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The dialectics of serendipity [1]

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ABSTRACT

Serendipity in organizations has often been perceived as a mysterious occurrence. We approach the process of serendipity via reconsideration of Honda's entry into the US market using an alternate templates analysis, showing that serendipity can be conceptually interpreted as the synthesis of preparation and openness to novelty, articulated through generative doubt. In this sense, it can be thought of as a dialectical process that thrives through the creative synthesis of the existing and the new. It is a practical accomplishment rather than an organizational form of mystery.

Introduction

> "(. . .) [L]uck often plays a role in company success. Successful companies aren't 'just lucky' – high performance is *not* purely random – but good fortune does play a role, and sometimes a pivotal one. If all this seems discouraging, it need not. The fact that business performance depends on so many things outside our control is no cause for despair. And fortunately, there are several good examples of managers who see the world clearly, accurately, without delusions".
>
> Rosenzweig (2007, 158–159)

Louis Pasteur once defended that chance favors only the prepared mind. Organizational researchers have paid little attention to this observation, ignoring processes such as luck, "happy accidents" (Lindsay, 2013), chance, and serendipity as elements in organizing. The concept of serendipity, which constitutes the conceptual object of this article, has been mostly absent from the organizational literature but has been the object of attention in multiple domains, as discussed by Merton and Barber (2004). Its presence features significantly in some important sectors of activity (pharmaceuticals, medicine; e.g., Meyers, 2011) but this fact has been insufficient to spawn more research on the topic from an organizational perspective. One possible explanation for this neglect results from the fact that in the predictability-oriented world of modern organization theory, serendipity is an alien force, an intruder from the realm of luck and randomness. The idea that chance events outside the organization's control and scope of action can have significant consequences is a threat to the certainty-oriented vision of the world espoused by dominant organizational theory (for a critique see Tsoukas, 2005; see also Rosenzweig, 2007 about how chance matters for organizational and leader success). A minority group of unorthodox authors, however, claim that organizations can try to use luck to their advantage by understanding the phenomenon of serendipity, which will be discussed below.

In this article we study the process of serendipity from an organizational perspective, in order to contribute to answering one question: how do organizations manage to transform luck into serendipity? Considering the high visibility of a handful of instances of serendipity, including 3M's Post It notes, Velcro, penicillin, the X-ray, the microwave or Viagra (see Fry, 1987; Roberts, 1989), the lack of attention that the topic received thus far is surprising. We seek to contribute to fill the gap represented by the absence of serendipity in the organizational literature by looking at one concrete case that has been approached from diverse theoretical angles (strategy and learning, mostly) but not from a serendipity angle: the now classical case of Honda's entry in the US market.

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Serendipity reveals valuable resources and opportunities where none apparently existed (Baker & Nelson, 2005; Cunha, Clegg, & Mendonça, 2010; Day & Schoemaker, 2008), exposes pending threats incubating in the peripheries of organizational attention (Day & Schoemaker, 2004), revealing opportunities far from the beaten path (Fleming, 2002; Popescu & Faussone-Pellegrini, 2010; Roberts, 1989). As summarized by Brown (2005, p. 1230), "chance encounters, accidental occurrences and sheer good fortune loom large in business life. Everyone is familiar with the fortuitous stories mentioned above as well as with others such as those of the Velcro, Corn Flakes, Band Aids, Post-it Notes and Nike's waffle sole, to say nothing of Teflon, Kevlar, dynamite, artificial dyes, polyurethane and penicillin." A phenomenon may be perceived as serendipitous when luck is framed as opportunity and transformed into practical action in response. For the observer unable to transform luck into serendipitous discovery, luck itself amounts to nothing useful. It is therefore the way an event is framed that transforms it into serendipity. Luck, in this sense, may not be a casual event – a fortunate episode – so much so as a complex process embracing both individual and collective preparation.

To address our research question ("how do organizations manage to transform luck into serendipity?"), we have organized the article in the following way. We start by contextualizing the theme theoretically. The theoretical background contains three subsections: we start by defining the concept and then present the two major perspectives on serendipity (serendipity as a matter of preparation, and serendipity as openness to novelty). Discussion precedes the analysis of a classical case, the object of multiple and disparate investigations that have sometimes but interestingly, not always, featured the role of serendipity, a case in which focus meets openness, that of Honda's entry in the US market. In line with other authors in organization and management theory, we use case re-interpretation to develop theory. We approach the case methodologically through template analysis. We next present the conclusions, in which we show that serendipity can be considered as an exercise in dialectics. We view these dialectics as a process based on mutually sustaining dynamics of preparation and openness, articulated by the cultivation of 'generative doubt'. We define generative doubt as purposeful search for understanding stimulated by the recognition of the limitations of existing understanding (Locke, Golden-Biddle, & Feldman, 2008), seeing such doubt as actionable and thus supportive of further learning. In doing so we extend knowledge of luck and organizations by exploring ways in which organization members can try to become lucky.

Theoretical background

Work on serendipity in the context of organizations has offered contradictory accounts of its role and relevance. Serendipity has been presented by some authors as a process that can be facilitated in and by organizations, whereas others see it as inherently emergent and un-manageable. To situate the limited literature on the topic, this theoretical section is organized around three parts: we start by defining serendipity and then present the two major perspectives on the topic (serendipity as a matter of preparation and serendipity as a product of openness).

Organizations are systems constituted by both order and chaos (e.g., Brown & Eisenhardt, 1997). As such, they need to address a dual challenge: they have to seek for control while mired in interdependence and complexity and therefore be open to novel possibilities yet to be envisioned. To do so, they must develop the kind of awareness enabling these events to be grasped as unexpected opportunities – retrospectively, organizations will inevitably discover "lucky" events when they have self-aware members. Managers may thus decide to design their organizations in ways that may be open and responsive to "unanticipated breakdowns and contingencies, initiated opportunistic shifts in structure and coordination mechanisms, and improvised various procedural, cognitive, and normative variations" (Orlikowski, 1996, p. 63). Appreciation of the unanticipated can result in the ability "to turn the unexpected into the profitable" (Sarasvathy, 2001, 6; see also Cunha, Neves, Clegg & Rego, 2014). After defining serendipity we will debate these different theoretical perspectives.

Definition

Serendipity refers to the accidental discovery of something that, post hoc, turns out to be valuable, i.e., it refers to luck transformed into discovery. Denrell, Fang, and Winter (2003, p. 978) define it as "effort and luck joined by alertness and flexibility", whereas Merton and Barber (2004, p. 293) see it as unfolding when one stumbles on an "unanticipated, anomalous and strategic datum that becomes an occasion for developing a new theory or for extending an existing theory." If organizations seek to create contexts supportive of innovation and able to depart from expectation, the ability to appreciate and embrace serendipity is a necessity. As Sarasvathy (2001, p. 3) put it, "seasoned entrepreneurs (...) know that surprises are not deviations from the path. Instead they are the norm, the flora and fauna of the landscape, *from* which one learns to forge a path through the jungle" (Italics in the original). Different streams of research present different ways of dealing with surprise: (1) approaching surprise via preparation, i.e. cultivating the competences that will give the organization the ability to face the unexpected, or (2) deliberately exposing the organization to novelty, i.e., making it open to the unexpected. These views are elaborated next.

Serendipity as preparation

One theoretical perspective establishes that serendipity is essentially un-manageable and thus cannot be "corralled". It assumes that the best way to prepare for the unexpected consists in improving the organization's competences. The management literature contributing to this perspective establishes that chance is fundamentally emergent, necessarily delivering unpredictable results (e.g., MacKay & Chia, 2013). To reap the benefits of serendipity, organizations can thus reinforce their nuclear competences. Strategically, a focus on core competences will increase the depth of both exploratory and exploitative processes (Markides & Williamson, 1994; Prahalad & Hamel, 1990). Instead of investing in diversified areas, a focus on areas of competence may lead to a progressively deeper knowledge base that can reveal unexpected opportunities. Thus, good preparation can be a requirement for exploring serendipitous opportunities as sophistication in a given area may extend existing technologies into new territories, exposing new possibilities (e.g. Brown & Eisenhardt, 1997) in a given domain. In other words, great expertise may be the best source of new possibilities, as progressive familiarity with a market or a technology may naturally evolve into new applications, including some resulting from a Pasteurian sort of mental preparation. From this perspective, serendipity results not from a deliberate attempt to facilitate unexpected discoveries but from the fact that the organization was able to perceive and to assimilate the unexpected when it emerges. Serendipity is not a product of facilitation but an emergent phenomenon: prepared organizations will grab their opportunities not because they stimulated them but because they were ready to notice them; in other words, because they were prepared.

It is known, however, that such an approach as that outlined in the previous paragraph contains a risk: core competencies may progressively turn into core rigidities (Leonard-Barton, 1992). The organization becomes so focused on its current technologies that the innovations it spawns progressively become more convergent. An organization can thus become a victim of its own success, developing an architecture of simplicity that is inherently dangerous (Miller, 1993): the accumulation of innovations closes the organization upon itself, with each new innovation replicating previous solutions and reinforcing simplicity in a vicious circle of innovation that eventually locks-in the organization around narrowly established possibilities.