

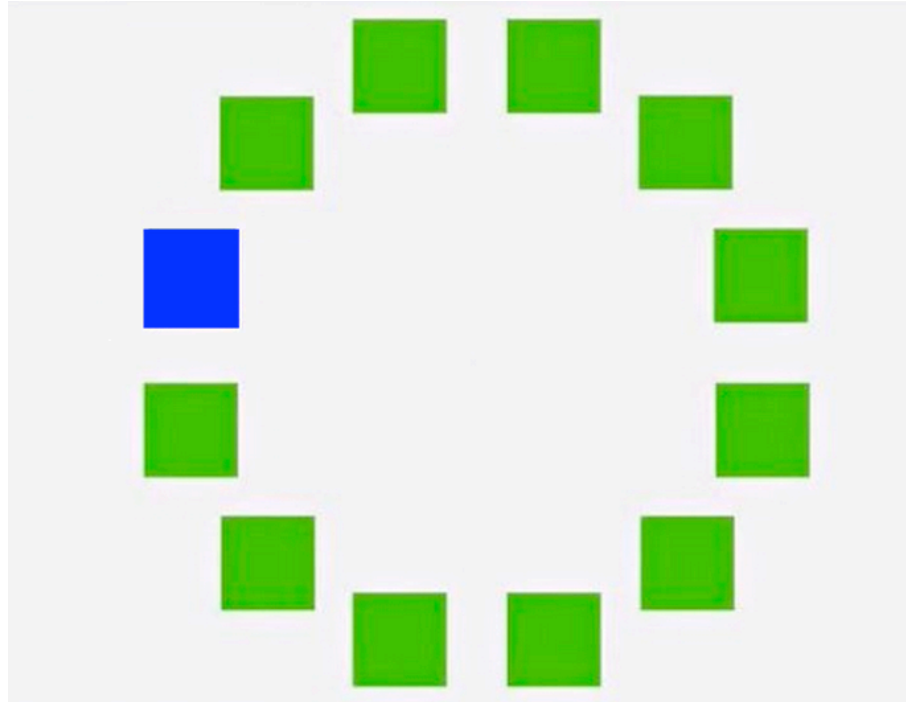


Aalto-yliopisto
Perustieteiden
korkeakoulu

'Who Knows? Electric Vehicles – A disruption or Not?

*Robin Gustafsson, Assistant Professor of Strategic Management
@ ECV national seminar, Tampere, 10 March 2015)*

Can you Spot the Different One?



Can you spot the different one?



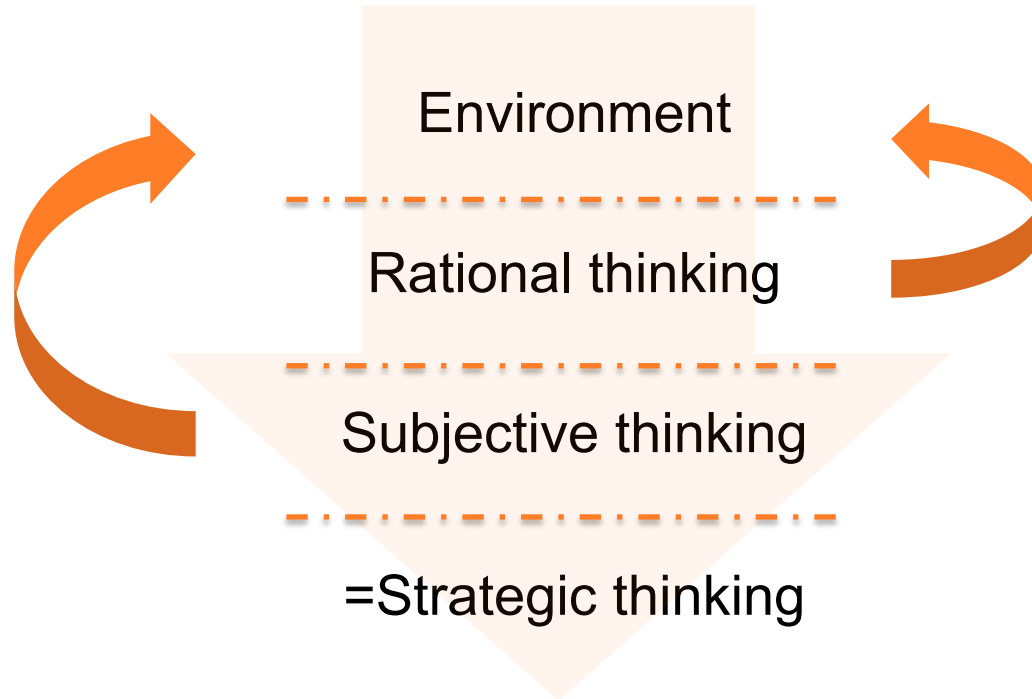
This is the unique square



Strategic Thinking

- Rational and Subjective Elements

Strategic thinking



The Rational Part of Strategic Thinking?

- Interpretation of environment change (market (competition), technology, players)
- The industry sector – structure and regulations (formal institutions)
- Company and collaborators competencies and resources
- Technology development and disruption

= Opportunities (environment change, technology change, niche)

The Subjective Part of Strategic Thinking

Environment-Community

- Interpretation of environment change (market, technology, community, identity)
- Industry structure and regulations (social institutions)
- Practices and thought models (social institutions)

Organization-Teams

- Culture, practice, thought patterns
- Core competencies and resources
- Organization and strategy
- Customers and collaborators

Strategic Narratives and Contextualization*

Chris Rowell and Robin Gustafsson,
Aalto University

** preliminary results from EV-ACTE project (Tekes EVE program)*

Contextualization = Making Sense of the Environment and its Change

The means by which managers make their business understandable to prospective collaborators and customers in relation to the context (environment and its change)

Stories of history, the present, and future **are strategic narratives**

- Are done in relation to a venture ...
“Why the venture? and what it is all about?”
- Creates an identity for the venture (What we do? and Why we do it?) in relation to the environment and its change

“This change can be compared to ... this change is like ...”

Different Strategies for Contextualizing

Incumbent firms (i.e. those with pre-existing business in the automotive industry) situated their business within the auto industry

'Newcomers' contextualized their venture within a new organizational field (e.g. new “industry” or “ecosystem”)

Field-Contextualizing Narrative Strategies

Established Field

INCUMBENT FIELD-CONTINUITY NARRATIVES

- Envelopment (normalizing of innovation)
- Analogical continuity
- Legitimation of incumbency

Nascent Field

**Technological innovation
and nascent markets**

NEWCOMER FIELD-DISCONTINUITY NARRATIVES

- Analogical abstraction
- Market category abstraction
- Temporal abstraction

The Identity Dilemma of Newcomer

- By constructing novelty, managers are constructing **ambiguity**
 - Novelty is constructed through a disconnect from the past
 - We make sense of new phenomena by explaining these in terms of existing concepts (i.e. analogy and metaphor)
 - Managers are therefore reluctant to use concepts from the automotive industry to make sense of “new” phenomena, as it compromises their contextualizing strategy
- Result is a group of actors who draw initial attention to their venture, though have a hard time in explaining what they are doing

Implications for New Field Emergence

- Nascent fields emerge initially as discursive constructions; created by the narratives of managers about the implications of technological innovations
- The higher the entry barriers to the existing field, the more likely newcomers are to frame their business within a nascent organizational field
- Boundaries of the new field could depend upon which narrative of change dominates at the interorganizational level
- Overall, our findings show how and why managers (and particularly entrepreneurs) experience difficulty in explaining what they're doing in new field contexts (*identity dilemma*)

Implications for Newcomers: Overcoming the Identity Dilemma

- Use of focused analogies and metaphors to make sense of specific elements of the venture, e.g.:
 - Incumbents: EV charging network = fuel stations
 - New entrants: one specific aspect of the EV charging network is like an ATM, another is like a mobile roaming network, etc...
- Emphasizing progress and cumulative achievement by organizations over time (bringing coherence to specific ventures)

Implications for Incumbents: Interpreting the Degree and Pace of Environmental Change

- Are opportunities based upon highly disruptive, or more incremental theorizations of change?
- How new is this really? Breaking innovations and policies into their constituent parts to look for specific points of disruption
- What are 'incumbent' firms doing? – how much are they changing their business models?

Questions?

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