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Book Review:

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Book Review

Rodolphe Durand 2006
*Organizational Evolution
and Strategic Management*
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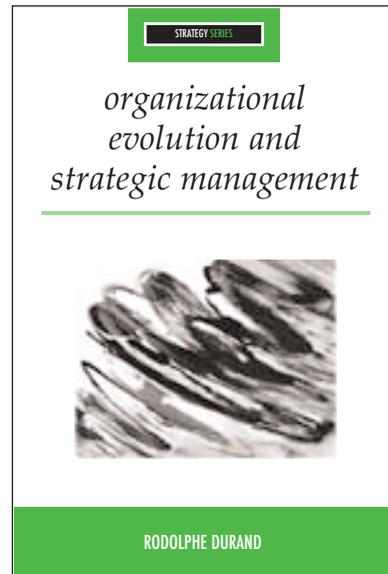
How are we to reconcile evolutionary thinking in organizations with strategic management? Whereas the former brings more and more evidence of patterns at the macro level where actors seem like helpless puppets in the hand of giant forces, the latter is all about skilled executives cleverly devising master strokes to gain competitive advantages in face of adversity.

This dilemma echoes the macro/micro problem in social theory and the related structure/agency issue (see Barnes, 2001). And just like elsewhere in the social sciences, we have here macro-theorists aiming at explaining order, patterns and regularities and micro-theorists concerned with the passive role accorded to human subjects in such a view.

Rodolphe Durand seems to stand at the overlap of those two views. He has been studying organizational evolution for years and has published numerous articles and books within this framework. As such, he most probably is unwilling to doubt the patterns observed at the population level, be it industries, sectors, or nations. Yet, at the same time, he also is a strategy scholar teaching in a business school. He has seen countless examples of strategic moves made by executives who did have a significant impact on their firm's destiny, or even at times on the shape of their industry. Similarly, he probably is unwilling to doubt that individuals sometimes do make a difference.

In his new book, Durand aims at proposing a novel solution to this old debate. He has to be commended for such an endeavor, as previous ways out of the dilemma were usually seen as unsatisfactory by one party or the other.

For instance, organizational ecology has long been dismissed for being too deterministic. Answers to such critics usually take two forms. Ecologists first counter that, although individual managers can make a difference for their organization, this won't show at the macro level. In other words, they are insisting that population ecology is, as the name implies, concerned with populations, not with individuals inside the



1. Another argument, deriving from the previous one, is structural inertia, a mainstay of organizational ecology. Hannan and Freeman (1984) explain that although people try to adapt, they can't change their organization's structure and strategy as quickly as their environment changes.

population (this was stated as early as 1977 in Hannan and Freeman's seminal article). Secondly, as pointed out by Baum and Amburgey (2002), those who blame ecology for being deterministic mistakenly contrast it with voluntarism rather than with probabilism. For instance, saying that newly found organizations have higher failure rates does not mean that all newly found organizations fail. Although those two strong counter-arguments are technically correct¹, opponents usually remain unimpressed, or unconvinced, maybe because their position is rooted on a philosophical conception of the dignity and standing of the individual (Barnes, 2001).

Reviewing extant efforts at reconceptualizing macro social theory to answer this challenge is beyond the scope of this paper. To position Durand's work, suffice it to say that previous attempts include Giddens's (1984) well-known structuration theory and Sewell's (1992) subsequent theory of structure. Sewell's brilliant elaboration manages to restore human agency and to allow for structural change through «five key axioms: the multiplicity of structures, the transposability of schemas, the unpredictability of resource accumulation, the polisemy of resources, and the intersection of structures.» (Sewell, 1992: 16). Rodolphe Durand takes another route, firmly rooted into the evolutionary approach. Using the Variation-Selection-Retention (VSR) model as the core building block, he elaborates a new model, called Organizational Evolution and Strategy (OES). The main differences between OES and VSR lie in units of analysis and associated levels, thereby allowing for laying out relationships between industry evolution, firm survival and competitive advantage. To do so, Durand builds on a careful review of extant theory, draws a sharp analysis that reveals problems and remaining issues, and eventually offers his OES model as an answer to the evolution/strategy puzzle. Let me detail the content of the book.

CONTENT OF THE BOOK

The book is organized in three parts forming a coherent journey towards the Organizational Evolution and Strategy model. Altogether, these three parts totalize seven chapters, alternating between short ones, often presenting arguments from biology, and longer, denser ones, presenting the bulk of the analysis.

In Part I, "Positioning the questions", a first short chapter lists reasons for the book, insisting on the necessity to cross-fertilize evolution and strategy. The former better understanding of the big economic picture; the latter brings practical guidance. This first chapter also provides a roadmap for the book, which is important since it really is one long argument culminating in the OES model.

The second chapter starts with definitions of the concepts of organization, evolution in the biological realm, and organizational evolution. Going back and forth between biology and organization is a pattern found throughout the book. Incidentally, going in depth into biology is probably one important feature setting this book apart. Although some readers might find passages of the book are a bit demanding, I believe

the information to be gained is clearly worth the effort. The following section in this chapter concentrates on the methodological and conceptual problems that arise when studying organizational evolution. Interestingly, Durand illustrates those problems by presenting three widely accepted frameworks (namely, punctuated equilibrium, adaptation, and population ecology) and highlighting their pitfalls. Finally, strategy is brought into the picture along the same lines: having defined it, Durand shows it is subject to the same five conceptual problems evolution faces. This, he claims, calls for a theoretical integration of evolution and strategy.

The second part of the book aims at bringing another building block necessary to reconcile evolution and strategy: the Checklist Appraisal Grid for evolutionary models. As the name indicates, the grid is a list of items to be used by researchers willing to assess how evolutionary models respond to a number of issues. This grid is especially useful to assess new models, although gauging existing ones with it can bring a better comprehension of underlying assumptions, for instance.

To arrive at this grid, Rodolphe Durand first takes us back in the nineteenth century to review the works of Darwin, Lamarck, and Spencer. It should be noted that this is not done by offering a synthesis of their contributions, but rather by pointing out who said what, and which false ascriptions abound in the current literature. Although wanting to draw from Darwin is obvious, this is probably less so for the other two authors. Presumably, one would want to refer to Lamarck to bring an adaptationist perspective in the framework. In line with Durand's careful attention to problematic analogies, Lamarck's place is at the center of a current debate between Hodgson and Knudsen (2006, 2007) on the one hand, and Nelson (2007) on the other hand. As for the third author, Durand—an expert on Spencer—mostly uses his work for methodological guidance.

In contrast with the preceding chapter, chapter 4 is entirely about organizations. In it, Durand reviews the main results of three approaches to organizational evolution: population ecology, evolutionary economics, and the dynamic resource-based view. He then devotes most of what remains of the chapter to an in-depth analysis of the VSR model, concluding that it impedes integration of strategy.

Chapter 5 (the last one in Part 3) presents recent debates in biology. It includes a nice presentation of Hull's distinction between replicators and interactors (see e.g., Hull, 1988). In a nutshell, Hull offered this distinction to cut through the confusion in the concept of selection. Hull argued that selection confounds the two processes of replication and interaction. Whereas a replicator is an entity that passes on its structure largely intact in successive replications, an interactor is an entity that interacts as a cohesive whole with its environment in such a way that this interaction causes replication to be differential. As a consequence, selection is a process in which the differential extinction and proliferation of interactors cause the differential perpetuation of the relevant replicators.

This chapter closes with a presentation of the grid mentioned earlier, composed of twenty-two items appraising conceptual puzzles, cautions, VSR limitations, and challenges.

The last part of the book consists of two chapters. In chapter 6, arguably the most important one in the book, Durand offers his answer to the theoretical puzzle that is the reconciliation of environmental selection with strategic management. This answer takes the form of what he calls the Organizational Evolution and Strategy Model (OES). The model brings together all the points raised in the preceding chapters in an impressive and carefully crafted manner. Durand's stated goal was to build on previous results while at the same time avoiding existing pitfalls. I must say he managed to do so admirably: the model is both comprehensive and precise, and it passes the appraisal grid test as expected. The downside of the OES model is not surprisingly its complexity. I lack space to go into the details, but to give you a glimpse, it organizes a genealogical hierarchy composed of the three levels of market, organization, and resources on one hand, and an ecological hierarchy of the three levels of industry, firm, and competitive advantage. These six components are related through 14 kinds of relationships that can be separated between variation, selection, and retention processes. I realize this sounds quite overwhelming, but Durand's clear explanations and Figure 6.4 in the book make it easier to grasp.

Finally, the concluding chapter draws some implications of the OES model at the epistemological, theoretical, empirical, and practical levels.

Organizational Evolution and Strategic Management is an ambitious book that tackles the puzzling question of where to put strategy in an evolutionary framework. Durand patiently brings building blocks drawing from evolution in both biology and the social sciences as well as the dynamic resource-based view, and cogently puts all this together in his OES model. This model is a welcome addition to the evolutionary framework for organization scholars willing to account for managerial intent. Not only do organizations produce variations, but they also sometimes shape selection processes. The OES model accounts for this and more. In addition, it should be noted that Durand's building blocks, in particular his appraisal grid, are of great value in themselves.

I have no doubt this book will be read and used time and again by any scholar working within the evolutionary approach to organizations. I believe it will also be of great interest to strategy scholars. The book is not that easy to read and assumes some prior knowledge of evolution. As such, it is not an introductory book for graduate students. But others willing to make the effort will definitely find it was worth it.

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