

# Reflections on a decade of microfoundations research

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## ABSTRACT

I briefly take stock on the microfoundations project which has become influential in macro-management research over the past decade or so. While the project has now moved into distinct theory-building, it still need to engage in serious empirical research. I discuss a number of challenges and solutions associated with the empirical side of microfoundations.

## 1. INTRODUCTION

The microfoundations project in macro-management research is now into its second decade (Felin, Foss & Ployhart, 2015). Introduced into macro-management research a decade ago (Felin & Foss, 2005; Gavetti, 2005), and relating back to traditional social science debates, microfoundations notion appear in many different contexts and being used by many scholars.<sup>(1)</sup> Thus, the microfoundations lens has been applied to macro-concepts (and the underlying perspectives) such as capabilities, dynamic capabilities, routines, competitive advantage, rent appropriation, organizational innovation, strategic problem solving, absorptive capacity, the flexibility/efficiency tradeoff, and institutional isomorphism (see further Felin, Foss & Ployhart, 2015). The microfoundations project would seem to have a fairly successful one over its decade plus long existence. And yet, the movement confronts a number of fundamental challenges, not the least the challenge of making it come (more) alive in the empirical dimension. The purpose of this short essay is to briefly outline these challenges.

## 2. MICROFOUNDATIONS IN A NUTSHELL

The notion of microfoundations is a fundamentally simple one (Felin & Foss, 2005; Barney & Felin, 2013). Thus, it is the heuristic that collective/aggregate/macro outcomes (e.g., organizational performance) and formations

<sup>1</sup> The microfoundations theme also partly reflects long-standing debates on the “micro-macro divide” in management research (e.g., Aguinis, Boyd, Pierce & Short, 2011), and is related to the emphasis on multilevel perspectives in management theory and empirics (Dansereau, Yammarino, & Kohles, 1999; Kozlowski & Klein, 2000).

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## THINKBOX

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(e.g., institutions) be explained in terms of the actions and interactions of lower level entities, typically (but not necessarily) individuals. In turn, micro entities may be influenced by macro entities. The famous Coleman bathtub, see figure 1, illustrates these notions (Coleman, 1990). The point of the diagram is that explanation in social science takes place by means of the mechanisms implied by Arrow 3, or Arrows 2 and 3, or Arrows 1, 2 and 3, but never Arrow 4 alone (Abell, Felin & Foss, 2008). The latter is at best shorthand for a more complex microfoundational set of mechanisms.

A series of implications follows, more or less directly, from this simple characterization. Thus, microfoundations imply

- A layered social ontology (there are two layers (levels) in the diagram but this can be extended).
- The primacy of micro, as “micro” is “foundational” (in practice, microfoundations are often linked to methodological individualism).
- All macro influences on macro outcomes are mediated through micro-mechanisms.
- Intra- as well as inter-level causation; however, there is no macro-level causality (i.e., Arrow 4-explanation is ruled out).
- Time-dimensioning (the nodes in the diagram may be interpreted as referring to  $t_0$ ,  $t_1$ , etc.).
- Importance of behaviors/actions.
- Explanation involves more than one level, so relations between levels must be key.
- Such relations are causal (rather than merely constitutive), and involve upward as well as downward causality.

This is a set of mild constraints on theorizing and explanation. But, note, importantly, that microfoundations place

zero restrictions on how behaviors are modeled (in particular, microfoundations do not logically imply any particular commitment to rational choice method) and similarly is entirely agnostic about how inter-levels are modeled.

That the microfoundations project is not hugely controversial doesn't mean it isn't needed. In fact, the spate of work that has appeared over the last decade, mainly of a theoretical nature, suggests that the microfoundations project was a needed one (see Felin, Foss & Ployhart, 2015). It is clearly the case that microfoundations “work” in the theoretical dimension. In terms of theory-building, microfoundations are thus demonstrably doable. However, a key issue concerns the *empirical* dimension of microfoundational research.

### 3. THE EMPIRICAL SIDE OF THE MICROFOUNDATIONS PROJECT

Remarkably little microfoundational empirical work exists (Felin, Foss, Heimeriks & Madsen, 2012). However, it can safely be assumed that the microfoundations project will ultimately only be viable if it can produce new empirical insight. And yet, the project faces distinct empirical challenges.

#### 3.1. Large N Research

The dominant empirical approach in management research is statistical methods in search of co-variation (and ideally causal inference), based on large N datasets. It is clear that successful microfoundational research involves data sampling at at least two levels. This is cumbersome, time-consuming and often quite costly. A deeper problem is that the relevant dataset

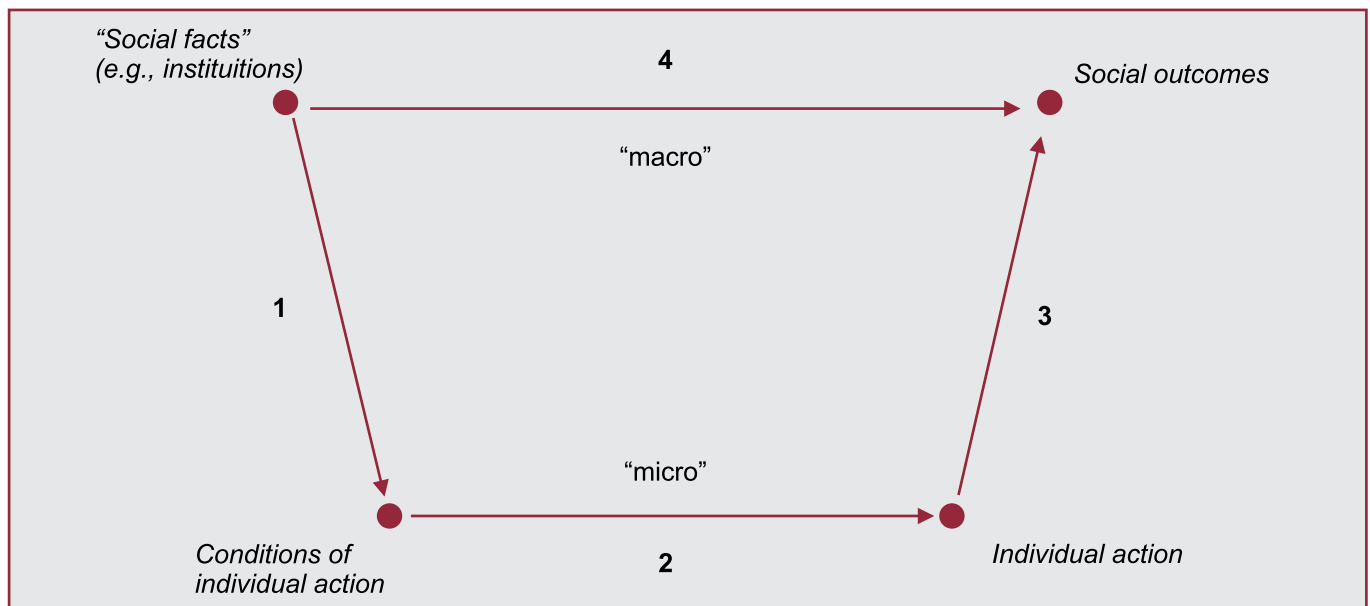


Figure 1: A General Model of Social Science Explanation

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