Personalistic assumptions. According to SDT, the development of autonomous functioning and self-determination results from an *integrative awareness* of own actions. Such awareness reflects a sensitive and full processing of what is occurring that involves behavior, cognition and emotions (Ryan, 1995; Hodgins & Knee, 2002). Besides being central to SDT, the beneficial role of mindfulness and resulting autonomous behavior is equally relevant within accounts of managerial behavior in strategic management (e.g., Gottschalg & Zollo, 2007) and economics (e.g., Frey & Osterloh, 2002). It may hence become

the kernel of a person-centric approach to capabilities dynamization and sustainable competitive advantage.

Implications for organization theory: A “Person-Centric” approach to institutional work and organizational practices.

Besides offering the background for an integrative approach to capabilities dynamization, Personalism offers an equally encompassing approach to how individual agents adapt institutions and practices.

The relevance of integrating cognition, emotions and habitual behavior to explain the purposive actions of individuals aimed at maintaining, creating and disrupting institutions, for instance, is increasingly recognized by research in *institutional work* (Zietsma & Lawrence, 2010). Recently developed frameworks have tried to integrate cognitive antecedents of various forms of institutional work, that have typically received much research attention, with overlooked emotional antecedents. A key insight of these frameworks is that “being cognitively aware that the current institutional order is suboptimal may often be insufficient to motivate agents to engage in institutional disruption or creation, since they are likely to retain their emotional investment in the current institutional order” (Voronov & Vince, 2012: 59). A fuller explanation of institutional change would hence require a reconceptualization of the individual agent: “from a boundedly rational cognitive miser to a more integrated human being whose passions and desires are not reducible to the pursuit of rational interests” (Voronov & Vince, 2012: 59).

A similar evolution towards more integrative “models of man” can be observed in the field of *organizational practice* (Feldman & Orlikowski, 2011). Here, the centrality of mindful openness or “permeability” of the acting person in determining autonomously decided alterations of established courses of action is becoming increasingly apparent, with particular evidence in addressing “reflective practice” (Sandberg & Tsoukas, 2011). The practice perspective (Feldman & Orlikowski, 2011; Parmigiani & Howard-Grenville, 2011) explicitly recognizes that human action is situated in a specific set of habits and routines, which may or may not lead to individuals enacting them as they are. Individuals may autonomously propose alterations in the current logic of doing things. This happens in one of two ways. The first one – “reflection-*on*-action” – implies “periodically stepping back to ponder the meaning ... [of] what has recently transpired” (Raelin, 2001: 11). The second one – “reflection-*in*-action” – results from reflecting “in the midst of action” or “in the moment”, and is typically triggered by the encounter of “surprise” (Schön, 1987: 26) or “backtalk” (Yanow & Tsoukas, 2009: 1348). This “practical reflexivity” requires an integration of

cognition (i.e., reflection), action (the “matter” on which reflection is applied), and emotions. The integration of emotions is particularly relevant, because surprises encountered in action do not only pose a mental challenge, but an emotional one as well (Louis, 1980). As Yanow and Tsoukas (2009) indicate, “surprises occur to ‘beings-in-the-world’ ... for whom things ... necessarily matter; and that means that we are inevitably affected by them ... How we react to them depends on how permeable we are to the surprise – the extent to which we register it and let it influence us” (p.1344-5).

A Personalistic approach may significantly contribute to these recent evolutions in organizational studies, by providing a coherent underlying view of human nature that is capable of integrating the different dimensions of the organizational agent—cognition, emotions, habits and the agent’s embeddedness within enabling and constraining social structures. This would allow to address change processes in institutions and practices without reifying emotions, cognitions and habits as purely individual-level factors divorced from individuals’ social positions and collective-level practices (Sandberg & Tsoukas, 2011; Voronov & Vince, 2012). In addition, Personalism prompts firms to build organizational contexts facilitating the inter-subjective relationships that can facilitate strategic renewal when based on mutual trust and integration: “facilitating cooperation among people takes precedence over enforcing compliance, and initiative becomes more valued than obedience. The manager’s primary task is redefined from institutionalizing control to embedding trust, from maintaining the status quo to leading change” (Ghoshal et al., 1999: 14).

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Table 1. Conflicting approaches to capabilities dynamization

	Approaches to capabilities dynamization	
	I. “Patterned” capabilities dynamization	II. “Flexible” capabilities dynamization
References	<p><i>Intellectual roots:</i></p> <ul style="list-style-type: none"> • Schumpeter, 1950; Nelson & Winter, 1982; Dewey, 1922 <p><i>Exemplary references:</i></p> <ul style="list-style-type: none"> • Teece et al., 1997; Zollo & Winter, 2002 	<p><i>Intellectual roots:</i></p> <ul style="list-style-type: none"> • Bourgeois & Eisenhardt, 1988; Mintzberg, 1979; Weick, 1977 <p><i>Exemplary references:</i></p> <ul style="list-style-type: none"> • Eisenhardt & Martin, 2000; Schreyögg & Kliesch-Eberl, 2007
Role of organizational routines	<i>STRONG:</i> Build multiple levels of routines	<i>WEAK:</i> Avoid routines as far as possible
Required organizational setting	Enabling (vs. coercive) bureaucracy	“Adhocracy” or “Total learning organization”
Type of change explained	Small-scale, incremental change, and change within constant features in task environment or organizational activity	Radical change, and change in high-velocity environments
Driving logic of capabilities dynamization	Behavioral approach	Cognitive approach
Main level of capabilities dynamization	<i>Collective:</i> Change routines reside in teams, groups, functions.	<i>Individual:</i> Change activities are performed by leaders, executives, (top) managers
Role of alternative level	Individual deliberate intervention guides the direction of learning, modifies learned patterns and enacts change when unpredictable environmental change occurs	Top-down change initiatives are readily diffused within the organization through collective processes
Emerging gaps in linking different logics of capabilities dynamization (behavioral + cognitive)	<i>Conflicting</i> “models of man”. Missing role of individual emotions and motivation to activate change by disrupting routine functioning.	<i>Segregated</i> “models of man”. Missing role of emotions and motivation in implementing top-down change.
→ Emerging Research Questions	→ A1*. What are the motivations driving actors within innovative routines to <i>determine</i> change?	→ B1*. What are the motivations driving actors to <i>accept</i> change?
Emerging gaps in linking different loci/levels of capabilities dynamization (collective + individual)	Interpersonal interactions overlooked in explaining how change is generated	Interpersonal interactions overlooked in explaining how change initiatives are diffused and implemented
→ Emerging Research Questions	→ A2*. What is the role of interactions between actors of different types in <i>determining</i> DC-driven change?	→ B2*. What is the role of interactions between actors of different types in <i>implementing</i> flexible change?

(*) cf. Figure 1.

Table 2. Personalism and gaps in capabilities dynamization frameworks

Requirements for capability dynamization	Gaps in current approaches to capability dynamization (see Figure 1)	Solutions offered by Personalism
<p>The constructs “habits”, “cognition” and “emotions” need to be integrated. Taken individually they are necessary but not sufficient conditions for explaining self-determination</p> <p><i>(Requirements 1/2)</i></p>	<ul style="list-style-type: none"> • Ad-hoc incorporation of cognition in the “patterned” approach • Identification of cognition with full self-determination in the “flexible” approach • Missing incorporation of emotions in both approaches 	<p>Integration of cognition, habits and emotions as a condition for self-determination.</p>
<p>The relationship of the agent with his/her actions should be inter-dependent. The agent should simultaneously be subject and object of decisions, i.e. capable of both practicing and reflecting on practicing.</p> <p><i>(Requirement 3)</i></p>	<ul style="list-style-type: none"> • “Patterned approach”: The agent is just an object of decision (pure habit-based structure) • “Flexible approach”: The agent behaves as subject of decision with no reference to the objective structure (pure cognition-based structure) 	<p>Conscience as the locus where the individual reflects on his/her actions and their consequences, as a critical element in self-determination</p>
<p>Need for consistent consideration of dyadic, embedded interpersonal relationships</p> <p><i>(Requirement 4)</i></p>	<ul style="list-style-type: none"> • The interpersonal “meso-level” is nearly absent from the dynamization process in both approaches: <ul style="list-style-type: none"> - “patterned” approach: focus on collective - “flexible approach”: focus on individual 	<p>Inclusion of intersubjectivity in the ontological structure of the acting person, i.e., intersubjectivity as an inherent feature of action</p>
<p>Multi-level consistency: assumptions about the individual agent (micro-level) need to be consistent with interpersonal (meso-level) and organizational (collective level) entities.</p>	<ul style="list-style-type: none"> • Micro-level assumptions are not consistent: <ul style="list-style-type: none"> - with capability dynamization (habit-based micro foundations in the “patterned” approach are at odds with the possibility for radical change) - with competitive advantage (cognition-based micro foundations in the “flexible” approach do away with learned selection patterns) 	<p>The identification of organizational contexts that create consistency among the micro- and meso-level foundations favors capability dynamization and competitive advantage at the macro-level.</p>

Figure 1. Missing dimensions and resulting research gaps in capabilities dynamization approaches

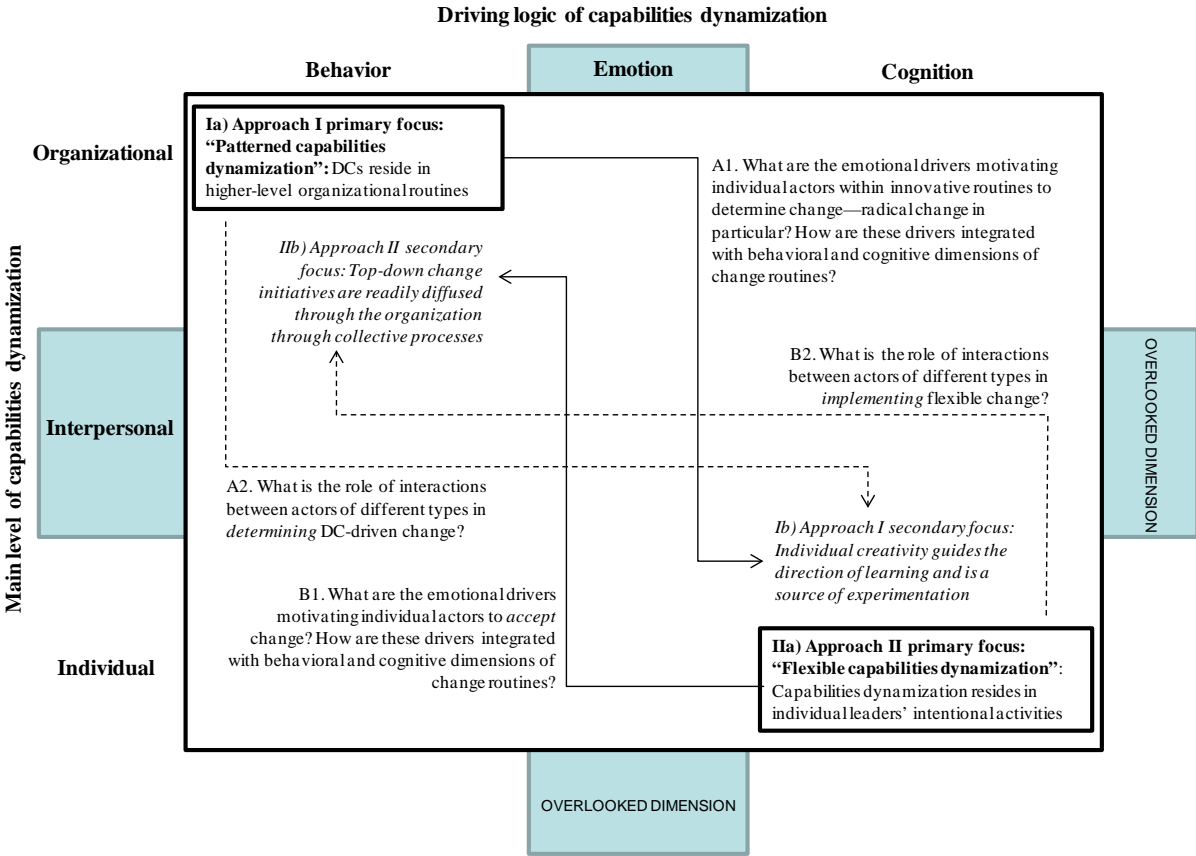


Figure 2. A framework for incorporating habits and self-determination in explaining capabilities dynamization.

