COMPETITIVE DIFFUSION:
CO-EVOLVING PORTFOLIOS OF MANAGEMENT INNOVATION
AT TWO AUTOMOBILE MANUFACTURERS

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ABSTRACT

The complex phenomenon of diffusion has often been analyzed with a focus on single technological and management innovations without considering the competitive context over time. This paper revisits strategy as configurations of organizational practices, and analyses the diffusion of management innovations in a competitive setting from a co-evolutionary perspective. Based on longitudinal qualitative and quantitative data on 162 organizational innovations at two organizations, this paper shows how strategy co-evolves as configurations of new practices. Multivariate regression analyses of the relationships between management innovations and market-based and accounting-based measures of performance reveal positive same-company and cross-company effects. The strongest effects we found for the significant cross-company influences that both companies exhibit. This paper conceptualizes i) strategy as configurations of management innovations that change over time, and ii) competitive diffusion as a co-evolutionary pattern of management innovation; and this paper tests iii) the main hypotheses using archival data on two automobile manufacturers for the period 1987-2007. The main contribution lies in providing evidence for the positive effects of competitive diffusion.

Key words: competitive diffusion, co-evolution, management innovation, configurations